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<table>
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<th>SITTING DAYS—2008</th>
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<td>Month</td>
</tr>
<tr>
<td>February</td>
</tr>
<tr>
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FORTY-SECOND PARLIAMENT  
FIRST SESSION—SECOND 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—Mr Harry Alfred Jenkins MP
  Deputy Speaker—Ms Anna Elizabeth Burke MP
  Second Deputy Speaker—Hon. Bruce Craig Scott MP
  Members of the Speaker’s Panel—Hon. Dick Godfrey Harry Adams MP, Hon. Kevin James Andrews MP, Hon. Archibald Ronald Bevis MP, Ms Sharon Leah Bird MP, Mr Steven Georganas MP, Hon. Judith Eleanor Moylan MP, Ms Janelle Anne Saffin MP, Mr Albert John Schultz MP, Mr Patrick Damien Secker MP, Hon. Peter Neil Slipper MP, Mr Peter Sid Sidebottom MP, Mr Kelvin John Thomson MP, Hon. Danna Sue Vale MP and Dr Malcolm James Washer MP

  Leader of the House—Hon. Anthony Norman Albanese MP
  Deputy Leader of the House—Hon. Stephen Francis Smith MP
  Manager of Opposition Business—Hon. Joseph Benedict Hockey MP
  Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips
  Australian Labor Party
    Leader—Hon. Kevin Michael Rudd MP
    Deputy Leader—Hon. Julia Eileen Gillard MP
    Chief Government Whip—Hon. Leo Roger Spurway Price MP
  Government Whips—Ms Jill Griffiths Hall MP and Mr Christopher Patrick Hayes MP

  Liberal Party of Australia
    Leader—Hon. Brendan John Nelson MP
    Deputy Leader—Hon. Julie Isabel Bishop MP
    Chief Opposition Whip—Hon. Alex Somlyay MP
    Opposition Whip—Mr Michael Andrew Johnson MP
    Deputy Opposition Whip—Ms Nola Bethwyn Marino MP

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

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Members of the House of Representatives

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<td>Leichhardt, Qld</td>
<td>ALP</td>
</tr>
<tr>
<td>Vaile, Hon. Mark Anthony James</td>
<td>Lyne, NSW</td>
<td>Nats</td>
</tr>
<tr>
<td>Vale, Hon. Danna Sue</td>
<td>Hughes, NSW</td>
<td>LP</td>
</tr>
<tr>
<td>Vamvakouinou, Maria</td>
<td>Calwell, Vic</td>
<td>ALP</td>
</tr>
<tr>
<td>Washer, Malcolm James</td>
<td>Moore, WA</td>
<td>LP</td>
</tr>
</tbody>
</table>
Members of the House of Representatives

<table>
<thead>
<tr>
<th>Members</th>
<th>Division</th>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windsor, Anthony Harold Curties</td>
<td>New England, NSW</td>
<td>Ind</td>
</tr>
<tr>
<td>Wood, Jason Peter</td>
<td>La Trobe, Vic</td>
<td>LP</td>
</tr>
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<td>Zappia, Tony</td>
<td>Makin, SA</td>
<td>ALP</td>
</tr>
</tbody>
</table>

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

Heads of Parliamentary Departments

Clerk of the Senate—H Evans
Clerk of the House of Representatives—IC Harris AO
Secretary, Department of Parliamentary Services—A Thompson
RUD MINISTRY

Prime Minister
Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Treasurer
Minister for Immigration and Citizenship and Leader of the Government in the Senate
Special Minister of State, Cabinet Secretary and Vice President of the Executive Council
Minister for Trade
Minister for Foreign Affairs
Minister for Defence
Minister for Health and Ageing
Minister for Families, Housing, Community Services and Indigenous Affairs
Minister for Finance and Deregulation
Minister for Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Minister for Innovation, Industry, Science and Research
Minister for Climate Change and Water
Minister for the Environment, Heritage and the Arts
Attorney-General
Minister for Human Services and Manager of Government Business in the Senate
Minister for Agriculture, Fisheries and Forestry
Minister for Resources and Energy and Minister for Tourism

[The above ministers constitute the cabinet]
Rudd Ministry—continued

Minister for Home Affairs                     Hon. Bob Debus MP
Assistant Treasurer and Minister for Competition Policy and Consumer Affairs             Hon. Chris Bowen MP
Minister for Veterans’ Affairs               Hon. Alan Griffin MP
Minister for Housing and Minister for the Status of Women                              Hon. Tanya Plibersek MP
Minister for Employment Participation       Hon. Brendan O’Connor MP
Minister for Defence Science and Personnel  Hon. Warren Snowdon MP
Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation Hon. Dr Craig Emerson MP
Minister for Superannuation and Corporate Law                                          Senator Hon. Nick Sherry
Minister for Ageing                                                                       Hon. Justine Elliot MP
Minister for Youth and Minister for Sport                                                Hon. Kate Ellis MP
Parliamentary Secretary for Early Childhood Education and Childcare                   Hon. Maxine McKew MP
Parliamentary Secretary for Defence Procurement                                        Hon. Greg Combet AM, MP
Parliamentary Secretary for Defence Support                                              Hon. Dr Mike Kelly AM, MP
Parliamentary Secretary for Regional Development and Northern Australia                Hon. Gary Gray AO, MP
Parliamentary Secretary for Disabilities and Children’s Services                      Hon. Bill Shorten MP
Parliamentary Secretary for International Development Assistance                      Hon. Bob McMullan MP
Parliamentary Secretary for Pacific Island Affairs                                      Hon. Duncan Kerr MP
Parliamentary Secretary to the Prime Minister                                            Hon. Anthony Byrne MP
Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion Senator Hon. Ursula Stephens
Parliamentary Secretary to the Minister for Trade                                        Hon. John Murphy MP
Parliamentary Secretary to the Minister for Health and Ageing                            Senator Hon. Jan McLucas
Parliamentary Secretary for Multicultural Affairs and Settlement Services              Hon. Laurie Ferguson MP
SHADOW MINISTRY

Leader of the Opposition
Hon. Brendan Nelson MP

Deputy Leader of the Opposition and Shadow Minister for Employment, Business and Workplace Relations
Hon. Julie Bishop MP

Leader of the Nationals and Shadow Minister for Infrastructure and Transport and Local Government
Hon. Warren Truss MP

Leader of the Opposition in the Senate and Shadow Minister for Defence
Senator Hon. Nick Minchin

Deputy Leader of the Opposition in the Senate and Shadow Minister for Innovation, Industry, Science and Research
Senator Hon. Eric Abetz

Shadow Treasurer
Hon. Malcolm Turnbull MP

Manager of Opposition Business in the House and Shadow Minister for Health and Ageing
Hon. Joe Hockey MP

Shadow Minister for Foreign Affairs
Hon. Andrew Robb MP

Shadow Minister for Trade
Hon. Ian Macfarlane MP

Shadow Minister for Families, Community Services, Indigenous Affairs and the Voluntary Sector
Hon. Tony Abbott MP

Shadow Minister for Agriculture, Fisheries and Forestry
Senator Hon. Nigel Scullion

Shadow Minister for Human Services
Senator Hon. Helen Coonan

Shadow Minister for Education, Apprenticeships and Training
Hon. Tony Smith MP

Shadow Minister for Climate Change, Environment and Urban Water
Hon. Greg Hunt MP

Shadow Minister for Finance, Competition Policy and Deregulation
Hon. Peter Dutton MP

Manager of Opposition Business in the Senate and Shadow Minister for Immigration and Citizenship
Senator Hon. Chris Ellison

Shadow Minister for Broadband, Communications and the Digital Economy
Hon. Bruce Billson MP

Shadow Attorney-General
Senator Hon. George Brandis

Shadow Minister for Resources and Energy and Shadow Minister for Tourism
Senator Hon. David Johnston

Shadow Minister for Regional Development, Water Security
Hon. John Cobb MP

[The above constitute the shadow cabinet]
<table>
<thead>
<tr>
<th>Position and Portfolio</th>
<th>MP Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shadow Minister for Justice and Border Protection; Assisting Shadow Minister for</td>
<td>Hon. Chris Pyne MP</td>
</tr>
<tr>
<td>Immigration and Citizenship</td>
<td></td>
</tr>
<tr>
<td>Shadow Special Minister of State</td>
<td>Senator Hon. Michael</td>
</tr>
<tr>
<td>Shadow Minister for Small Business, the Service Economy and Tourism</td>
<td>Ronaldson</td>
</tr>
<tr>
<td>Shadow Minister for Environment, Heritage, the Arts and Indigenous Affairs</td>
<td>Hon. Sharman Stone MP</td>
</tr>
<tr>
<td>Shadow Assistant Treasurer and Shadow Minister for Superannuation and Corporate</td>
<td>Michael Keenan MP</td>
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<td>Governance</td>
<td></td>
</tr>
<tr>
<td>Shadow Minister for Ageing</td>
<td>Margaret May MP</td>
</tr>
<tr>
<td>Shadow Minister for Defence Science, Personnel; Assisting Shadow Minister for Defence</td>
<td>Hon. Bob Baldwin MP</td>
</tr>
<tr>
<td>Deputy Manager of Opposition Business in the House and Shadow Minister for Business</td>
<td>Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Development, Independent Contractors and Consumer Affairs</td>
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</tr>
<tr>
<td>Shadow Minister for Veterans’ Affairs</td>
<td>Hon. Bronwyn Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for Employment Participation and Apprenticeships and Training</td>
<td>Andrew Southcott MP</td>
</tr>
<tr>
<td>Shadow Minister for Housing and Shadow Minister for Status of Women</td>
<td>Hon. Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Minister for Youth and Sport</td>
<td>Hon. Pat Farmer MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow</td>
<td>Don Randall MP</td>
</tr>
<tr>
<td>Cabinet Secretary</td>
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</tr>
<tr>
<td>Shadow Parliamentary Secretary Assisting the Leader of the Opposition in the Senate</td>
<td>Senator Hon. Ian Macdonald</td>
</tr>
<tr>
<td>and Shadow Parliamentary Secretary for Northern Australia</td>
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</tr>
<tr>
<td>Shadow Parliamentary Secretary for Health</td>
<td>Senator Hon. Richard</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Education</td>
<td>Colbeck</td>
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<tr>
<td>Shadow Parliamentary Secretary for Defence</td>
<td>Senator Hon. Brett Mason</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Infrastructure, Roads and Transport</td>
<td>Hon. Peter Lindsay MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Trade</td>
<td>Barry Haase MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Immigration and Citizenship</td>
<td>John Forrest MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Local Government</td>
<td>Louise Markus MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Tourism</td>
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</tr>
<tr>
<td>Shadow Parliamentary Secretary for Ageing and the Voluntary Sector</td>
<td>Sophie Mirabella MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Foreign Affairs</td>
<td>Jo Gash MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Families and Community Services</td>
<td>Mark Coulton MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Health</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Local Government</td>
<td>Senator Cory Bernardi</td>
</tr>
</tbody>
</table>
TUESDAY, 3 JUNE

Chamber
Business ....................................................................................................................... 4135
National Fuelwatch (Empowering Consumers) Bill 2008 ................................................... 4135
National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008—
Second Reading .............................................................................................................. 4135
Leave of Absence ............................................................................................................... 4161
Questions Without Notice—
  Budget ......................................................................................................................... 4161
  Australian Federal Police ............................................................................................... 4162
  Budget ............................................................................................................................ 4163
  Economy ........................................................................................................................ 4163
  Child Care ..................................................................................................................... 4165
  Financial Services ........................................................................................................... 4166
  Child Care ..................................................................................................................... 4167
  Climate Change .............................................................................................................. 4168
  Child Care ..................................................................................................................... 4170
  Workplace Relations ..................................................................................................... 4170
  Regional Partnerships Program ...................................................................................... 4172
Distinguished Visitors......................................................................................................... 4173
Questions Without Notice—
  Interest Rates ................................................................................................................. 4173
  Schools Funding .............................................................................................................. 4175
  Interest Rates .................................................................................................................. 4176
  Child Care ..................................................................................................................... 4177
  Infrastructure ................................................................................................................ 4178
  Child Care ..................................................................................................................... 4179
  Skills Shortage ................................................................................................................ 4180
  Regional Partnerships Program ...................................................................................... 4181
  Budget ............................................................................................................................ 4182
Questions to the Speaker—
  Questions in Writing....................................................................................................... 4183
Ministerial Statements—
  Centenary of the Age Pension ....................................................................................... 4183
Auditor-General’s Reports—
  Report No. 37 of 2007-08............................................................................................... 4188
Matters of Public Importance—
  Regional Programs ....................................................................................................... 4188
Customs Tariff Amendment (Tobacco Content) Bill 2008 .................................................. 4202
Fisheries Legislation Amendment (New Governance Arrangements for the
Australian Fisheries Management Authority and Other Matters) Bill 2008....................... 4202
Superannuation Legislation Amendment (Trustee Board and Other Measures)
(Consequential Amendments) Bill 2008 ........................................................................... 4202
Statute Law Revision Bill 2008 ......................................................................................... 4202
Communications Legislation Amendment (Miscellaneous Measures) Bill 2008............. 4202
Australian Energy Market Amendment (Minor Amendments) Bill 2008......................... 4202
Customs Amendment (Strengthening Border Controls) Bill 2008 ........................................ 4202
CONTENTS—continued

Customs Legislation Amendment (Modernising) Bill 2008 ................................................ 4202
Veterans’ Affairs Legislation Amendment (International Agreements and Other Measures) Bill 2008—
    Referred to Main Committee .................................................................................. 4202
Business—
    Rearrangement ........................................................................................................ 4203
Health Care (Appropriation) Amendment Bill 2008—
    Second Reading ...................................................................................................... 4203
Private Health Insurance Legislation Amendment Bill 2008—
    Second Reading ...................................................................................................... 4229
Health Care (Appropriation) Amendment Bill 2008—
    Second Reading .................................................................................................. 4244
    Third Reading ...................................................................................................... 4245
Private Health Insurance Legislation Amendment Bill 2008—
    Second Reading .................................................................................................. 4245
    Third Reading ...................................................................................................... 4247
Business—
    Rearrangement ...................................................................................................... 4247
Law Officers Legislation Amendment Bill 2008—
    Second Reading .................................................................................................. 4247
    Third Reading ...................................................................................................... 4251
Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008—
    Second Reading .................................................................................................. 4251
    Third Reading ...................................................................................................... 4273
Wheat Export Marketing Bill 2008.................................................................................. 4274
Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008—
    Second Reading .................................................................................................. 4274
Notices ....................................................................................................................... 4294
Main Committee
Statements by Members—
    Investing in Our Schools Program ...................................................................... 4296
    Ms Manal Saroufim .............................................................................................. 4296
    Child Slavery ......................................................................................................... 4297
    Moreton Electorate: Griffith Islamic Research Unit ............................................... 4298
    McEwen Electorate: Respite Care ........................................................................ 4299
    Education Funding ................................................................................................. 4299
    Gold Coast: Road Funding .................................................................................... 4300
    Drag-Racing ........................................................................................................... 4301
    Montevideo Maru ................................................................................................ 4302
    Fuel Prices ............................................................................................................ 4303
Appropriation Bill (No. 1) 2008-2009,
Appropriation Bill (No. 2) 2008-2009,
Appropriation (Parliamentary Departments) Bill (No. 1) 2008-2009,
Appropriation Bill (No. 5) 2007-2008 and
Appropriation Bill (No. 6) 2007-2008—
    Second Reading .................................................................................................. 4304
Questions In Writing

2020 Youth Summit—(Question No. 1) ................................................................. 4381
Veterans’ Affairs: Medical Medical and Allied Health Section—(Question No. 31) ..... 4381
Veterans’ Affairs: Medical Medical and Allied Health Section—(Question No. 32) ..... 4382
Joint Defence Facility Pine Gap—(Question No. 101) ............................................. 4382
Tuesday, 3 June 2008

The SPEAKER (Mr Harry Jenkins) took the chair at 12 pm and read prayers.

BUSINESS

Mr ALBANESE (Grayndler—Leader of the House) (12.01 pm)—I move:

That standing order 31 (automatic adjournment of the House) and standing order 33 (limit on business after 10p.m.) be suspended for the remainder of this sitting.

Question agreed to.

NATIONAL FUELWATCH (EMPOWERING CONSUMERS) BILL 2008

Cognate bill:

NATIONAL FUELWATCH (EMPOWERING CONSUMERS) (CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading

Debate resumed from 2 June, on motion by Mr Bowen:

That this bill be now read a second time.

Mr DUTTON (Dickson) (12.02 pm)—This is one of the most important debates going on in our country at the moment, because families at the last election were led to believe that this government was going to deliver lower petrol prices and people today are paying more for petrol than they ever have at the bowsers. I want to go to a couple of points which are very relevant to this particular debate. I think the Australian people are starting to see through this government. They are realising that this policy certainly is phoney.

The coalition supports consumers having information about petrol prices, as I said in the first part of this debate, but the coalition does not support the price-fixing elements of the Fuelwatch scheme. The ACCC has had an interesting position, as I said, in relation to this. I want to go through some of that history very quickly. The ACCC has previously been opposed to this scheme. Again, as I said in my first contribution to this scheme, in their report released in 2003 on terminal gate pricing arrangements in Australia and other fuel-pricing arrangements in Western Australia, they found a number of things. That is a particularly important part of this debate. It needs to be said that there has to have been some political pressure exerted by a desperate minister on government departments to arrive at the outcomes that have been achieved now. The ACCC analysis, most importantly in my view, does not weight the average price. So a service station selling no fuel at, say, $1.80 per litre is included in the analysis alongside a service station with a low price of $1.50 per litre selling large volumes of petrol.

An area of particular concern to all of us should be the impact of Fuelwatch on independent retailers of petrol. Independent petrol retailers, with no ties to the big oil companies, are worried about Fuelwatch. They think Fuelwatch is a stunt. It has not worked in Western Australia. They will be delivering a very strong message to members of this government at the next election when it turns out that their consumers are paying more for petrol and the independent retailers have higher compliance costs.

Independent petrol retailers are very concerned. Cono Santoro, the owner of an independent petrol retailer with no ties to the big oil companies, Santoro Petroleum, said in the West Australian newspaper on 28 May 2008:

... while FuelWatch had helped smooth the peaks and troughs of the price cycle, it had taken away independents’ ability to compete as they could not alter their price during the day.

This demonstrates why the scheme is anti-competitive. Petrol retailers will be prose-
cuted if they drop their prices. The Australian public would be horrified to know that a key element of Fuelwatch is that petrol stations, throughout a 24-hour period, or some say throughout a 48-hour period, will not be able to drop the price of petrol. How can that be competitive? How can that be to the advantage of consumers? That is exactly why the independents will suffer under this scheme.

Major retailers, of course, will be able to adopt sophisticated pricing strategies. They can spread their pricing risks across their many stores. If independents get their pricing wrong, they will be left out in the cold, unable to reduce their price to compete with the majors. I ask again: how can that element of this legislation be competitive? The regulation impact statement is particularly interesting as part of this debate. It notes that the effect on independents is quite severe. In fact it specifically says that Fuelwatch ‘harmed the competitive position of independents as it allows large operators to adopt a strategy of rolling price leaders’. And it goes on:

... under such pricing strategies, media reporting of retail stations with the lowest prices provides an opportunity for large competitors with bigger retail networks to have rolling price leaders in the market, with different stations under the same banner being publicised as the cheapest for a region or suburb at a different time. Operators with small networks are less able to employ this pricing strategy and are therefore placed at a competitive disadvantage in the market.

Let me explain that simply to consumers. Motorists in the west watch the television news of a night-time, which quite often broadcasts the prices at a particular station for the next 24-hour period. They will have a particular oil company, brand X, which is a major player in the market, and which might have 15 different sites in Perth, but they will only list the three or four most competitive. People watching the news of a night-time say, ‘Okay, brand X has the cheapest petrol in the market tomorrow.’ But some of the experience has been that, while at the three or four sites they do have the cheaper amount of petrol at their sites, people in their mind conjure up a view, wrongly as it turns out, that all of the petrol stations within that brand have a cheaper price over the next 24-hour period.

So those people whom this government is supposed to be helping most—those people who are on pensions and those people who are socially disadvantaged otherwise—go to another service station within that brand and discover that in actual fact, at their local X branded service station, the petrol price is quite high, if not the highest in that particular marketplace. That is why this government has got its policy on Fuelwatch so wrong not just for people who most deserve help at the moment in filling up their petrol tanks but also for the people who run these petrol stations—the independents, who provide competition, who are essential to keeping downward pressure on petrol prices. They are also the people who will suffer as a result of Labor’s political stunt otherwise known as Fuelwatch.

The government, of course, is not going into Fuelwatch blind. It has received advice recommending against Fuelwatch from people no less than the key economic departments and even key ministers who have written to each other advising strongly against the implementation of Fuelwatch. They have examined the impact of regulation on the industry and there is no guarantee that petrol prices will not rise under this scheme as a result of its fixing. Therefore, it is simply bad policy. Why would a government introduce a scheme to the eastern states of this country that potentially results in an increase in the price of petrol to consumers? Why, when they went to the last election promising that they would bring petrol prices down, would
they implement a scheme which has the potential of forcing prices up? That is a very important question that needs to be asked as part of this debate. Why, at the last election, when Kevin Rudd promised lower petrol prices, would he deliver a scheme that introduced higher petrol prices to consumers?

We have taken a decision as an opposition that it is important for consumers to be given as much information as possible to allow them to have informed choices when they go to the bowser to buy petrol wherever possible at the cheapest price. We are fully supportive of an informed market—of providing consumers with as much information as possible so that we can allow increased competition in the fuel market. We need to make sure that that information is distributed not just to people with access to the internet but, importantly, to older Australians who may not have access to a computer and to families who cannot afford to have internet access at home. We need to make sure that they are properly armed with information to allow them to buy petrol at the cheapest possible price. That is why I move:

That all words after “That” be omitted with a view to substituting the following words: “the House declines to give the bill a second reading and rejects in particular the obligation that fuel prices be fixed for 24 hours.”

It is why we are opposing the price-fixing component to Fuelwatch. It is why we are saying to the Australian motorist: ‘You believed at the election that Kevin Rudd would reduce petrol prices, that he would reduce grocery prices. Over the last six months it is the case that petrol prices have increased, that grocery prices have increased.’ It is only now that the Australian public are starting to see a very different Prime Minister to the person they saw as opposition leader in the last election campaign.

This is a person about whom the Australian people, in my view, know very little. They know that he is a person who has been able to master the 24-hour media cycle. They know that he is a person who has been able to pull off political stunts, probably in a similar way to the way in which Peter Beattie, Bob Carr and Steve Bracks did. All of those hollow promises that people have seen at a state level over the last several years, and in some cases over the past decade or more, they are now starting to see at a federal level. I think the Australian people did not believe that that was the product they were investing in at the last election, and they are very suspicious about the man who now occupies the most important position in Australian public life in this country. We need to make sure that we continue to scratch below the surface in relation to this Prime Minister. We need to make sure that the Australian public are fully informed that this is a government which dictates style over substance.

There is no better demonstration of that policy of style over substance than Fuelwatch. This was a government who realised that they had a real political problem on their hands. Knowing that petrol was influenced by international factors before the election, Mr Rudd, having full knowledge of that, still went to the Australian people making a promise that petrol prices would be lower. He said to the Australian people, ‘Vote for me and petrol prices will be lower.’ The difficulty, of course, is that when they got into government they realised how difficult that could be and they have come up with his quick fix, which is going to ultimately potentially result in higher petrol prices, to get them out of a political bind. That is why they should be condemned for Fuelwatch. It is bad public policy. It is bad for families who have been relying on cheaper petrol prices. It is why we have moved the amendment and
why we are very serious about continuing the
debate in relation to petrol prices in this
country.

The SPEAKER—Is the amendment sec-
onded?

Mr Keenan—I second the amendment
and reserve my right to speak.

Mr CLARE (Blaxland) (12.14 pm)—I
rise to support the National Fuelwatch (Em-
powering Consumers) Bill 2008 and cognate
bill, because that is what the bill does: it em-
powers consumers. That is why it will be
welcomed by the people of my electorate. It
gives them the information they need and it
promotes competition. It gives them the in-
formation they need about where the cheap-
est petrol is. And it creates competition in the
petrol market. They do not want to pay any
more than they have to, and they do not want
to pay more because the cost of petrol is be-
ing manipulated by parallel pricing or anti-
competitive conduct.

That is why the people of Blaxland will
support this bill. As the minister said in his
second reading speech, this bill will ‘put
power back into the hands of Australian mo-
torists’. It will help motorists buy the cheapest
petrol at the cheapest petrol stations at the
cheapest times. It ends the game of pot
luck—guessing what place is the best place
to buy petrol today. It will end the frustration
of driving past a petrol station in the morning
and coming back in the afternoon to find that
the petrol price has gone up or, even more
frustrating, idling at the petrol station and
seeing the price go up while you are waiting
in the queue.

There is more volatility in petrol prices
than there is in the Liberal Party leadership.
In Sydney today you can buy petrol for any-
where between $1.64 and $1.45. This legis-
lation will help motorists to find the cheapest
petrol. The young people in the gallery will
appreciate this. Their mothers and fathers,
because of this legislation, will be able to
find out where the cheapest petrol in their
suburb is by checking on the internet or by
using their mobile phones—by getting an
SMS. If they have a satellite navigation sys-
tem in the car that will also tell them where
the cheapest petrol is en route to their desti-
nation.

On this side of the House we—the Kevin
Rudd Labor government—think that that is a
good thing. On the other side of the House
the opposition think that it is a bad thing and
they are going to vote against this legislation.
Interestingly, not all coalition members of
parliament think this is a bad thing. There are
a lot of coalition MPs around the country
who think it is a rather good thing. And that
is because it gives motorists information and
it encourages competition. The leader of the
Liberal Party in New South Wales is one
such supporter. He says that Fuelwatch ‘will
ease some of the wild fluctuations in weekly
pricing which frustrate motorists so much’.

He says:
This will ease the burden on families and pen-
sioners by helping drive down prices ...

He goes on:
Fuelwatch will put motorists—not the oil compa-
nies—back in charge ... It will put an end to the
common frustration for motorists of driving past a
petrol station only to find when they return hours
later the price has jumped by 10 cents a litre.

Good on you, Barry! We agree. We think that
that is right. And he is joined by his fair trad-
ing spokesperson, Catherine Cusack. She
says:
Mr Rudd has shown leadership ... we think it’s
good news for motorists and we’re quite happy to
come out and congratulate the federal Labor gov-
ernment for doing it.

Government member interjecting—

Mr CLARE—The member makes a very
good point. Mark McArdle, who is the leader
of the Liberal Party in Queensland, is a supporter as well. He says:
The issues around FuelWatch are very complicated, but certainly it is an initiative that appears to have worked in Western Australia and I think it should be looked at here in Queensland and across Australia as well.

There is another conservative who deserves a mention, and that is Terry Mills. I think he is the leader of the Liberal Party in the Northern Territory. Is that right?

Mr Hale—Yes.

Mr CLARE—He says:
A FuelWatch system is long overdue particularly in the Territory where we regularly pay the highest prices in the nation.
The member for Solomon knows this very well. Mr Mills continues:
Giving customers information on fuel prices for a 24 hour period will produce sharper competition in the market place.
FuelWatch will enable consumers to quickly compare the various prices on offer in their town and buy accordingly. People are price sensitive about petrol so I am sure consumers will head to the stations offering the best price.

There is a coterie of conservative politicians who think this is a good idea, but they are not on their own. Choice magazine thinks it is a good idea. So does the NRMA. So does the RAC WA. Why do they support it? They support it because it gives motorists information and because it encourages competition. Information and competition are normally good things—normally the sorts of things you would expect the Liberal Party to support. But they also support it because they know it works.

We know it works because we have a real-life test case. If it does not work why is it still operating in Western Australia? The member for Stirling might be able to help us when he makes his contribution to the debate. This is a scheme that was established not by the current WA Labor government but by the former Liberal government. If it does not work why do you think the Labor government would feel any sense of obligation to stick with a scheme that was established by the former Liberal government? It is still in place because all of the evidence points to the fact that it is working.

The ACCC investigation that was commissioned by those opposite—it was commissioned by the member for Higgins before the last election—shows that it works. It found that between 2001 and 2007 the average price for petrol in WA was about 2c cheaper. The ACCC also found that petrol prices decreased by an average of 0.7c per litre for the lowest day of the week. And, most importantly, it found that current arrangements are conducive to anticompetitive conduct. This is what Graeme Samuel said last week about the current arrangements:
The fuel companies have it all over us. They have a very sophisticated price-sharing system run by a company called Informed Sources ... where they know the price that everyone of their competitors is charging at every service station in the metropolitan areas of Australia at any point during the day. That is as close to collusion, it’s as close to tacit coordination, as you can ever get.

And this is the type of regime that the opposition are proposing to protect. Petrol retailers know what their competitors are charging but their customers do not. This legislation is designed to fix this.

Other petrol watch websites, like MotorMouth, show that about 87 per cent of their customers, armed with petrol price information, have changed their petrol-purchasing habits. There is a reason for this. It is because information is power. If you give customers the information they need, they will make good choices. Australians are doing it tough, and the people in my electorate do it tougher than most. They are glad that they
have finally got a government that knows they are doing it tough and is trying to do something about it. They have been waiting a long time.

What is the coalition’s record when it comes to petrol? We know that they introduced the GST on petrol. We know that they invaded Iraq. We know that the price of crude oil has gone up by about 400 per cent since then. We know that the coalition kept the ACCC on a leash. We know that they did not spend a cent on public transport and that, as a consequence, people in my electorate and throughout the major cities of Australia are trapped in congestion every day and burning up petrol as a consequence because this former government thought that their obligations ended at the perimeters to our major cities. And, when people complained, what did they say? ‘You’ve never been better off. There’s no inflation problem; there’s no housing affordability problem.’ But suddenly, after the election, they had a change of heart and they have come to a realisation that people are doing it tough. What a difference six months in opposition can make. Six months ago they said everything was fine: ‘Let’s keep spending.’ Six months later, suddenly everything is terrible: ‘Let’s start spending.’ They did a pretty good job of spending in government, increasing spending by four per cent year on year and fuelling inflation, and they would keep spending today—spending as if it is going out of style.

This is the crux of the debate that we are having today, because inflation is the biggest challenge that we currently face. It sucks the money out of the wallets and purses of Australians all around the country. Every interest rate rise that we have takes another $50 out of those wallets and purses every month. After 12 interest rate rises in a row, it is still a problem. We still have the highest inflation in 16 years. And what is the opposition’s plan on petrol? To make it worse—an $8 billion hole in the budget, putting more pressure on inflation and putting more pressure on people who are already doing it tough. Well, that is not what I call responsible economic management, and it is not what a credible economic manager would do. That is why every serious economic commentator in the country has criticised it.

The coalition were negligent in government, and now they are being irresponsible in opposition. We have heard from the previous speaker that they are now going to amend the bill. They are going to attempt to sabotage the legislation. They want to remove the price-setting measures from the bill. This is the plan that the big oil companies wanted us to adopt, but we did not. We did not adopt it, because it will remove all the pressure on retailers to offer their best price and be competitive. Why would you set your best price for the day when you can change your mind and change your price once you know what the competition is offering? In a competitive tender, you do not let bidders change their prices once the bids are in. That is because tenders are designed to be competitive. They are designed to encourage competitive tension. They are designed to get the best result. That is the same approach that we are taking with this legislation. We do not want gaming in the system.

It is worth while here to point to the comments made by David Moir, the Executive Manager of the Royal Automobile Club of Western Australia. This is what David Moir, who knows a little bit about petrol in Western Australia, had to say:

It makes the retailers think very seriously about what price they’re going to set for tomorrow. They’re obliged under FuelWatch to hold that price for 24 hours, so they can’t play games with motorists by shuffling the price up and down on an hourly basis.
That is a comment from someone from Western Australia who knows something about petrol. The background information to the bill also adds important information about this price-setting mechanism. It says: The absence of price commitment rules means that scope for price coordination between petrol retailers would continue and that consumer anxiety relating to petrol price volatility would remain unabated as consumers would receive no further information regarding future fuel price levels or changes. Importantly, consumers would continue to have no greater certainty or increased confidence that they have purchased fuel at the lowest possible price available in their local area.

So what is all about? I think the member for Lindsay said it best in his contribution to the debate last week. In the MPI debate, the member for Lindsay made a very insightful point—perhaps the most insightful comment from last week’s proceedings. He said that this is not about Fuelwatch—it is about ‘Malcolm watch’. That is what it is all about—get an issue, bite onto it hard, get red in the face, pretend that you are angry, excite the troops and put Malcolm in the cooler. That is what it is all about. It is not about Fuelwatch—it is about ‘Malcolm watch’. That is why the coalition are backing the big oil companies and the current oligopoly, that is why they are threatening to blow an $8 billion hole in the budget with their petrol reforms and that is why they are threatening to block other key elements of the budget. They are now threatening to use their numbers in the Senate to delay the childcare rebate, they are threatening to block the Teen Dental Plan and they are also threatening to block legislation to inject an extra half a billion dollars into the health system. All of these things are due to start on 1 July, and they are threatening to block them. They are putting their interests ahead of those of the people of Australia, and they are lining up with big oil to oppose this legislation. This is all about internal Liberal Party politics, not the interests of motorists.

This legislation is about choice, it is about information for motorists and it is about promoting competition. They are things that the Liberal Party used to support. They are things that the Labor Party supports, and that is what this legislation does. My constituents will welcome it. I commend the bill to the House.

Mr KEENAN (Stirling) (12.29 pm)—I rise to second and support the amendment that has been moved by the shadow minister for finance, Mr Dutton. We see with the National Fuelwatch (Empowering Consumers) Bill 2008 and the National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008, and with all the pain that the government have worn about this issue this week, a government paying the price for their misleading campaign for finance, Mr Dutton. We see with the National Fuelwatch (Empowering Consumers) Bill 2008 and the National Fuelwatch (Empowering Consumers) (Consequential Amendments) Bill 2008, and with all the pain that the government have worn about this issue this week, a government paying the price for their misleading campaign in the lead up to last year’s election, because, having promised to bring fuel prices down, the government are now desperate to be seen to be doing something about it. They had no idea what they were going to do; all they could do was raise the issue. They did not know how they were going to respond. Now they are in government they are desperate to be seen to be doing something.

I think this actually provides us with the perfect example of the way in which this government operates. This is really a perfect example of the modus operandi of this government. This is why the government have been so damaged—because the government have been unmasked this week as a government completely devoid of any substance. The way the government operate is that they raise an issue and then they pretend that they are worried about it. They fret about it and then they come up with some ludicrous plan to say, ‘Oh look, we are doing something
about it.’ And of course, in this case this ludicrous plan is Fuelwatch.

I am interested to see what is next. I understand there is money in the budget allocated towards ‘grocery watch’. I see that the Minister for Education, last night on Late-line, was seen to be threatening to have some sort of ‘child care watch’. It is this method of operation—where they just raise an issue, they feign concern about it and then they need to come up with a stunt to pretend that they are interested in it—that leads to appalling policy-making processes that give us legislation such as this Fuelwatch legislation. This is the scheme that was brutally unmasked by the resources minister and by the central economic departments extraordinarily in the media last week.

I will get to the resources minister’s criticism in a minute, because I think what he had to say about this scheme was very telling. I will deal firstly with the criticism of the central economic departments. Their criticism was that this is a scheme that may actually drive up fuel prices. So we have this ridiculous situation where the government raise an issue, they have no idea what they are going to do about that issue and their only response is something that may have the opposite effect of what they are actually trying to do. We have heard some talk from members opposite about how this scheme operates in Western Australia. I will leave aside the fact that certainly the previous speaker—and I suspect other speakers—has no idea about the history of fuel pricing in Western Australia and no idea about the genesis of this particular proposal and why it was operating in Western Australia. I will leave that aside for the time being. I will also leave aside the fact that those opposite keep quoting the RAC in Western Australia in support of it, even though the RAC in Western Australia is actually opposed to this scheme.

I would just like to go to the issue of whether petrol is actually cheaper in Western Australia or not, because we hear a lot of talk about this and I think it is very, very important to raise it. Indeed, members have been saying consistently that petrol is cheaper in Perth. Last week the Assistant Treasurer actually claimed this on radio—and I think this is an example of the fact that they are really quite shameless in that they do not check the facts about what they are saying; if it supports the argument then they will just put it out there anyway. We had the Assistant Treasurer on radio saying, ‘Well, in Perth today you will find that the price of fuel is on average less than in other capital cities.’ He was trying to make the point about how the FuelWatch scheme had apparently been successful in Western Australia but, sadly, his statement was completely and utterly false. On the day that he was speaking, if you were to actually go and check prices around the country, you would have found that the price per litre of fuel in Perth was more expensive than in every other mainland capital. This is extraordinary. I will just run through it: it was $1.40 per litre in Brisbane; $1.49 per litre in Melbourne; $1.50 per litre in Sydney; $1.51 per litre in Adelaide; and in Perth, on the day that the Assistant Treasurer was saying that it was cheaper than in any other part of the country, it was actually $1.55 per litre.

I think Australians deserve more than a government that is prepared to mislead them like that, and they deserve more than a government that is pretending to care about an issue whilst actually doing things that may make that issue worse. Apparently the Prime Minister—well, not apparently; it is actually a fact—believes that he has done all that he can do on these issues. Yesterday he was in this chamber saying, ‘Oh well, this might not
work but, hey, at least we are having a go.’ I think the Australian people deserve a bit more than that.

I just want to dwell on this issue of petrol pricing in Western Australia because I think it is pretty important that these issues are illuminated. The member for Blaxland was here—I assume he just gets his speaking notes from the Assistant Treasurer’s office and he comes in and reads them out in the chamber—again misleading this House, saying that the RAC—the Royal Automobile Club of Western Australia—support Fuelwatch. They quite patently do not. Indeed, there was a front-page article in the West Australian just last week with the headline ‘FuelWatch is a dud, say RAC and bureaucrats’. This is hardly a glowing endorsement of FuelWatch, even though members opposite continually raise the case of the RAC supporting this scheme. What do they actually think about this scheme? I think it is very important that this go on the record, and I hope members do not keep repeating this falsehood. What they have actually said is that new research that they have conducted contradicts the ACCC and shows that FuelWatch has failed to make petrol cheaper in Perth since it started seven years ago. This was a wide-ranging study that the RAC conducted, and what they concluded was that there was little or no difference between prices in WA and those in other parts of the country.

It is not just the RAC, which is the motoring organisation in the state where this scheme has been running, which opposes this scheme; it is also the Motor Trades Association in Western Australia. The MTA have been very vocal in their opposition to this and have a very consistent position about these things. They believe this scheme will advantage the oil majors and it will disadvantage independent retailers. They believe that this idea of keeping big oil accountable will do the exact opposite. And we actually have evidence of that from some of the big retailers themselves. This is the ridiculous thing that we get from this government talking about big oil, because, according to Woolworths, a reasonable sized company, FuelWatch has delivered higher prices to Western Australian motorists compared with prices paid by their eastern states counterparts. Even they said that it lessened competition among service stations and that WA was their most profitable state.

So, instead of keeping prices under control, current petrol prices in Perth are often more expensive than those in any other mainland capital. RAC Corporate Communications Manager, Adrian Firth, is quoted in the West Australian article, which I referred to previously, as saying that their research shows that, despite all the rhetoric, there has been no direct financial benefit from the advent of FuelWatch. This is the organisation that members opposite keep quoting in support of their argument—and I hope that the member for Lindsay is currently rewriting these sections of his speech, because I am sure that he has the same speaking notes as the previous speaker. Please do not come into this chamber and keep repeating that falsehood. The RAC do not support this scheme. The RAC have actually said: Seven years after the launch of FuelWatch, the RAC’s monitoring of fuel prices shows that there is little or no difference between prices in Melbourne, Sydney and Adelaide.

What a farce! Members opposite consistently use this organisation as the major motoring organisation in Western Australia which support their argument, when they clearly do not.

So what is Labor’s argument for bringing this ridiculous legislation before the House? I think we know their political motivation:
they have raised the issue and now they need

But why are they proceeding with it in the

Let us look at

The central economic departments were scathing of

The Department of Finance and Deregulation, the Department of the Prime Minister and Cabinet, the Department of Innovation, Industry, Science and Research, and the Department of Resources, Energy and Tourism all slammed this proposal. I note that the Minister for Finance and Deregulation also added the Treasury—I am not sure whether it was done inadvertently—as being one of the departments which opposed this particular measure. He mentioned that on the Insiders program on the ABC on Sunday. So maybe we can also include Treasury in these objections from the central economic departments to this scheme.

These leaked cabinet documents really express the truth about what this scheme might do for petrol prices in Australia. These four departments warned cabinet that it was possible that the scheme could result in higher petrol prices. They also expressed concern about the increased financial cost it would impose on service stations, particularly small independent operators. Again, the government keeps claiming that this scheme will not increase costs for small business and, for that matter, large business. It keeps claiming that when it is patently not true and it is patently exposed within their own cabinet documents. The leaked documents show that the central departments did not support this scheme. One reason was that it would impose additional costs on retailers, costs which ultimately, of course, would be passed on to consumers. Let us look at what the Prime Minister’s own department had to say. It noted:

… that, while the proposed national Fuelwatch scheme will likely succeed in removing intra-day price volatility in the retail petrol market, which is a concern to many consumers, the impact of the proposed scheme on the overall pump price is not clear.

Econometric modelling undertaken by the ACCC is, quite frankly, inconclusive with respect to what it believes this will do to the overall pump price, but it indicates that a small overall price increase cannot be ruled out. Within these leaked cabinet documents, we also see that the proposed scheme will result in an increased compliance burden in the economy, with Treasury estimates indicating that it will result in ongoing increased operating costs of around $4,000 per annum per business. Yet we have members of the government having the effrontery to come in here and consistently claim that that is not true. These leaked cabinet documents also express concern that the scheme:

… will reduce competition and market flexibility, increase compliance costs and has more potential to increase prices.

According to the documents, the finance department ‘does not consider the proposed Fuelwatch scheme is good practice regulation’. And further:

This proposal will increase the regulatory burden, with inconclusive, unquantified and negative results …

Finance considers that the introduction of a price commitment rule may result in higher average petrol prices over time as the option may lead to the creation of a de facto price floor …

The documents also state:

The proposed Fuelwatch scheme would increase the regulatory burden to business in the magnitude of $20.7 million in the first year and $18.7 million per annum thereafter. The impact is likely to fall disproportionately on independent retailers.
The Department of Innovation, Industry, Science and Research, one of the other central economic departments, is concerned about the anticompetitive effects of the proposed Fuelwatch scheme, which prevents businesses from reacting to market forces to adjust their prices for a 24-hour period. Let’s just have a look at that concept. If you are a small, independent retailer, such as exists in my electorate of Stirling, your outlet may be in a small suburban shopping centre. Along all the major roads of course will be all the oil majors. They have the ability to get market intelligence faster than you have. Small retailers in my electorate—and I have used this example before, because I think it exposes this scheme for the farce that it is—can be fined if they reduce their prices to compete. That is what FuelWatch gives us in Western Australia and that is the scheme which the Labor Party wants to take nationally. These leaked cabinet documents reveal that the government ignored the advice that a national Fuelwatch scheme not only will result in lower prices but may actually drive up petrol prices.

The Assistant Treasurer introduced these bills last Thursday evening, at about seven o’clock I think, and we are debating them here today within a very short space of time, as seems to be the operating procedure for this government. These bills have all the hallmarks of being a rushed job. The explanatory memorandum to the bill states under the heading ‘Summary of regulation impact statement’ that the estimated compliance cost for business is zero—something that completely contradicts the regulation impact statement tabled in this place, which said that there is a substantial compliance cost for every single petrol retailer. How can the statement that the compliance cost will be zero be reconciled with what this parliament already knows? What this goes to is the pattern of deception around this program. Members opposite must be getting the idea that this is a dud program by now, yet they come in here and defend it with increasingly spurious assertions, many of which turn out to be completely false.

With this legislation it is very clear that we have a government in trouble. We have a government that have raised issues that they have no idea how to address, and they must then go in search of programs they can point to and say, ‘Look, we are actually doing something about this issue.’ Fuelwatch is, of course, the greatest example. I think it bodes very ill for what they might do about some of the other issues they have raised, such as grocery prices. What we see after six months is that the policy-making processes of this government are a complete and utter shambles. This is, of course, the first look we have had into how these policy-making processes work. We have had hints, but these leaked cabinet documents really show us what is going on behind the scenes. We see it in the House, too, where we have quite a chaotic schedule of bills which can seem to change as the day goes on. We see it in the House when the government come in here and ram legislation through in a way that was unthinkable under previous governments.

We also see a government that consistently prize one thing, and that is spin. They prize spin and style over everything else. Substance does not get a look in with this government. It is sad that they are basing the way they operate as the Commonwealth government on state administrations. They are basing it on the Beattie administration, on the Carr and Iemma administrations, on the Bracks administration and on the Carpenter administration—governments that have delivered so little in the states in which they have governed for quite some time but that always prioritise responding to the 24-hour
media cycle and always prioritise spin. When serious issues are raised they just find something to do—a gimmick, a stunt—to say, ‘Yes, we know that is a serious issue but look, we are addressing it.’ This is what we are now seeing with the federal government. The Australian people will have this revealed to them over the course of the next few years.

What the Australian people deserve is a government that does something to address the issues that it promised it would address prior to the last election campaign. We have a Prime Minister who comes in here and argues consistently that the government is concerned about these issues yet says he has no real scheme to deal with them. I think, and the opposition thinks, that Australian families deserve better. There is nothing wrong with the wider spread of consumer information that is contained in this bill—nobody would seriously argue about that—but there is something wrong with the price-fixing considerations within this bill. They do not do the job that they are supposed to. In fact, it is the reverse: these price-fixing mechanisms may actually result in people paying more per litre at the bowser in Australia. This country deserves better than these sorts of stunts, it deserves better than what we are getting from this government, it deserves better than having a stuntman as its Prime Minister. I support the amendment moved by the shadow minister for finance. It is an amendment that keeps the sensible parts of the bill and jettisons the nonsense parts. It is worthy of consideration and it has my wholehearted support.

Mr BRADBURY (Lindsay) (12.49 pm)— I rise to support the bill and to offer my objections to the amendment that has been moved by the member for Dickson and seconded by the member for Stirling. I thank the member for Stirling for his punctuality in being in the chamber when he was given the call but, unfortunately, whilst I commend his punctuality, his commitment to delivering the truth in this place has been somewhat compromised. A number of comments that he made are nothing short of misleading to the House. In particular I draw attention to his comments in relation to the position of the Royal Automobile Club of Western Australia and the comments of Mr David Moir, the spokesperson for that organisation. The member for Stirling was quick to point out a front-page article that appeared in the West Australian on 29 May with the headline ‘FuelWatch a dud, say RAC, bureaucrats’. What he did not point out was that in the West Australian the following day, 30 May, on page 6—sometimes corrections of this nature do not get the same prominence—was the following statement:

Yesterday’s front-page headline (FuelWatch is a dud, say RAC, bureaucrats) was misleading. The RAC supports FuelWatch and although it does not believe FuelWatch has led to lower prices in WA neither does it believe it has caused prices to rise. The RAC says it continues to back FuelWatch because it gives motorists the opportunity to compare prices in advance and to save more than $250 a year if the information is used.

Far from being a criticism of the FuelWatch proposal, that sounds to me like a ringing endorsement. But perhaps in isolation those observing the debate may not be prepared to accept that on face value. So I go on to look at some of the other comments that Mr Moir has made in relation to whether or not this will have a positive impact on attacking anti-competitive effects. Mr Moir said:

It makes the retailers think very seriously about what price they’re going to sell fuel for tomorrow. They’re obliged under FuelWatch to hold that price for 24 hours, so they can’t play games with motorists by shuffling the price up and down on an hourly basis.
They cannot play games with motorists. It is interesting that, on the one hand, we have those on the other side who are suggesting that this is an evil attempt to fix prices. It is nothing of the sort. It is not about fixing prices; it is about attacking volatility in a market that is not delivering a fair go for consumers. That is in fact one of the key elements of the Fuelwatch proposal. There are two elements that are being addressed in this proposal. The first one is transparency and the second one is volatility.

In terms of the volatility argument, we have all experienced instances where we are driving along and we see petrol station attendants come out and change the price of petrol before our eyes. You will be driving down one side of the road and at the same time you are seeing the figures on the other side of the road being changed and the petrol price is being upped without any warning, notice or explanation. This is the volatility that concerns many people. One of the issues that many people in my electorate have raised with me over the years is their concern that something fishy is going on here—the fact that the prices keep going up and that when a service station on one side of the road puts the price up the service station on the other side of the road follows shortly after.

This is the sort of volatility that needs to be addressed because it does not give motorists a fair go. Can you imagine walking into a hamburger store to find that McDonald's and Hungry Jack's have got together and decided that, come six o'clock, come dinner time, they are going to whack up the price of a Big Mac or a Whopper? It would be extraordinary to think that that sort of volatility would enter into the equation in other marketplaces, but when it comes to petrol prices we are seeing an imperfect market. Those on the other side are saying that this is intervening in the marketplace unnecessarily. The reality is that the market is not delivering a fair go for motorists, and one of the reasons why it is not delivering a fair go is that the cards are stacked against them. Under the current situation the oil companies and the petrol retailers have access to information that the consumer, the motorist, does not have access to. This is a situation that gives rise to a marketplace where perfect information is not available. The information available to the consumer is not as widespread or as available as the information available to the retailer. In that context we end up having parallel pricing and, as a result of that, consumers are being dudged.

No-one on the other side of the chamber has a proposal to address that issue. Under the Fuelwatch proposal, retailers will be required to indicate what their price will be for the following day. They do that at 2 pm, and by 4 pm those prices will be made available to consumers through a range of mechanisms, whether it be through the website, through SMS messages or even material that will be available to be downloaded to GPS navigation systems within a person's vehicle. This is an initiative that will deliver real assistance to the motorist in trying to hunt down the best possible price. We all have examples in our own lives—whether it be family, friends, television stations or radio programs—of everybody trying to ensure that consumers have the opportunity to share in that precious information of knowing where the cheapest prices are.

My wife will often drive home and tell me that she saw quite cheap petrol at a particular service station. On my next journey I will try to go past that station in order to fill up whilst the petrol is cheap. That would be something that would be replicated in every household in this country, because the more information we have the greater is our capac-
ity to seek out cheaper prices. In the absence of this sort of information what are we meant to do? Are we meant to drive around, wasting more fuel and looking for the cheapest price? It is ludicrous. This is a proposal that will deliver important, valuable information to consumers so that they can find the cheapest petrol at the cheapest petrol stations at the cheapest times.

In terms of the implementation of the Fuelwatch proposal, once prices have been released at four o’clock, they will come into effect at 6 o’clock the following morning. Between 6 o’clock the following morning and the one following that those prices will remain the same. That means that, if you are driving home from work after four o’clock in the evening and you are aware of what the prices are and that they are going up the next day, you can go out and seek out cheaper prices that evening or, if you know the prices are going to be cheaper, you can hold off and buy your fuel the following day. This is a practical measure that will allow motorists to improve their own financial situation by being able to seek out the best possible deals when it comes to petrol and to do so without having to run around in their car or rely upon often insufficient or inadequate information that is provided through informal sources. It is a great initiative, one that I wholeheartedly support.

There is the transparency issue. As I mentioned earlier, we have informed sources, on the one hand, that are providing the material to the retailers. Why can’t we as consumers have access to that information? The suggestion that you should get rid of the requirement that prices be kept at one level for an entire day would ruin the scheme. If you went down that path, the Fuelwatch scheme would not be providing consumers with information that was worth pursuing. If consumers had no guarantee that the prices that were cited on the website or in the SMS were going to hold for a period of time, then you might as well not pass on that information. It is no different from the websites that are currently available—but I have to say that they do not deliver real benefits to motorists and fewer motorists use them than would otherwise be the case under Fuelwatch simply because of the lack of credible information that they provide.

I want to conclude by remarking on the criticism that the government has not taken into account the advice of the central economic agencies and other departments. It seems to me that it should be a given in our Westminster system of government that advice is provided by bureaucrats, and it is taken on board, but decisions ultimately are made by ministers and members of parliament, who are elected and accountable to the people. It seems to me a rather bizarre suggestion that all advice should be taken without any critical debate or discussion about that advice. If that were the case then there would not have needed to have been a change of government back in November last year; clearly the bureaucracy would be determining what goes on in this country. Fortunately that is not the case, and fortunately it is the case that our government and our cabinet have had a robust discussion about this particular initiative. I might say that there were plenty of key policy decisions taken on the other side when they were in government that were not even subjected to the scrutiny of cabinet discussion—the so-called $10 billion water plan did not even go to cabinet. I would like to know what all of the departments would have said about that plan. We did not even see any coordinating comments on those because the matter did not even go to cabinet.

There was a robust process and in the end a decision has been taken that may be con-
trary to some of that advice, but that is what being in government is about: it is about exercising independent judgement and about making the hard decisions that are in the best interests of the people of this country. And that is why this decision has been taken. There is no doubt in my mind that it is a decision that is in the best interests of people in my electorate and the best interests of people right around this country. It will attack the unfair and unreasonable volatility of the petrol market as far as consumers are concerned and it will ensure greater transparency so that consumers at least have access to some of the information that those on the other side, the retailers, have. This is about balancing information and the equation within the marketplace so that consumers can get a fair go. In the end I am not surprised that those on the other side have come in here in defence of the big oil companies. But we are very happily in the corner of the consumer. That is why we support this initiative and that is why we support the Fuelwatch scheme.

Mr IAN MACFARLANE (Groom) (1.02 pm)—I welcome the opportunity to speak in favour of the amendment to the National Fuelwatch (Empowering Consumers) Bill 2008 and to try to cast some sensible debate back into this chamber following the last speaker. It amuses me, and of course it alarms me, that we have on that side of the House people who pretend to go by the title of economic conservatives yet every time I stand at this dispatch box and speak I am following a speaker who displays little or no understanding of how a commercial market works. They want to intervene in the way in which we know Labor governments of the past have continually intervened, to the detriment not only of the market but also of the consumers and, of course, ultimately of the economy. You need to have a free market, to have normal economic levers. I know that some who sit opposite—not all but some—have socialist backgrounds and we know that socialist economies are centrally planned economies. I know we have got a centrally planned government; I know that everything that happens in this place goes across the desk of the Prime Minister first. But I think we need to think long and hard before we take our economy back to being a centrally planned economy.

I listened very carefully to the member for Lindsay during his address, which I think went for about 12 minutes. Of course, there was the mandatory slur on big oil and all of that. That is just par for the course and happens every time a Labor Party member stands up. They attack anyone who is successful, even Australian companies, even little companies that started in little towns in Victoria like Woodside, which was actually named after the town of Woodside. Those companies took a battering yesterday and I guess they will get a battering at some other stage as well, although that debate was guillotined. But anytime a person from the Labor Party speaks they will always have a slap at anyone who is successful commercially in Australia.

What I did notice from the member for Lindsay was that in the 12 minutes of his address I would guess that probably 8½ or nine minutes of that speech were all about transparency and information in the market. I say ‘hear, hear’ to that. If that is what this legislation was about then we would not be having this debate; we would just wave it through. We would not need the Leader of the House to come in and guillotine the debate, because we would agree. In fact, that is what our amendment says: if there is the process to provide more information to the consumer, whether it is by the internet or by SMS or by satnav or by simply putting up signs, then we are all for that. But I was a bit
perplexed by one of his comments where he said that if you put up information on the internet you would not be able to change it for 24 hours. He must have a different version of the internet than I have, because one of the things I do when I am in my office is check what is going on not only in Australia but in the world, and of course most importantly what is going on in Queensland at the moment—particularly in relation to the rain. The member for Lindsay should try it when he goes back to his office; he may be there already. He will notice that stories on the ABC website are updated regularly; in fact some of them are updated half-hourly. So a system whereby the price of fuel changes during the day as a reaction to normal market forces does not preclude that system from having updated information on the internet. And any of those members either opposite or behind me who have daughters, and probably sons as well—I have only daughters—would know that SMSs can be rattled out at a furious speed and that that information could easily be updated.

So this is just a nonsense. It is just a fall-back to the Labor Party’s centrally-planned economy ways. They believe that you cannot have a scheme where the consumers can be empowered, where information can be provided but where you cannot interfere in the market. They just do not believe that those sorts of things go together. That is part of the modern future. Perhaps this scheme that they are promoting at the moment, which will cost every motorist in Australia money and make it much easier for those people those on the other side fear most—that is, the oil companies—to operate. If you talk to the oil companies, if you talk to the retailers of fuel, they think Fuelwatch is great, they love it. They know exactly how much they are going to get for their commodity. They deliver it to the site, they sell it in the next 24 hours, they know before they start exactly what their return is going to be on it. But that is to the detriment of motorists. We are able to put forward a scheme where you do have transparency, where the market delivers the normal commercial forces that see discounts on fuel on Tuesdays, where we see consumers able to manage their fuel budgets as much as they can in a market that continues to rise—you can do all of those things without intervening in the market and fixing the price of fuel under the pretence of fixing the cost of fuel to motorists.

The coalition support widespread consumer information on petrol prices, but we do not support the uncompetitive, consumer punishing price fixing element of Fuelwatch. I welcome the opportunity to speak on this bill because it gives me the opportunity to highlight what is a scam by the Australian government on the motoring public. It has already become all too clear to Australians that this government is a government of smoke and mirrors and illusion. But, unfortunately for Australia, the Prime Minister has shown his true colours too late—that is, after the election. He was elected on the pretext that he would bring down the costs of living for Australian families. I was out there in the electorates when the now Prime Minister was campaigning, and I can assure you that that was the message that the voters were picking up—that, if elected, a Rudd government would make petrol cheaper, would make groceries cheaper and would keep the costs of living for Australian working families down. In their eyes he promised to bring down inflation, he promised to bring down the price of groceries and he promised to bring down the price of petrol. What has happened is that he has now been shown to be a complete fraud on that.

The government has been trumpeting the Fuelwatch scheme as the solution for fami-
lies and motorists, but in actual fact it is nothing of the sort. It would have been one thing to say that, if we had seen any of these things succeed, in any place in Australia, then we would at least have a little confidence in what is being put forward. But the truth of the matter is that there has been no solution from FuelWatch in Western Australia. We are seeing a situation where fuel in Perth on average is higher than it is in other states. There is no reason for that other than the fact that the market has been prevented from working, and motorists in Western Australia are paying more.

On the evidence that has been put forward in this House by the opposition the Fuelwatch scheme has descended into a debacle. It is a classic example of spin at the expense of substance. The government in doing so has traded its obligation for real governance in favour of cheap words and stunts. The unfolding farce surrounding Fuelwatch has exposed the Rudd Labor government for exactly what it is: little more than a mirage built on the foundations of spin and superficial style. It has become all too clear that this government never intended to live up to its promises, the promises it threw around so freely in the lead-up to the last election. A silver-tongued Prime Minister has known all along that he has no silver bullet, to use his words, to bring the price of petrol down. That is not the impression he gave before the election. As he travelled backwards and forwards across Australia last year, he built up that expectation and deliberately fed the belief that he had an idea and a plan for Australian motorists. The truth has been exposed now, and it shows that this government’s Fuelwatch plan is no more than a face-saving exercise that will not save anything for those people whom it should save—that is, Australian motorists. It is a cover for a shallow, self-obsessed, media driven government that has little regard for the people who have entrusted it to office, a cabinet comprised of political slaves to a public relations exercise who are now turning on each other, as we have seen, with damaging leaks.

The wheels are well and truly coming off this sham called Fuelwatch. It is for no other reason than it is just that: a sham. There is no substance to this scheme. There is no substance to telling motorists that, if we fix the price of petrol for 24 hours, it will be cheaper. There is absolutely no substance to that statement at all. We know of course that even in the Labor cabinet there are those who saw the potential damage that this scheme could cause. There was the Minister for Resources and Energy, whose comments have been widely spread in the past few weeks. I think one of the most interesting things I saw last week was a short piece on the Minister for Resources and Energy that said he was a man of honesty and integrity and a man who says it like it is. He certainly said it like it is. I think the same piece said that he perhaps was not the best politician around. I am not sure about that. I think that anyone who is honest with the public, anyone who strongly represents the views of the people that he represents, will be seen as a good politician. He stood up very strongly against this scheme and made it clear that this scheme would actually drive petrol prices up and make the situation even tougher for families and small businesses. So we have a minister here with common sense.

Of course he was not the only minister in that room; there was the ‘accidental Treasurer’ and there was probably the ‘minister for career advancement at all costs’. At least we had one minister who we know spoke out. Of course, we know that another minister, had he repeated the advice—and I always have hopes for the finance minister that he actually does understand the economy, and
he is one of the few on that side who does—and spoken out on this issue, then he would have supported the advice that we know was given to him by his department. In fact four departments gave advice on this. In that advice—although we have only seen bits of one piece of it—we know that the departments saw the advantages of greater transparency in giving the motorists as much information as they could by giving them the confidence that they knew as much about what was happening in the petrol market as those selling it. I think that is all good. But we also know that four different departments, who are entrusted to give the government non-political, balanced advice, all opposed this scheme. Of course, when anyone gives this government advice that is contrary to their political goal, they are dismissed from the field immediately. We saw a situation where the Treasurer described them as ‘mere bureaucrats’.

One of the privileges of being in this place for me was that during the last government I was a minister. One of the great delights to me as a minister was to have departments made up of professional people—people as professional in their field as any professionals in any field I have seen. They took their jobs very seriously. They gave their advice on the basis that it was the best advice they were able to provide—not to produce a political outcome, not to produce spin, not to try and be part of this smoke and mirrors government that we have now but to actually just say, ‘I am a professional. I have been educated in these areas, I have experience in these areas and this is my honest opinion about what I think will happen.’

Those on the other side continue to attack the Public Service. The Public Service are just that: they are there to serve the public. The sorts of attacks we saw from the Treasurer, and then from the Prime Minister, on the Public Service sends a shiver down the spine of anybody who has any respect for the worthiness of others and for the professional advice that I know comes from those departments. Those who deem to be the government of this country now on the basis of economic conservatism proceeded to dismiss all that good advice from all those departments and from all those professionals by waving them away as ‘just bureaucrats’. I think that in itself should tell the people of Australia that there is an unwillingness within this government to take any advice that does not add to its political gain and its political spin. Before I move away from these comments from these professionals, from these public servants, who are there to serve the people of Australia as much as we are, I will just quote one department, and that is the Prime Minister’s very own department. The department are said to have stated explicitly, ‘The proposed scheme will also result in an increase in the compliance burden in the economy, with Treasury estimates indicating that the proposed scheme will result in ongoing increased operating costs of around $4,000 per annum to affected small businesses.’ Not only do we have a scheme that will cost motorists more and not only do we have a scheme that is going to completely distort the normal economic forces; we have a scheme that is going to put extra burden on the small businesses of Australia.

When he came to power the Prime Minister said that he desired frank and fearless advice for his government. But when he gets it he does not want it. He denigrates the very people who give it. Today his claim of being a Prime Minister who will accept frank and fearless advice is in tatters, as is the credibility of this scheme. The Australian public can have no confidence in Fuelwatch and they can have no confidence in this government.
The manipulations and games have gone on for too long. It is about time this government came clean with the Australian people. It has to admit that it does not have the answers. It has to admit that it is not able to deliver on the promises it falsely made last year as it tried so desperately to gain government. If the Australian government does not have a plan for Australia and it does not know what it is doing on petrol prices then I think we have much to fear in the years ahead as this government continues to put politics and spin above substance.

Ms PARKE (Fremantle) (1.20 pm)—Last week, after making my contribution to a debate on an MPI about Fuelwatch, I received a very thoughtful email from a gentleman who lives in Kellyville in Western Sydney. He was very pleased, I have to say, with the idea that politicians should lead the way when it comes to adopting sustainability measures in their personal and professional lives, such as choosing, as I have, a fuel-efficient, non-standard hybrid vehicle in the form of a Toyota Prius. As a resident of Western Sydney he was also acutely aware of the way in which Western Sydneysiders are being used as the notional victims of the opposition’s bogeyman version of the very sensible Fuelwatch initiative. The opposition might like to hear what a person in Western Sydney actually thinks. The email said:

On the subject of Fuelwatch, it has come to my attention that I have been mentioned countless times in the House over the last few days—those who live in Western Sydney. I would like to say that I and many of my friends, associates and colleagues who live in the western suburbs of Sydney—and the majority of us who have to travel the thirty-ish kilometres in two hours each way to and from the city by car each day—would not only welcome the Fuelwatch scheme but are very enthusiastic as to the potential for us to make an informed decision when making our weekly purchase of petrol.

It has been discussed among my circle of friends and colleagues that we would certainly in the short term benefit slightly from the opposition’s promise to cut the excise on petrol by 5c, but we were fully aware that the international price of oil would likely swallow up that saving in a matter of weeks or perhaps days. We are much more interested in having the ability to make informed decisions utilising the proposed Fuelwatch scheme. I wish you all the best in parliament over the coming days on this issue and would be happy to hear from you if you would like to know more about what Western Sydney is really thinking.

In a follow-up email, this gentleman from Western Sydney said that he is happy to be identified. His name is James Fiander and he is part of a community group called the Hills Against Global Warming. He and his fellow community members feel that they have been significantly underrepresented by the Howard government and by their own local member, the member for Mitchell, on such issues as climate change, Indigenous Australians, transport and education policy.

As is clear from the achievements of the Rudd Labor government in its first six months, there is a stark contrast between the approach of the former Howard government on the issues referred to by Mr Fiander and the approach of the new Labor government. If we think of the apology, the ratification of the Kyoto protocol, the development of a national emissions trading scheme, increasing the renewable energy target, the budget measures that prioritise commitments to education, infrastructure, health and the environment and we compare this to the wholesale inaction and ‘denialism’ of the Howard government on these issues, there is a significant difference.

So too the question of the extension of Fuelwatch in the form of a national program has shown the government and the opposition in stark contrast. During the past week the members of the opposition have painted
bizarre scenes of petrol price apocalypse in an attempt to get some bounce in the polls from a simple extension of the WA Fuel-Watch scheme. As has been the case in many other areas of policy that are of vital interest to the Australian community, the opposition prefers darkness and secrecy to openness and transparency. They do not think voters should know the source of political donations; they did not believe when in government that the Australian people needed to know the truth about weapons of mass destruction, or the countless warnings that the Australian Wheat Board was party to the greatest trading scandal in Australia’s history. The quite hysterical reaction from those opposite to the idea that consumers might get a bit of information to guide them in their choice of petrol stations is a strong indication that this preference for secrecy remains, and that the sympathies of the opposition lie with big petrol retailers rather than with ordinary Australians who are struggling with the rapidly rising cost of living.

I regret to note that in a very short time histrionics and manufactured outrage have become characteristic of the opposition’s approach in this place to any sensible proposal put forward by the government, whether it is the government’s plan to tackle teenage drinking through the excise on alcopops or the government’s plan to increase transparency in fuel pricing. As other members from Western Australia, including Senator Adams, have pointed out, with WA’s FuelWatch we have moved to a situation where consumers are given the necessary information to allow them to make an informed choice about purchasing petrol. Over the weekend I received a message from a Fremantle constituent telling me that he uses FuelWatch regularly and saves between $6 and $10 each time he fills up. I ask a simple question: how can giving consumers more information possibly be a bad thing?

Contrary to the propositions put by the member for Groom earlier today, this government is about responsible policy, market transparency, consumer support and innovation. It is the opposition that is in disarray, that has no plan for the future. The petrol populism from those opposite aims to obscure the lack of long-term constructive policy from their side. The bigger policy picture, the task for which this government was elected, is to implement long-term policy for Australia. Two of the most critical areas are energy policy and climate change. Transport policy of course bridges these two areas to some degree and therefore presents one of the more complicated challenges.

Last year the Senate Standing Committee on Rural and Regional Affairs and Transport issued a report on Australia’s future oil supply and alternative transport fuels. The committee noted that the demand for oil is relatively inelastic because for its major use—transport—there are no easy substitutions. This means that a relatively small shortfall in supply can cause a large increase in price. The committee said in its report that it:

...considers that more needs to be done to reduce Australia’s oil dependency in the long term. This is desirable not only because of peak oil concerns, but also for other reasons—to mitigate greenhouse gas emissions; to mitigate the costs of the expected long term decline in Australia’s net oil self-sufficiency; and to mitigate the risks of supply disruptions as oil production becomes concentrated in a declining number of major oil-producing countries, some of which are politically unstable.

In addition to examining supply-side responses such as oil exploration and development of alternative fuels, the committee looked at demand-side responses such as increasing the fuel efficiency of vehicles,
alternative forms of transport and integrating transport planning and land use planning.

I am pleased to say that long-term constructive policy on these issues is part of the Rudd Labor government’s agenda. But the opposition are not interested in such complications as peak oil or climate change or fuel efficiency or alternative transport. They are focused on short-term opinion polling and 5c of uncosted excise irresponsibility without regard to the long-term future of this country. A good example of this is their monomaniacal focus on price alone without ever acknowledging that the cost of fuel to every person and every household in Australia is produced as a combination of petrol price and fuel use efficiency. The truth is that price per litre changes to the cost of fuel affect different road users very differently. If you were comparing two identical journeys, or even two weeks worth of car travel over the same total distance, the comparative cost would have more to do with the comparative fuel efficiency of the vehicles involved than with the price of petrol.

In 2006 the Australian Bureau of Statistics estimated that the average fuel consumption for Australian passenger vehicles was 11.4 litres per 100 kilometres. In 1963 the average fuel efficiency of Australian passenger cars was 11.4 litres per 100 kilometres. That was 45 years ago! Since then, humankind has landed on the moon, created the internet, extended mobile satellite telephone technology across the planet and made thousands of other technological advances in the areas of communications, medicine, astrophysics and so on. But the fuel efficiency of passenger cars has remained unchanged, unimproved. How is that possible? Cars in Australia are still commonly marketed for their speed and power. People are buying cars with big engines and bad fuel efficiency, and they are paying for it at the petrol bowser. As a nation, and as part of the global community, we have to recognise that promoting and choosing vehicles for their fuel efficiency, perhaps at the cost of speed and accelerative power, is the easiest way to reduce the impact of rising petrol prices and the toll that burning petrol has on the environment.

There are, of course, vehicles at the smaller, more fuel efficient end of the scale that easily achieve fuel efficiency of around seven to eight litres per 100 kilometres. The WA Sustainable Energy Association has estimated that driving such vehicles will save people around a third of their fuel costs—the equivalent of something like 45c to 50c a litre. A hybrid fuel vehicle like the Toyota Prius that I have, which runs at about 4.4 litres per 100 kilometres, can reduce your fuel costs by half. In other words, a hybrid fuel vehicle which uses at least half of the unleaded petrol to travel 100 kilometres that the average passenger vehicle uses can effectively halve your fuel bill.

I made the point last week that most people are not in a position to change cars in response to petrol price rises. And of course I acknowledge that purchasing a hybrid fuel vehicle is not an option for many people at this stage. But it does indicate the way forward. Much greater fuel efficiency is possible, and delivering much greater fuel efficiency as an accessible, affordable option is the kind of long-term objective that a responsible government will pursue, rather than pinning its own popularity to an irresponsible excise measure. The opposition, even in this debate, is sacrificing the opportunity to discuss and contest the really difficult policy challenges. It is putting its own short-term political fortunes above the long-term future of this country.

The Rudd Labor government is looking forward. The $500 million Green Car Innovation Fund will seek industry contribution
on a $1 to $3 basis with a view to manufacturing fuel-efficient cars in Australia. As I have pointed out, fuel efficiency offers cost savings on a scale that makes a 5c excise cut look exactly like the butchers paper and crayon policy that it is. Fuel efficiency is a win-win objective: good for consumers, good for the environment.

The Rudd government has established a Building Australia Fund that will consider, among other things, the further development of public transport infrastructure in our cities. This has been yet another area of severe neglect under the previous government. I note, on that point, an interesting article from the Centre for Policy Development titled ‘Reinvesting in our suburbs: a role for the Commonwealth government?’ written in September 2006. The article makes the following observation about the Howard government’s transport infrastructure inaction:

The Federal Government’s response is to do nothing but offer token subsidies and motherhood statements ...

To long term observers of the Federal Government’s attitude to urban policy this comes as no surprise. One of its first actions on coming to office was the abolition of Labor’s Better Cities program in 1996. Since then the Howard government has shown very little interest in addressing the urban development, or for that matter transport needs of Australia’s suburbs.

Labor actually has in its platform a clear recognition of the importance of public transport. This is part of our vision for Australia’s transport future. As the platform states, we ‘recognise a role for Commonwealth involvement in delivering urban public transport infrastructure, with particular focus on the needs of poor regions in outer urban and regional areas’.

On this point too I am happy to say that Western Australia is showing the way. The southern rail line, which runs through the Fremantle electorate, is an incredible, state-building achievement. It has connected one of the fastest growing suburban parts of Western Australia and one of the fastest growing local government areas in Australia, to the Perth central business district and other parts of the metropolitan area by a fast rail link.

It should not be sacrilege to observe that using public transport is a legitimate way of reducing the impact that petrol prices have on the household budget. It should not be sacrilege to say that the best long-term approach to high petrol prices is for Australia to move, as a community, towards using less petrol. On that point, I noted in the Australian last week a letters page contribution from one of my constituents, Mark Millard of Coolbellup. Mr Millard wrote:

There’s a simple way to save more than 5c a litre on petrol: take the bus, bike, train, or walk. You cannot argue with that. Of course not everyone can make that choice, but many can, and we are entering dangerous, politically-correct territory if we get to the point in Australia where policy is premised on the assumption that government must support personal vehicle transport at all costs.

In the meantime, this government, on the basis of the success of FuelWatch in Western Australia, and with the support of the analysis by the ACCC, is seeking to introduce greater transparency into the retail petrol market. Fuelwatch as a national program will make a modest but meaningful difference to consumers in Australia, as it has already done for West Australian motorists. It is an economically responsible measure; it will be implemented in the name of good policy rather than good opinion polls—which is, understandably, the current obsession of those opposite—and it fits with this government’s program of long-term and proactive transport and energy policy.
Mr TUCKEY (O’Connor) (1.39 pm)—
Whilst the member for Fremantle is still with us, and considering her recent arrival in this place, she might like to wait for a minute to get a little bit of history on some of the things she has just said. She suggested that people should take the bus. The Richard Court government in Western Australia ordered three hydrogen fuel cell buses, and the other day the Carpenter Labor government sent all their working parts back to Germany. Why? They did not like paying the extra cost of running hydrogen fuel cell buses, which are 100 per cent emission free. That is your Labor position on saving the environment in Western Australia. There were three buses in perfectly good condition. I tried to get hold of one of them to at least take it to a practical inventor in my electorate for the purpose of turning these buses they proposed to wreck into a fuel cell tractor. They were 300 kilo-watt, 400 horsepower. All the working parts have gone back to Germany from whence the buses came. And there could only be one excuse: the Carpenter government did not like paying the extra for a clean environment.

Then there is a challenge against the Howard government in terms of infrastructure in Western Australia. It was interesting the other day to see some coverage of the Bunbury Freeway, which the minister for transport—

The DEPUTY SPEAKER (Ms AE Burke)—I realise the member for O’Connor has only started but the bill before the House is about national Fuelwatch and I would ask him to refer to the bill.

Mr TUCKEY—With due respect to you, Madam Deputy Speaker, it would not have been a bad idea. I am referring, if you consult the Hansard, to the comments that you allowed to be made minutes ago.
hours is not price-fixing. That stretches credibility to some degree and is further evidence of what happens when panicked governments start to come up with legislative solutions which they have not properly researched. So let us get it straight.

In Western Australia in my electorate and in the approaches to my electorate, you can drive away from the city and by the time you have gone 50 kilometres the price of fuel is 10c and 15c over and above the regulated price in the city. Yet on the best of information—and by quotes that I have received—the average road transporter of fuel in Western Australia will shift it for half a cent per 100 kilometres per litre. Tell me how an almost infinitesimal charge can result in 10c a litre change.

That is the first failing of FuelWatch as it exists in Western Australia. Twice a week they publish a terminal gate price, no doubt to assist the consumer on the mark-up that they think some reseller is achieving. But if you are a truly dedicated independent, and you want to sell at a highly competitive price and put it on their register, just you try to get into the Kwinana refinery and buy fuel at the terminal gate price.

That is what this chamber should be talking about; not a shonky scheme that does not work. If anyone takes the total body of opinion of the ACCC, until more recent events they said it would not work—and it does not work. What is it about? It is about giving a warm and fuzzy feeling to motorists that throughout the process of a working day—and I will come back to that—they can be assured that if they buy in the morning the price will be the same in the afternoon. And what was the grizzle that created this scheme? It was that you could take the risk of buying in the morning and the price actually fell in the afternoon. Of course, the person who filled their tank in the morning did not think that anybody else was entitled to a cheaper price than they got that day.

I am old enough to remember petrol rationing and how, years after the Second World War, the bureaucracy a la ACCC had hold of that and hung on to it like grim death, and there were some public servants who were doing financially very well out of it. It was well known how to get extra ration tickets. But what I am saying to you is that anybody who gets a regulatory regime will hang onto it and defend it notwithstanding that it delivers no benefit to the community.

There is only one way that you can deliver benefit to the community with regard to the price of fuel. You can ensure that there is an open marketplace. There were threats made to the Richard Court government by BP, around the era of all these wonderful reforms, that they were going to close the Kwinana refinery. The response was FuelWatch. The response was a readjustment of the fuel standards in Western Australia. I do not think any other state picked up that arrangement. But what did it achieve for BP and for the Kwinana refinery? It virtually banned the import of Singapore refined petrol. Western Australia was unique in that they had an independent—it is still active; someone told me the other day there were 25 outlets—called Gull. I do not know if it still survives here in Canberra but one was erected here. The reality was that Gull had managed to purchase a little tank farm connected to the port of Fremantle or Kwinana somewhere. And because the Singaporeans have very large refineries with the intention of producing jet fuel they frequently have surpluses—maybe not so much today, but they certainly did in that period—of petrol. And Gull was bringing it down as a direct import and, of course, knocking the spots off the heavies.
So the parliament of Western Australia, supported in more recent times by Jim McGinty, changed the fuel standard. McGinty’s words were, ‘I do not think the Western Australian public minds paying an extra couple of cents for fuel, because it is of a better environmental standard.’ I think he should have seen last night’s Newspoll on what people thought about having to pay extra for petrol to save the environment—63 per cent said no.

But the whole situation is this: in Western Australia a company that was truly independent and was delivering fuel was cut off with not a squeak—in fact, with the total support of the present state Labor government over there. What is more, when they came to Canberra, as some of those who have been around a while will remember—Parliamentary Secretary Kerr at the table would remember—there were traffic jams because they were able to sell petrol so much more cheaply than was charged in Canberra, a big city. The rates that are generally charged in Canberra have nothing whatsoever to do with the freight cost out of, say, Sydney or Botany Bay or somewhere. The reality is that Gull was swapping its cheap petrol delivered to Perth with a major supplier who was fuelling them here, and they were cutting the price.

They are the issues that we should be debating in this place today. What happened? The only way you can reduce the price of fuel as a parliament is to reduce the taxes that you levy upon it. There is no other way. Do not think price fixing will work. The history of price fixing is that it is the highest common denominator. I can still remember being in a grocer’s shop where, if you queried the price, they opened a book and said, ‘It’s got to be right; the government’s put it in the book.’ It had to be right! It was the government price! You are telling this parliament that, after all the historical evidence that it does not work, this is the way to protect people from the escalation in fuel prices. You can tell us the story that it is all about international price movements but throughout the world the pressure is the government rip-off.

How did fuel taxes start? I think it was Bob Menzies who said, ‘We need some money to fix your roads; we will put a small tax on petrol and use it for that purpose.’ That is hypothecation. What happened over time? It just became a very soft and easy method of raising revenue, and the Hawke government—I think it was John Dawkins—introduced indexation. Up until then, in my experience in this place, if the government wanted to increase consumer taxes—be it on alcohol, be it on petrol—they had to confront the electorate. It was not a bad idea if you told them before the election what you were going do. That did not happen with petrol on this occasion. The reality was that they moved from a situation of a legislative, fixed rate of excise to one of indexing it for the purpose of building it up by inflation. And what a clever trick that was—invited by a Labor government. Petrol is obviously a major component of the CPI. So it was self-generating. Every time you increased the excise, you increased the inflation rate so that you could increase the excise again.

In the Howard government we recognised the inequity of that and we froze it. And what is more, we adjusted it in the process of bringing in tax reform and the GST. By that time, of course, the High Court had made a determination on the state governments’ so-called licence fees, averaging at about 8c a litre. We can read more information about that with respect to Queensland, which never had one, and how we insisted that they did not get a windfall out of the arrangements. We had to add, under Peter Costello as
Treasurer, an excise increase for that purpose. But we then dropped it anyway. And we got it down to the present figure and we froze it.

We have stood up in this parliament and said that, when we are re-elected, we will reduce it. And we will not be the first in the world. I am just waiting for Gordon Brown in England to realise that the 60 per cent, or whatever they take, is going to have to change because he has riots on his doorstep. I think it is a rather good idea, actually, that the fishing industry of Europe have decided that for a few weeks they are not going to continue to rape the North Sea because they cannot afford the fuel. But do you know what will happen there in the end? I think I read that the EU is going to give them $100 million. In other words, they are saying, ‘We will take it with this hand but do not tell anyone and we will give it back with the other.’ I reckon that giving the fishing areas of the Northern Hemisphere a bit of a rest might not be a bad idea, but that is beside the point.

The time is approaching when governments will not be able to see petrol as a form of revenue. There was a time when customs duties were a major contributor to this parliament’s revenue. Then we discovered that customs duties were not good for consumers, were not good for people and did not make industry efficient. And, funny enough, with their incapacity to deal legislatively with union problems, both Whitlam and Hawke dramatically reduced import duties for the purpose of bludgeoning the workforce into common sense. I think that was a blunt instrument and not a very smart way to do it, but do not tell me it did not happen; it is a matter of history.

What I am saying is that this system will not work. It was established in Western Australia on a false premise. Its only achievement is to give a warm and fuzzy feeling to people in that they can buy petrol in the morning and know it is the same price. We are told how transparent it is. If you are computer literate, you can go to the website. How many pensioners have got the capacity to do that? Of course, working families might be better off. Otherwise, they can get their kids to use the free computers they have at school which nobody can plug in at this stage of the game. So that is not very helpful.

If you come to my state and watch the fuel price on television, you have to read the best price in a blink. It does not all go through; it is selected by the television company, and it goes bing, bing, bing, bing. Too bad if you see 5c a litre at Whoop Whoop service station and then you realise that it is on the other side of town and you are going to use more fuel to get there than you are going to save. Do not tell me about people having choice. If they just happen to live in the wrong district they have no choice. And, if they live in the bush, they have no help whatsoever. Geraldton, in my electorate, has its fuel delivered by sea. It probably nets into their tankerage for less than it would for some of the non-refining big people in Fremantle. Yet, any day that you go there, the resale price is 10c or 15c above the equivalent in Perth. If you tell me that that is Fuel-watch and that it is working, I want to know about it.

You will never influence the marketplace to the extent that you wish to. You are not entitled in this parliament to apply price fixing. And, if you want the states to refer their powers, why not let them do it on their own? Ring up lemma and say: ‘You are approaching an election. Put this in place. Everyone will love you,’—and wait and see what his answer would be. He would not want to do it, and this parliament has no constitutional right to do it. But that is only evidence of a
government that does not know what it is doing. As I said in a doorstep interview this morning in regard to this government, when you prick a balloon you only get gas. And that is about all we have got on this issue.

But on this side of the House there is a positive, honest commitment, backed up by our past performance in which we froze the excise. We say that we will cut that excise, and that will deliver a real saving to the people of Australia—not funny business and not something that cannot be tested even in operation. Once you get it you do not know what will happen, and there is no way to test its operation.

Government members interjecting—

Mr TUCKY—Anyone who wants to be cheeky can come and see me after, if they like. I will not tolerate this. It is a serious issue, and the evidence is that it is typical that this Barnum and Bailey government thinks that as long as it has a stunt for the day, it can protect itself.

Mr Byrne interjecting—

Mr TUCKY—I will leave you out, Tony. I reckon you’re a good guy.

Mr Fitzgibbon interjecting—

Mr TUCKY—Oh, Joel, you’re a friend, but you’ve got to improve, mate. The whole thing about it is that this is a bad policy, and it does not reduce the price of fuel. (Time expired)

The SPEAKER—Order! It being approximately 2 pm, the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour.

LEAVE OF ABSENCE

Mr RUDD (Griffith—Prime Minister) (2.00 pm)—I inform the House that the Treasurer will be absent from question time for the remainder of this week. The Minister for Finance and Deregulation will answer questions on the Treasurer’s behalf.

QUESTIONS WITHOUT NOTICE

Budget

Mrs MAY (2.00 pm)—My question is to the Minister for Ageing. Minister, how is watching petrol and grocery prices going to help pensioners and carers meet their weekly bills?

Mrs ELLIOT—I thank the honourable member for her question. Can I tell the House that Fuelwatch will indeed help many people throughout the community. It will help our seniors. As the Minister for Ageing I am very proud to be representing the seniors in this parliament. This government has done more for older Australians than those on the other side did for all of the 12 years they were in government. In the next four years, we will be putting $40 billion into aged care services. When it comes to older Australians, that side of the House see them as a problem; we see them as a great opportunity. The wisdom, the experience and the knowledge of older Australians are vital. What did the previous Minister for Ageing, the member for Sturt, have to say about older Australians? He said he did not particularly like them. This new federal government—

Honourable members interjecting—

Mr Pyne—Mr Speaker, I rise on a point of order. I regard that as unparliamentary. I would ask for it to be withdrawn. I have never said any such thing; it suggests that I have a different view of older people than I do. I ask for it to be withdrawn.

The SPEAKER—in the hubbub on both sides of the chamber, I might admit, at this stage, I did not hear the exact comment made by the minister. If it suits the convenience of the House, I would ask the minister to withdraw.
Mrs ELLIOT—I was in fact quoting the member for Sturt when he was the Minister for Ageing.

The SPEAKER—It would assist the House if the minister withdrew.

Mrs ELLIOT—Certainly, I shall withdraw it. I want to conclude by saying that this new federal government is committed to providing services for older Australians. We will invest more in aged care than any previous government and we are very proud of that achievement.

The SPEAKER—Order! Before calling the member for Werriwa, can I say to members on both sides of the chamber that it would assist if there was not as much interjection and chatter whilst people with the call are on their feet.

Australian Federal Police

Mr HAYES (2.03 pm)—My question is to the Minister for Home Affairs. Will the minister inform the House of the latest operation involving the Australian Federal Police?

Mr DEBUS—I thank the honourable member for Werriwa for his question. Members will be pleased to know that an Australian Federal Police investigation spanning several continents has culminated in the arrest of 15 people and the dismantling of a criminal syndicate involved in the global production of narcotics. Nothing could more clearly demonstrate the importance of the AFP’s close relationship with its international law enforcement partners. The operation required the AFP to work closely with Australian jurisdictions and officers from the Netherlands, Pakistan, the United Arab Emirates, the United Kingdom and Thailand. Last week 12 people were arrested in the Netherlands and one in Thailand and yesterday saw the arrest of two people in Sydney, including a senior investigator with the New South Wales Crime Commission, Mark Standen.

It is alleged that these men were part of a conspiracy to import 600 kilograms of the precursor chemical pseudoephedrine with the potential to produce 430 kilograms of methamphetamine—that is, ice—with a wholesale value of $120 million. That is a wholesale value not a street value. The AFP has also estimated that, if those drugs had reached the community, they would have caused $140 million worth of harm in terms of social and welfare payments, medical treatment and policing.

Yesterday, both men were charged with various offences relating to conspiracy to supply and import commercial quantities of a prohibited drug and of perverting the course of justice. The arrest of Mark Standen has not surprisingly generated high media interest but, as the matter is now before the courts, the comments I am able at present to make are rather limited. However, in May last year the investigator became a person of interest to the AFP and since July 2007 the AFP and the New South Wales Crime Commission have been jointly investigating Standen’s alleged involvement in the syndicate. Evidence of his alleged connections to that syndicate came about, as I have said, because of intelligence received from the AFP’s international law enforcement partners as well as through its own investigations. It will be alleged that he used his position to provide advice to the syndicate on law enforcement methods and information on drug enforcement activities. These are allegations that are profoundly serious against someone in such a position.

I am entirely conscious that it is critical to the Australian public to have confidence in our law enforcement agencies. The AFP has managed this highly sensitive investigation with very great professionalism. In fact,
Dutch authorities have publicly stated that their belief in the AFP’s capabilities was one of the main reasons that they—that is, the Dutch authorities—allowed such a long and resource intensive investigation to continue in circumstances that would have been, in the absence of such trust, quite untenable. The investigation is ongoing but, on behalf of the Australian government, I congratulate the AFP on its outstanding work in this matter.

Budget

Dr NELSON (2.07 pm)—My question is to the Prime Minister. I refer the Prime Minister to his Treasurer’s 30-minute budget speech, which mentioned pensioners only once. Will the Prime Minister commit to delivering all this year’s windfall tax gains on the rocketing price of petrol back to Australia’s age pensioners?

Mr RUDD—Australia’s pensioners, carers and those on retirement incomes are doing it tough because of the impact of cost-of-living pressures coming off the rising price of oil, the rising price of groceries and other costs as well. That is why the government has been keen in the context of this budget to allocate an additional $5.2 billion for pensioners over the next five years. Firstly, seniors will be $900 a year better off in 2008 as a result of this budget. That means that there will be not only a $500 bonus but, in addition to that, a commitment to increase the utilities allowance from $107 per year to $500 per year. Secondly, when it comes to carers, through an additional allocation of $1.1 billion over the last budget, those carers in receipt of both the carers payment and the carers allowance will receive up to $2,100 a year in addition to what was received previously. Thirdly, those receiving disability support pensions will now be receiving the utilities allowance of $500 a year for the first time, and that results in an additional $1.3 billion compared to the previous budget.

I make those points very clearly because these represent net additions to what was provided by the previous Howard government in each of these areas. We on this side of the House are acutely conscious of the need to make sure that retirement incomes policy in the future enables those on pensions in particular to properly plan for their retirement. That is why the Henry commission of inquiry has a reference which specifically deals with retirement incomes policy. We await the outcome of their report, which is due in February next year.

Economy

Mr CRAIG THOMSON (2.09 pm)—My question is to the Prime Minister. Will the Prime Minister outline the government’s plans for financial services and credit reform in Australia.

Mr RUDD—The government is committed to responsible economic management. It is committed to working out how we can assist working Australians, working families and those who are doing it tough and are under financial pressure right now and how we can plan for Australia’s long-term economic future. Part of planning for our long-term economic future means moving forward on the whole regulatory agenda. If there was one loud and clear signal which came forward from the 2020 Summit from those in the business community it was this: they want Australia to move in the direction of a seamless national economy. They are expecting leadership from the national government on moving in the direction of a seamless national market.

One of the areas where we can make progress is the financial services sector. My colleague the Minister for Small Business, Independent Contractors and the Service
Economy who has responsibility for deregulation, together with the Minister for Finance and Deregulation, is currently working with the states and territories on 27 items of legislation in order to deal with the regulatory complexity which currently confronts businesses operating in multiple state and territory jurisdictions and, as a consequence, to do what we can to reduce the compliance burden and to reduce the overall cost therefore of running a business across the country.

I draw the House’s attention in particular to the green paper on financial services and credit reform released today by the Treasurer and Minister Sherry, because this is an important step forward in a critical area of necessary regulatory reform—that is, improving the regulation of financial services and credit and also seeking to target unscrupulous practices and to promote competition. For example, right now, under our existing regulatory arrangements, some consumers receive poor or inadequate advice in areas such as mortgage brokering, which may lead to them overextending themselves into debt, paying extortionate fees or being sold an unsuitable product for their circumstances. That is one example. Secondly, some consumers are unknowingly playing Russian roulette when they buy certain financial products like margin loans, because how you purchase a product determines how it is regulated. With such products becoming more mainstream, this is simply not good enough. The problem we have—

Mr Tuckey interjecting—

Mr RUDD—and I note some of the interjections from those opposite—is that, when they say this is a problem for the states, the problem is that we have such uneven regulation across the states. This is why we have found it necessary to move in the direction of this important green paper which will have its conclusion through the Council of Australian Governments as a necessary national reform. Right now, current regulation is duplicated, patchy and confusing. In fact, it is a complete dog’s breakfast. It is time we had some decent, long-term economic reform to ensure that this sector is also provided a proper pathway to the future.

Of course, one of the contentious matters which will arise in the debate on this financial services reform green paper is how we cover the extent of the financial services market. Do we simply include the mortgage credit or do we include the entire extent of consumer credit as well? This is a legitimate matter for debate with the financial services sector, and that is why this green paper will now become the subject of discussion and negotiation with the financial services sector over the months ahead. We will then move to deliberation of a decision with the Council of Australian Governments. This is a necessary step forward if we are to move towards our national objective of a seamless national economy and a seamless national market. It is very necessary if Australia is to maintain its long-term global competitiveness.

If you go to what people in the sector are saying you can see that it is pretty important to see where the business community is coming from. Luke Lawler, a senior advisor from Abacus, the Association of Building Societies and Credit Unions, has said, ‘The exclusion from the Corporations Act of credit is a kind of arbitrary division. It is not really logical why credit is not there.’ The Consumer Credit Legal Centre has said something similar. Gordon Renouf, head of policy at CHOICE, also said something similar. In fact, we had this statement from another individual in the middle of last year:

... we would say to the States that if they want to refer powers to us, then we would be willing to step in and take their powers and to legislate in this area.
That was Peter Costello on 19 August 2007.

The challenge here is to make practical steps forward to achieve a uniform national market. When it comes to consumer credit and mortgage credit, I think both Australian consumers and the business community across the nation have a realistic expectation of government that we can achieve enduring, lasting national reform in this area. After 12 years, those opposite achieved no outcome on this.

We are advocating a program of reform here through cooperative endeavour with the states and territories. Once the green paper reaches its conclusion through the Council of Australian Governments, the government will be bringing forward significant reforms in this area because we are committed to long-term economic reform, long-term microeconomic reform and long-term regulatory reform in order to create a seamless national market in this nation.

Child Care

Mr ABBOTT (2.15 pm)—My question is to the Deputy Prime Minister. Under the government’s ‘child care watch’ initiative, which she announced last night on Lateline, for how long will childcare operators be forced to lock in prices in advance? Will they be fined for reducing prices?

Opposition members interjecting—

Mr Tanner—Was that funny? Was it?

Mr Billson—You have to have a sense of humour, Lindsay.

Ms GILLARD—I thank the member for Warringah for his question, which I did not think was a particularly amusing one.

Opposition members interjecting—

The SPEAKER—Order! The question has been asked.

Ms GILLARD—Obviously the question of childcare fees is one that impinges on working families who need to pay for child care. Maybe my memory fails me, but if there was some amazingly effective Howard government initiative to deal with childcare fee increases then I do not seem to recall it.

Opposition members interjecting—

The SPEAKER—Order! The question has been asked.

Ms GILLARD—I do not recall it. So for 12 years—the member for Warringah being in the cabinet for most of that period—nothing effective was done on childcare fee increases. In contrast, what is this government delivering?

Mr Tuckey—Mr Speaker, on a point of order: on the question of relevance, this is a question asked on behalf of the people, not the opposition. Young parents are entitled—

The SPEAKER—Order! The member for O’Connor will resume his seat.

Mr Albanese interjecting—

Ms GILLARD—The Leader of the House reminds me that I have been asked the question by Mr ‘People Skills’, but I did not think we had promoted him to being the single voice of the people! But, in any event, what this government is doing to deal with childcare fee increases is to increase—

Honourable members interjecting—

The SPEAKER—Order! Those on my left will cease interjecting. Those on my right will collectively ignore the interjectors.

Ms GILLARD—Presumably lunch started at 12 noon and finished at five minutes to two!

The SPEAKER—Order! The Deputy Prime Minister will get to the point.

Mr Hockey interjecting—

The SPEAKER—The member for North Sydney will resume his seat. The Deputy
Prime Minister will get back to answering the question.

Ms GILLARD—I am endeavouring to answer the member’s question. What the government is doing to deal with childcare fee increases is to increase the childcare tax rebate from 30 per cent to 50 per cent on 1 July. This means that families in all income levels with children in approved care will get increased government assistance—that is, the amount that they pay for child care will be reduced. Obviously there have been media reports in the last few days about childcare operators considering fee increases. We need to remind ourselves, of course, that childcare fee increases happen from time to time and that, of course, there are increases in costs in child care. When there are legitimate increases in costs, that is reflected in fees. But, even with some of the percentage figures we have seen named in the media in recent days—and there have been a variety of figures, including figures in the range of two to three per cent, suggested as likely fee increases—with the government’s increased childcare tax rebate working families would still be better off.

What we have indicated to childcare operators is that the government will be watching prices, something the Howard government neglected to do because it was not concerned at all about this issue. We will be watching prices, and we are putting operators on notice that, if any evidence emerges of unfair pricing practices, the government will be ready to use the powers at our disposal to deal with the matter.

We are talking, at this stage, about working with industry to ensure that any price increases are legitimate reflections of increased costs. I would have thought that every member in this House would want to send the same message on behalf of working families to childcare operators: that every member in this House would want to see working families benefit to the maximum extent from the government’s new childcare tax rebate initiatives. All I can conclude from this question—and, most particularly, from the interjections during it—is that members opposite could not care less one way or the other. Well, despite their indifference, the government will be getting on with the job of increasing the childcare tax rebate and ensuring that working families enjoy the benefit of the increased rebate.

Financial Services

Ms CAMPBELL (2.21 pm)—My question is to the Minister for Finance and De-regulation. Will the minister outline to the House how the Financial Claims Scheme announced by the Treasurer yesterday will work?

Mr TANNER—Yesterday the Treasurer announced that the Rudd government intends to introduce legislation to establish a Financial Claims Scheme that will ensure that most depositors and insurance policyholders will have quick access to their money in the very unlikely event that a financial institution fails. The FCS follows through on advice that has been received variously from the Council of Financial Regulators—which includes APRA, ASIC, the Treasury and the Reserve Bank—dating back as far as 2005, the recommendations from the HIH royal commission of 2003, and advice from the global Financial Stability Forum earlier this year.

Until now, Australia has been one of only two OECD nations with no scheme of this kind designed to protect depositors and policyholders in the unlikely event of an institution failing. Early access to money is very important, obviously, for Australian families and working people in order to ensure that they can continue to conduct their ordinary life business. When an institution fails, im-
mediate its existing funds and assets are frozen. In some cases, it can take a very long period before all of the matters associated with its failure are resolved, the disputes settled and money freed up.

This will ensure that up to $20,000 in the case of each depositor will be made available by the government, we expect within a week of any such event occurring. That will ensure that individuals and families are not disadvantaged in the short term and that their existence and activities of their normal life are not disrupted unduly by any such failure. It is a very important protection to ensure that we do not again see some of the events that have occurred in the past. There have been one or two instances in recent times, HIH being the most recent, where issues of this kind have emerged. It is very important to ensure that the knock-on effects of such occurrences are minimised. Also, it is desirable to avoid totally relying on ad hoc, post facto arrangements were such events to occur.

The government is also accepting recommendations of the Council of Financial Regulators that a number of changes should be made to the regulatory framework to allow better management by the regulatory bodies in the event of any institution failing. These measures will enable the regulators to act comprehensively and decisively in dealing with that situation. They will add to their capacity to recapitalise a distressed bank, credit union or building society, whatever institution may be involved.

I should emphasise that Australia’s financial system and regulatory regime is sound. We have rarely seen instances in this country’s history of losses as a result of financial institution failure, but eternal vigilance is essential in this area. These enhanced arrangements to deal with such a crisis are going to be very important in the unlikely event that something of that kind does occur to provide even greater security and comfort to ordinary Australians when and if such an event occurs.

Child Care
Mr ABBOTT (2.24 pm)—My question is to the Deputy Prime Minister. What powers does the government have to control the prices charged by childcare operators? What actions might the government take if prices were to go up by, say, 10 per cent?

Ms GILLARD—I thank the member for his question. Obviously the government has a range of policies in the childcare area—

Opposition members interjecting—

Ms GILLARD—if you wait for the end of the sentence, you never know what you might learn—and the government subsidises child care through a variety of means. One is the childcare benefit; the other is the childcare tax rebate. Obviously, the government makes these payments available. The childcare industry is aware that the government is a subsidiser of childcare fees. That means, of course, that there is an interconnection between the government’s policies and intentions and these payments. What I have said to childcare operators is that we want to work with industry. I would remind the member opposite that these questions have been motivated by press reports where one operator on one day was reported as considering a price hike in the vicinity of 10 per cent. That same operator today was reported as saying that no decision had been taken. Other operators were reported as saying that fee increases could be in the order of two to three per cent—that is, they could be in the order of the sorts of fee increases that we have seen reflective of real cost changes. At this stage, when the material from operators in the public domain at the moment is these sketchy reports, the government is indicating to operators that it will be watching to see—
Opposition members—Watching!

The SPEAKER—Order! Those on my left will come to order. The Deputy Prime Minister has the call.

Ms GILLARD—It is interesting we are talking about child care, because the behaviour is bordering on the childish—this from members opposite who in government did what? Remind me. What did you do about childcare fee increases? The answer is nothing. Absolutely nothing was done by members opposite in the cabinet room. So against a government that did absolutely nothing on this question, what is this government signalling? It is signalling to operators that it will be seeing what happens with prices and, if there is evidence—as opposed to press reports, which are different from one day to the next—of unfair pricing practices, the government will canvass the options at its disposal to act. We want childcare operators who, at this stage, would be considering their fee settings to understand the government’s policy predisposition in this area. We want to be very clear with industry about that. We will be working with industry and it is our policy intention to not see unfair pricing practices in the area, to see CCTR increases passed on. We do understand that, as there are cost increases in child care, there are naturally changes that flow through. We are talking about unfair pricing practices.

I compare that with what happened with members opposite. Presumably, if members opposite were still making the decisions today, we would have CCTR still at 30 per cent, not increasing to 50 per cent on 1 July. We would not have working families benefiting at all from an increase in CCTR. We would see, if there were childcare price increases on 1 July—if members opposite were making the decisions—working families go backwards whereas under this government, because of the changes in CCTR from 30 per cent to 50 per cent, working families are going to get relief from the pressure of childcare costs. We on this side of the House think that is appropriate; on that side of the House they are playing kindergarten games about some words, but they have no policies, no plans.

Climate Change

Ms ANNETTE ELLIS (2.30 pm)—My question is to the Minister for the Environment, Heritage and the Arts. Will the minister outline how the Australian government has taken a new direction in helping Australia meet the challenge of climate change?

Mr GARRETT—I thank the member for Canberra for her question. I can inform the House that the Rudd government has taken a new direction to meet the challenge of climate change, a direction which takes responsibility for Australia’s sustainable future. It is a new direction which comes after 12 years of inaction from a coalition government that refused to take responsibility for Australia’s future and, even more clearly—after 12 months of setting out on this side of the House—it is a comprehensive plan to tackle climate change. This government is delivering on its commitments.

Let us be clear: Australia is extremely vulnerable to climate change impacts. Some members may have seen a recent edition of the respected journal Nature which reported the increasing impact that climate change will have on our environment, on the biophysical limits of the environment that we all have to live within. Just this morning we read that houses on the coast at Taree, in New South Wales, are facing mounting coastal erosion pressures. These climate change impacts are real. They affect us, they affect our environment and they affect our economy.
At the last election Australians were offered two distinct approaches for the future. In the international arena we had a choice between refusing to ratify the Kyoto protocol, thus being a spoiler in international climate change negotiations, and ratifying the protocol, which was the first official act of the Rudd Labor government. This gave Australians a seat at the negotiating table where we now, through Minister Wong and other ministers, play a significant role. We had a choice between a Prime Minister who previously said a five-degree increase in temperatures would be ‘uncomfortable for some’ and the Rudd Labor government, which accepts the science, listens to the experts and acts accordingly.

Australians chose between a Liberal Party with no target to reduce greenhouse gas emissions and the Rudd Labor government, which is committed to the target of 60 per cent of 2000 levels by 2050. On emissions trading, the Liberal Party’s predawn conversion was a scheme that the previous Prime Minister spent years blocking and then grudgingly accepted and which would have started in 2012. Under the Rudd Labor government Australians will be implementing in 2010 a scheme that we should have had years ago. Whilst they were talking down the science they were talking up the nukes, with Mr Howard’s nuclear power crusade and a commitment to repeal nuclear legislation and bring nuclear reactors to a suburb near you.

Dr Jensen interjecting—

Mr GARRETT—If you want to have a clear understanding of where the previous government were on these issues, look at where they put their money instead of their mouth—they spent as much on taxpayer funded political advertising as they actually delivered on climate change. If the coalition had been returned to power, we would not be standing here talking about $1 billion to help households and communities tackle climate change, about low-interest green loans—

Dr Jensen interjecting—

The SPEAKER—The member for Tangney is warned!

Mr GARRETT—about rebates for energy-saving insulation or about accelerating energy efficiency. Instead, we have had scaremongering from the Leader of the Opposition and symbolism from the member for Flinders, who in June last year presented two Wollemi pine trees to the King of Sweden—a gift that was described by the former government as ‘a symbolic gesture of action being taken to tackle climate change’. Wollemi pines become fig leaves when you examine the former government’s attitude and delivery on climate change.

Australia now has a government that is taking a new direction, taking responsibility for tackling climate change, taking responsibility for sound economic management and taking responsibility for ensuring that Australians have a sustainable future.

Mr Hunt—Mr Speaker, I ask that the minister table the statement from which he was reading word for word, including any evidence about the destruction of the solar sector.

Mr Albanese—Mr Speaker, I rise on a point of order. That was an abuse of the procedures.

The SPEAKER—The Leader of the House makes a valid point. That is why I ignored all after the request for the tabling of the documents. It is not a precedent, but I ignored it. Minister, were you reading from a document?

Mr Garrett—I was.
The SPEAKER—Was the document confidential?

Mr Garrett—Yes, Mr Speaker.

The SPEAKER—The document was confidential.

Child Care

Mr Abbott (2.35 pm)—My question is to the Deputy Prime Minister. Is the government considering removing or reducing the subsidies from childcare operators who charge excessive fee increases?

Ms Gillard—I thank the member for his question. I have indicated that the government are sending a message to childcare operators. We want that message to be heard. We expect it to be heard. We want working families to benefit from increased CCTR. We want working families to have the pressure of childcare costs in part lifted from their shoulders by additional government investment in CCTR. Obviously, as a government we are concerned if there are any suggestions of unfair pricing practices. We are sending a very clear message about unfair pricing practices.

As I indicated to the member before in my answer to his last question, the matter has been in the media. There have been reports that have been of a contradictory nature about likely childcare price increases. We are obviously going to work with industry. We are going to see what the evidence is. But we want to send a message to childcare operators that we do not want to see unfair pricing practices.

At the same time—and I am glad the member has a new-found interest in childcare—we are addressing the supply constraints in childcare, which have put pressure on. They include insufficient workforce. That is why as part of our action on childcare we have not only increased CCTR from 30 per cent to 50 per cent; we have taken steps to expand the childcare workforce including through fee relief for people who want to be childcare workers, new investments in childcare early educators and, of course, our proposals to expand the number of childcare centres by 260.

Mr Abbott—Mr Speaker, I rise on a point of order on relevance. Is she ruling out reducing the subsidy?

The SPEAKER—Order! The Deputy Prime Minister is responding to the question.

Ms Gillard—I am responding to the question and I am indicating the supply-side measures that would make a difference, including the new 260 childcare centres that the government is committed to delivering.

From an opposition with no solutions in this area when they were a government, what I anticipate is that the shadow minister opposite wants to go on some cheap fear campaign to raise concern amongst parents that either the changes in CCTR will not benefit them or for some reason their subsidy or benefits will be cut off. Such a fear campaign would be a grossly untruthful act of irresponsibility. This is a government that is delivering CCTR changes and making a very simple and legitimate point, and one I am surprised is not unanimous across this House—that is: we do not want to see unfair pricing practices in child care.

Workplace Relations

Ms Bird (2.38 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Would the minister update the House about the progress of the government’s substantive workplace relations reforms? What would be the effect of a return to the Howard government’s style of policies on workplace relations?

Ms Gillard—I thank the member for Cunningham for her question. I know that
she is interested in fairness and balance in Australian workplaces. I am asked about the progress of the government’s substantive workplace relations changes. Of course, the government have already delivered our transition act, which stopped the making of new Australian workplace agreements. In relation to the substantive legislation, we are doing the thing the Howard government refused to do—that is, we are consulting on the details to make sure that the legislation is right, not a complex mess. Not only are we going to be delivering the policies we promised the Australian people; we want to make sure that the legislation is in an appropriate form and not the sort of complex mess that caused confusion amongst employers and employees.

Of course, apart from bringing industrial relations extremism to this country, what we know came with the Howard government’s Work Choices changes was an avalanche—a blizzard—of advertising material. Just yesterday in the Senate Standing Committee on Education, Employment and Workplace Relations estimates hearing, we were told that the previous government spent a staggering $137 million on promoting Work Choices—$137 million ripped out of the purses and wallets of hardworking Australians to featherbed a desperate government and to try and prosecute its political agenda with money that ought to have come from the Liberal Party. This staggering total included $44 million on the first Work Choices advertising campaign, $58 million on the second Work Choices advertising campaign and $35 million on the employer adviser program.

I am asked: what would be the effect of a return to the Howard government’s workplace relations policies? Given that blizzard of advertising, it pays to recheck some of the things that were said in the Work Choices advertising by members opposite when they were in government. I would specifically seek to remind the House of the example of Billy. We used to hear a lot about Billy last year. Billy was a case study in the Work Choices propaganda. Billy was a minimum wage worker who lost all of his protected award conditions for not one cent of compensation: overtime, gone; penalty rates, gone; annual leave loading, gone—all of his award conditions without one cent of compensation. Of course, members opposite defended as fair and reasonable that a minimum wage worker should lose all of those award conditions for not one cent of compensation.

It amazes me, given their defence of that policy, why it never occurred to them in government: how did Billy pay for his petrol? How did Billy pay for his mortgage? How did Billy pay for his—

Ms Julie Bishop interjecting—

Ms GILLARD—‘He had a job,’ the Deputy Leader of the Opposition says—exactly what the Prime Minister said in defending Billy’s case as fair and reasonable. I thank her for her confirmation that driving people back to minimum wages with no award conditions is still Liberal Party policy. I thank her for that confirmation.

There we have it: a Liberal Party still committed to Work Choices. If the Liberal Party are still committed to Work Choices, they are committed to that rip-off of working people. All of the carry-on we have seen from members opposite about their supposed concerns about cost-of-living pressures on working Australians, supposed concerns about petrol, supposed concerns about childcare costs and supposed concerns about grocery costs—all of this melts away in an avalanche of hypocrisy given they are committed to minimum wage workers bearing the brunt of their industrial relations extremism.
Someone needs to explain to members opposite that the equation for working families is one that equals: what comes in in the pay packet and what goes out. As to what comes in in the pay packet, they believe in having laws which enable it to be cut for those in the workplace with the least bargaining power.

**Mr Simpkins interjecting—**

**The SPEAKER**—Order! The member for Cowan!

**Ms GILLARD**—The party of Work Choices cannot be heard to say they care about cost-of-living pressures on working families. They were the ones who brought that industrial relations extremism, which hurt so many—

**Mr Simpkins**—The country’s in great shape!

**The SPEAKER**—I warn the member for Cowan!

**Ms GILLARD**—Come in spinner! ‘The country’s in great shape.’ You still believe in Work Choices, don’t you! You cannot stop yourself calling out in support of it. The party of industrial relations extremism on display.

**Mr Pearce**—Mr Speaker, I rise on a point of order. Would you remind the Deputy Prime Minister not to refer to you, please?

**The SPEAKER**—Order! The Deputy Prime Minister, along with all members, knows she has to refer her remarks through the chair.

**Ms GILLARD**—Can I conclude on this: if I inadvertently indicated you may be an industrial relations extremist, Mr Speaker, I certainly apologise for that. We know where the industrial relations extremists are in this parliament and they are sitting over there.

### Regional Partnerships Program

**Mr TRUSS** (2.45 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Why did the minister tell David Koch of the *Sunrise* program that he did not realise how many community groups were affected by Labor’s budget decision to abolish Regional Partnerships? Given the budget announcement of a week earlier, why did the minister also tell Mr Koch that it had only just come to his attention that some really good community projects had been scrapped and they were now re-examining them? Minister, what have you been doing in the last six months?

**The SPEAKER**—Order! The last part of the question did nothing to add anything to the tenor of question time.

**Mr ALBANESE**—I have been reading the National Audit Office report, a report which has taken six months because it is 1,200 pages of a litany of the rorts that occurred under the Regional Partnerships program under the maladministration of those opposite. I did appear on the *Sunrise* program three weeks ago. No questions were asked at the time, but they are a bit slow in the National Party. On that program they raised the issue of a playground. It was a playground in Bundaberg in the electorate of the member for Hinkler. I am happy to talk about that playground and the circumstances because the discussion that I had with David Koch was about that playground. I rang the proponent of this particular project. This is a proponent who has raised substantial amounts of money through Rotary, through the local community, and who was given approval by the former government under Regional Partnerships.

One of the deals that comes with the contract once it has been fulfilled for Regional Partnerships is that there has to be signage...
that the Australian government was providing funds for a particular project. For this project, which had not been contracted, for which there was no finalisation of arrangements, there was a sign on the fence of the playground saying ‘Funded by the Australian government’. One of the things that the Rudd government is committed to is making sure that the victims of the incompetence and maladministration of the Regional Partnerships program do not miss out. That is why we have a process whereby those approved but not contracted programs will have until 31 July to complete their contract but with proper financial scrutiny, including from the department of the Minister for Finance and Deregulation. That needs to occur.

Also in Bundaberg under Regional Partnerships there was an application from Bundaberg City Council for the turtle interpretive centre. It was in the same town under the same program. The council wrote to the federal government on 15 March requesting—because the Queensland government had given $770,000—that the grant from the federal government be made up to $576,400. On 15 March the council said it wanted $576,000. But what happened with taxpayers’ funds? On 30 April the Regional Partnerships ministerial committee approved $1,114,300. You apply for $576,000 but you get $1.1 million approved. The minister sent a letter to the council informing the council of the grant. The member for Hinkler went and announced $1.1 million, even though the council only wanted $576,000. The then government found out about this and, on 4 May 2007, an email from the minister’s office, from the adviser, to the department said, ‘I have just got off the phone from a very angry Mr Neville who has announced twice the amount that the council wanted for this project.’ There was a bit of a problem. This was taxpayers’ funds they were concerned about. The ministerial adviser then went on—and this is the real area of concern; this is the punchline for those who know it is coming and the member for Hinkler knows it is coming—and said, ‘At this point there should be no public discussion of this with the council or ACC,’ the area consultative committee. So you apply for $576,000, you announce $1.1 million, but you do not tell anyone. It is only taxpayers’ funds after all!

That is the problem with this project. The problem is that the National Party confused their funds with taxpayers’ funds. They thought that it was their money to hand out willy-nilly regardless of processes. On 17 April 2008, the Mayor of Bundaberg, Lorraine Pyefinch, in the Bundaberg News-Mail said:

I can’t see how any organisation in this current climate could even attempt to set up a business which relies solely on having live loggerhead turtle hatchlings as part of the attraction because as a business model it just didn’t stack up.

I thank the honourable member for his question. I look forward to my first question from the shadow minister for regional development, because he has not asked one in this House. It is not surprising, because their performance was completely embarrassing and a complete maladministration, as these 1,200 pages indicate.

DISTINGUISHED VISITORS

The SPEAKER—Order! I indicate to the House that we have Barry Cohen, a former member of the House and a former Minister for Home Affairs and Environment, in the gallery today. I wish him a warm welcome on behalf of the House.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Interest Rates

Mr BIDGOOD (2.52 pm)—My question is to the Prime Minister. Will the Prime Min-
ister update the House on today’s Reserve Bank decision and the government’s response?

Mr RUDD—I thank the honourable member for Dawson for his question. A short time ago, the Reserve Bank of Australia announced that it had decided to leave the cash rate unchanged at 7.25 per cent. To quote from the governor’s statement:

Inflation in Australia has been high over the past year in an environment of limited spare capacity and earlier strong growth in demand.

This of course will be a welcome reprieve for Australian families who have now faced 12 interest rate rises in a row, but we must treat today’s announcement with caution for the future. Twelve interest rate rises in a row have already significantly impacted on the Australian economy. Yesterday, we saw some slower growth in retail sales and last week we saw lower private sector credit and consumer confidence.

To support the economy we need to put downward pressure on interest rates and that means putting downward pressure on inflation. The government in January of this year was clear cut about its five-point strategy for dealing with inflation: one, to bring about an appropriate discipline, when it comes to public demand, through generating a significant budget surplus; two, to encourage private savings; three, to work on our capacity constraints through what we can do on the infrastructure front; four, to work on capacity constraints when it comes to skills; and of course, five, to boost workforce participation. This is the direction the government has been working on all year. This will be a long-term fight, but it is one which the government is seriously engaged in.

The cornerstone of the government’s fight thus far has been our $22 billion budget surplus. Again I would say to those opposite that, as they consider their votes in this place and in the other place on the budget measures, if they continue with their proposed plan to conduct a $22 billion raid on the budget surplus, its consequences will be to put upward pressure on inflation and upward pressure on interest rates.

Furthermore, the government’s strategy for dealing with inflation deals with capacity constraints. When it comes to skills and when it comes to infrastructure, through this budget we have announced our plans for the future, not just in terms of the year ahead but also for the decade ahead. We also see long-term planning through the establishment of an Education Investment Fund of some $11 billion, together with a Building Australia Fund for infrastructure of some $20 billion.

We have also indicated for the future, when we deal with capacity constraints through these funds and the proper decision-making processes that exist beneath them, that we are acting to deal with long-term capacity constraints in the economy. This is part and parcel of nation building—long-term economic decision making for Australia—and it is important also in the fight against inflation.

As I said before, inflation is currently running at 16-year highs. In the House yesterday I reported that the TD Securities-Melbourne Institute Monthly inflation gauge released yesterday showed a 0.3 per cent increase in May, to be 4.5 per cent higher than a year ago. This of course is of concern to families, but it also represents a real concern in terms of our overall macroeconomic management.

Looking at household debt servicing, the burden faced by working families and those doing it tough—working Australians—is at a record level. The ratio of interest payments to total household disposable income has reached an all-time high of 11.9 per cent. That is the most recent RBA data from December 2007.
Today’s RBA decision is welcome news for many Australians, but we must treat the RBA’s decision with caution because, when you have inflation running at 16-year highs, we are faced with increased upward pressure on inflation and, together with that, continued upward pressure on interest rates. We believe that this will be a long-term fight against inflation. Other governments around the world are faced with similar challenges, both through the combination of fiscal policy settings but also through the constraints which are now beginning to arise as a consequence of the global increase in the price of oil and global increases in the price of food.

This will be a 15-round fight; it is going to go on for a long time. There is no knockout blow when it comes to inflation but we are resolved with absolute determination on the part of this government to fight the fight against it. It is a core challenge for responsible economic management for Australia and, unlike those opposite, we do not regard it as a charade or a fairy tale.

Schools Funding

Mr MORRISON (2.57 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. I refer to the minister’s decision to fund noise insulation for Fort Street High School in his electorate at a cost of $14.5 million, or almost five times the Labor Party’s election commitment. Will the minister provide funding to insulate all other public buildings in Sydney and Adelaide within the same aircraft noise envelope as Fort Street High School in his electorate?

Mr ALBANESE—On 19 November last year I did visit Fort Street High School with my colleague the member for Batman, the shadow minister for transport. There we reiterated Labor’s commitment to provide insulation for the kids at Fort Street High School. Those on this side of the House take the education revolution seriously. Part of giving young people the opportunity to have a proper education is making sure that their classes do not get disrupted every two or three minutes when planes go across.

Fort Street High School is at Taverners Hill. It is called Taverners Hill for a reason: because it is on a hill—it is up high. It is particularly affected by aircraft noise, which is why we—through the then shadow minister for transport, the member for Melbourne—promised in 1998, in 2001, in 2004 and in 2007 to provide insulation.

We on this side of the House take all of our commitments to the Australian public seriously. We did not come in and say, ‘We have core and non-core promises,’ like those opposite did. We take all of our commitments seriously. That is why we gave support to insulate Fort Street High School. The fact is that Fort Street High School is an old school. It is a heritage building—just like a similar school down the road, Newington, insulated at a cost of $15.5 million in 1995-96 dollars. That is over $20 million in today’s terms. But I think that is reasonable because I do not think that aircraft noise discriminates between public schools and private schools. I do not think how wealthy you are should determine that. That is why, when they were chairs—

Mr Dutton—Mr Speaker, I raise a point of order on relevance. The question was: why have they got five times more than what they asked for?

The SPEAKER—The member will resume his seat. The minister is answering the question.

Mr ALBANESE—Thank you, Mr Speaker. That is why when they were chairs of the Sydney Airport Community Forum, if they go back and look at their files, the member for Bradfield and the member for
North Sydney were both supportive—to their credit—of expanding the insulation scheme. Just as last Friday, when the member for Cook, who has asked this question, moved a motion, guess who voted for it? The representatives of the member for Bradfield, the member for North Sydney and the member for Wentworth all asked for an expansion of the insulation scheme at the Sydney Airport Community Forum last Friday—just three days ago.

They have lost the plot on this issue, because they also raised this at Senate estimates last week and Senator McGauran made an interesting contribution. Remember, he is the guy who was a Nat and is now a Lib. He has got ahead of the amalgamation game: he has been in both in one term. This is what Senator McGauran had to say about Fort Street High School:

... it is one of the most prestigious and expensive schools in Sydney, and it is not willing to contribute a dollar ...

He said this was a ‘very wealthy school’ and he went on to say:

... this is quite a high profile private school. It can meet at least ... some of its costs ...

Public schools get funded through taxation. This is a public school. It deserves insulation, just as Newington deserved insulation—

Opposition members interjecting—

The SPEAKER—Order! Has the minister concluded his answer?

Opposition members interjecting—

The SPEAKER—The minister has concluded.

Interest Rates

Mr DREYFUS (3.02 pm)—My question is to the Minister for Finance and Deregulation. Why is it necessary to tighten fiscal policy to put downward pressure on interest rates? What is the government’s response to threats to the surplus?

Mr TANNER—Inflation in Australia is currently running at 4.2 per cent, well beyond the Reserve Bank’s target zone, and Australians have suffered 12 interest rate increases in a row. I have no doubt that working people in this country will welcome today’s decision by the Reserve Bank to keep the interest rate on hold. One of the key factors that has been putting upward pressure on interest rates and inflation has been government spending increasing much too rapidly. In fact, for the financial year about to end, the budget that the Rudd government inherited had government spending increasing by over five per cent per annum in real terms, therefore putting significant upward pressure on inflation and interest rates. That is why the government introduced a tough budget, a fiscally strict budget delivering a $22 billion surplus and reducing the rate of increase in government spending down to a little over one per cent in real terms, also thereby ensuring that government spending as a proportion of the total economy will shrink by around one per cent of the economy, one per cent of GDP—the lowest level since 1989-90.

Yesterday the member for North Sydney made a very telling interjection. He described the government’s budget as ‘expansionary’. Do you all agree? Is that the position of the opposition: you describe this as an expansionary budget? Let’s hear from you. Let’s hear what you have actually got to say. The member for North Sydney described the Liberal Party last week as being ‘united in hatred of the Labor Party’, so he tends to run off at the mouth a bit. But the suggestion by the opposition that the government’s budget was expansionary does raise a couple of interesting points. It raises the question: if a 1.1 per cent real increase in spending is ex-
expansionary, what does that make a five per cent real increase in 2007-08? How do they describe their final budget, the member for Higgins’s final budget? If ours is expansionary at 1.1, what is theirs at five? Secondly, and more importantly, it raises this question: if the Rudd government’s budget is expansionary, why is the opposition proposing to blow a giant $22 billion hole in the surplus, massively reducing the surplus across the forward estimates, by $4 billion in this financial year and spreading out even further over forthcoming financial years, with not one single savings initiative proposed? In other words, on the one hand they are suggesting it is an expansionary budget, but the answer to Australia’s financial problems, to Australia’s macroeconomic issues, is to actually increase the extent to which it is an expansionary budget.

We have heard the opposition suggest that the inflation problem in Australia is imaginary, that it is fictional, a charade. On the other hand, we have heard the opposition, the member for Wentworth, say that it is actually a serious economic issue, that it is an important challenge. Indeed, on 6 February the member for Wentworth said inflation was ‘running at manageable levels’ when the Rudd government took over responsibility for the economy, and it is not that long ago that the member for Wentworth was standing outside the parliament saying that a 0.25 per cent increase in interest rates was being over dramatised—all from the people who promised to keep interest rates at record lows. So the total picture of the opposition’s position with respect to the government’s budget and its prospective impact on inflation and interest rates is this: there isn’t an inflation problem, but there is; government spending is too high, but the solution is that we should spend even more; the 2008 budget with a one per cent increase in spending was inflationary and irresponsible, but the 2007 budget with a five per cent increase in spending was not inflationary and irresponsible.

The truth is that the opposition are completely, totally, utterly incoherent. They have no fixed position on these fundamentally important issues for the future of the nation’s economy. They are engaging simply in random sniping, desperate searches for relevance, desperate seeking of headlines. A one-line news grab is not an economic policy. The government is getting on with the job of dealing with the complex economic situation facing Australia of defending the living standards of working people in this country and investing for the long-term future, and we will not be diverted in our legislative program to put the budget into effect by the short-term, naked sniping by the opposition that is completely contrary to the interests of economic management and responsibility. We intend to put our budget through the parliament and to ensure that there is a strong surplus to put further downward pressure on inflation and interest rates.

Child Care

Dr NELSON (3.08 pm)—My question is to the Prime Minister. I refer the Prime Minister to an answer to an earlier question on child care from the member for Warringah to the Deputy Prime Minister. The Deputy Prime Minister replied in part in relation to the cost of child care:

We will be watching prices, and we are putting operators on notice that, if any evidence emerges of unfair pricing practices, the government will be ready to use the powers at its disposal to deal with the matter.

Will the Prime Minister explain what powers the Deputy Prime Minister is referring to? What plan does the government have to control the price of child care, and does it involve price fixing?
Mr Rudd—What is remarkable about the Liberal Party is where they actually always stand up either in defence of the consumers or in the defence of those who are providing cost to consumers.

Whether it is in terms of the private health industry, whether it is in terms of big oil companies, whether it is in terms of large supermarkets, we have a party in this parliament—

Mr Hockey—Mr Speaker, I rise on a point of order. The Prime Minister was asked a question about a plan announced by the Deputy Prime Minister—

The Speaker—Order! The member for North Sydney will not repeat the question. If the point of order is relevance, the Prime Minister is responding to the question.

Mr Albanese—I rise on a further point of order, Mr Speaker, about disorderly conduct. We have had over 250 points of order from those opposite. The Prime Minister had just begun his answer and the point of order was clearly designed to disrupt—

The Speaker—Order! The Leader of the House will resume his seat and the member for North Sydney will resume his seat. The Prime Minister has the call.

Mr Rudd—You can take the posture of those opposite, which is to hoist up the white flag and say: ‘You can do nothing about this. You can just sit back and allow any cost impost to be thrown onto consumers.’ Or you can stand up for working families, working Australians and those doing it tough.

The Labor Party stands up for the people under financial pressure at the moment. Those opposite, it seems, have the opposite resolve. I stand by the comments made before by the Deputy Prime Minister.

Infrastructure

Mr Turnour (3.11 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Will the minister outline for the House the economic benefits of infrastructure investment?

Mr Albanese—I thank the member for Leichhardt for his question. Tackling infrastructure bottlenecks is indeed part of the government’s five-point plan to fight inflation. Bottlenecks put upward pressure on inflation, which then flows through to higher interest rates. For example, the lack of dedicated rail freight lines through Sydney means either more trucks on our city streets or containers left sitting on the wharves. This adds to the cost of doing business, which flows through to higher prices. If businesses cannot rely on reasonably priced and efficient infrastructure they will think twice about increasing production or investing in their business.

The previous government’s wasteful spending of budget surpluses, instead of investing in our economy’s potential through infrastructure, added to inflation and put upward pressure on interest rates. Before in this House I have spoken about the Reserve Bank’s 20 separate warnings, but today there is further evidence from the Reserve Bank. In the statement by Glenn Stevens, the governor, on monetary policy that he released less than one hour ago, the governor said in the second sentence:

Inflation in Australia has been high over the past year in an environment of limited spare capacity and earlier strong growth in demand. In these circumstances, the Board has been seeking to restrain demand in order to reduce inflation over time.

There you have it, Mr Speaker: the Governor of the Reserve Bank today, less than one hour ago, saying very clearly that the Reserve Bank, which has increased interest
rates 12 times in a row, did so because of the environment of limited spare capacity. It goes straight to the issue of infrastructure and the failure of the previous government to address infrastructure bottlenecks.

Compare those comments with the comments of the shadow Treasurer, who said that infrastructure bottlenecks ‘have little to do with inflation’. He may not understand the connection between infrastructure bottlenecks and capacity constraints in the economy and increases in inflation and in interest rates, but the Governor of the Reserve Bank understands, and so does the Rudd Labor government. That is why we have established Infrastructure Australia. That is why we have put $20 billion into the Building Australia Fund.

Child Care

Dr Nelson (3.14 pm)—My question is to the Deputy Prime Minister. What powers was the Deputy Prime Minister referring to to control childcare costs?

Ms Gillard—I thank the Leader of the Opposition for his question. I explain to the Leader of the Opposition that the government has indicated its attitude about pricing practices in child care. You would expect the government to be clear with childcare operators that we do not want to see unfair pricing practices. You would also expect the government to be clear that it will canvass all options within its power should evidence of such pricing practices emerge.

Dr Nelson—Mr Speaker, I raise a point of order. Is this power or a cup of tea?

The Speaker—The Leader of the House has the call.

Mr Albanese—I am waiting for order, Mr Speaker.

The Speaker—The Leader of the House has the call.

Mr Albanese—Mr Speaker, that is quite clearly disorderly conduct and I ask—

The Speaker—I have dealt with it; the Leader of the House will resume his seat. The Deputy Prime Minister has the call.

Ms Gillard—The Leader of the Opposition, by way of interjection, raises the question—

The Speaker—The Deputy Prime Minister will resume her seat. If the Leader of the House is happy that the chamber is now silent, the Deputy Prime Minister can have the call again.

Ms Gillard—The Leader of the Opposition, by way of interjection, raises the question of cups of tea. Presumably, a lot were drunk by him and his colleagues in government when they did nothing about childcare fee increases. Presumably, he drank a lot of tea in his six years in cabinet when he did nothing about petrol prices. Presumably, he drank a lot of tea as minister for education whilst he did nothing about our education standards slipping behind the standards of the rest of the world and a skills crisis emerging, including in child care, which has put constraints on supply. Presumably, a lot of tea got drunk whilst they were reading the outcomes of Work Choices and the rip-off of working families which meant it was even harder for them to pay their childcare costs.

But what the Leader of the Opposition cannot seem to understand is that this is a government that is indicating to childcare operators—as a message to childcare operators which we expect to be heard and received—that we do not want to see unfair
pricing practices in child care. Obviously, if evidence of unfair pricing practices emerges then the government will canvass all of its options and powers to deal with unfair pricing practices.

I conclude from these questions that, because the government has exhibited a concern about this question, because the government has exhibited that it is going to monitor the question and canvass options to act should that become necessary, the opposition’s view is that a government should sit idly by and do nothing. That is your view.

Well, this government does mean what it says, and I mean what I say to childcare operators. We are obviously very determined to deliver our CCTR changes. I do not know whether that is one of the budget bills that the opposition is intending to block—whether it is going to rip those CCTR changes out of the hands of working families and put additional pressure on them, including through its $22 billion smash and grab raid on the surplus—but we are determined to deliver our childcare tax rebates and we are determined to send a message to childcare operators. The opposition might stand for inaction, unreasonable price hikes and tea drinking; we do not.

Skills Shortage

Mr SYMON (3.19 pm)—My question is to the Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion. Will the Deputy Prime Minister update the House on how the government is addressing skills shortages and putting downward pressure on inflation and interest rates?

Ms GILLARD—I thank the member for Deakin for his question—and it is lucky; I am just warming up. This is a government that has had to address 12 years of inaction and neglect of our skills system by the former government and, personally, by the Leader of the Opposition and, personally, by the Deputy Leader of the Opposition, who did nothing to address the skills crisis as it loomed when they were in government, sitting around doing nothing. As I have had cause to mention to the House in the past, their inaction was actually made transparent to the world by the illuminating comments of the member for Goldstein, who helpfully said that when it came to a skills crisis they knew it was coming and it had arrived with force. What they never thought about was doing anything about it. There was no action on the skills crisis despite the fact that the skills crisis puts upward pressure on inflation and interest rates.

Mr Robb—I’m being verballed!

Ms GILLARD—The member for Goldstein is now interjecting; presumably he is trying to cover up his track record of inaction in this area. The Rudd Labor government, as part of our plan to fight inflation, is acting—

Mr Robb interjecting—

The SPEAKER—The member for Goldstein has not got the call!

Ms GILLARD—to deal with the skills crisis. I reassure the House that that quote from the member for Goldstein is not a verballing. The Rudd Labor government is acting to address the skills crisis. We understand that when skills are short that puts upward pressure on inflation and interest rates. This is a government that is committed to the delivery of 630,000 new training places—20,000 new training places were delivered in April. We are happy with the enthusiastic response from training providers and participants, with more than 5,000 people already enrolled in courses.

Ms Julie Bishop interjecting—

Ms GILLARD—I take it from the interjection of the Deputy Leader of the Opposition that she would prefer that people were
not enrolled in courses and we went back to the days of idleness, neglect and tea drinking of the Howard government.

More than 5,000 people are already enrolled in courses. The first 500 graduates will be finished their training and ready to start work by June. There are hundreds of people signing up to take these places every week. And, encouragingly, this program is targeted at skills shortage areas. We have seen strong enrolment in crucial areas and—wait for it—more than 1,000 people enrolled in certificate III in children’s services.

Opposition members have spent a bit of time today feigning concern about child care. You cannot run child care and you cannot expand supply if you do not have childcare workers. That figure of more than 1,000 enrolled in certificate III in children’s services is very good news for anyone in this country who is concerned about the cost, quality, accessibility or affordability of child care—and people on this side of the House are.

In addition, we have seen nearly another 1,000 enrolments for aged-care qualifications, and members on this side of the House, frequently out in their electorates, would not have an issue raised with them more than people wanting to be assured that they can get access to aged care. The minister would know that one of the constraints on that is the lack of skilled workers. In that too, almost 1,000 people enrolled for aged-care qualifications is very good news.

It is also pleasing to see that these enrolments are at the certificate III level. The previous government’s voucher system was limited to certificate II. What all of the analysis is telling us, what business is telling us, what economists are telling us and what people know from being out and about and talking to those in the community is that we need to deepen skills in our community. We need more people studying and getting skills at the more senior level, particularly certificate III and above.

I am happy to see this take-up of these places. It is only just the start. It is the take-up of the first 20,000 of 630,000 places in total. This is the Rudd Labor government addressing years of inaction and neglect, and what we know is that this skills crisis is playing its part in terms of the current economy and exacerbating inflationary pressures. That is why it is clearly part of the government’s plan to fight inflation to address these skills shortages. A start was made in April, and some very pleasing results are being seen, particularly in areas where we are crucially short.

Regional Partnerships Program

FRAN BAILEY (3.25 pm)—My question is to the Minister for Infrastructure, Transport, Regional Development and Local Government. Given the minister now believes there are some really good community projects generated by the Regional Partnerships program, Minister, what is the current status of the Golden City Support Services in the Macedon Ranges, which applied for a $564,000 grant to help construct a carer respite house for families? Is the minister aware that the only respite bed in the region was closed because they believed that the Macedon Ranges respite service was going ahead?

Mr ALBANESE—I understand that this particular application was not approved by the previous government and that it was under assessment at the time of the government change. Therefore, because the Regional Partnerships program has been closed, there are two categories. The first is those projects that have been fully contracted and will be honoured by the government. There are 420 of those. The second category is the not-for-profit applications that were approved and not contracted. They have until 31 July to be
put forward. There are 86 of those projects, and 55 of them are in seats held by the coalition.

The government believed that a common-sense approach was to ensure that they were not disadvantaged by the maladministration that occurred under the previous government where, under Regional Partnerships, in a 51-minute spending spree before the 2004 election just before they went into caretaker mode, 16 projects were approved for some $3.3 million.

Fran Bailey—Mr Speaker, I rise on a point of order. I asked the minister a specific question and I do expect an answer that I can give to my constituents.

The SPEAKER—The minister is responding to the question.

Mr ALBANESE—The member for McEwen has asked about a specific Regional Partnerships grant. One of the problems with Regional Partnerships was that it was so broad that everything fitted in under its umbrella. Had it been contracted then it certainly would have been honoured.

But we know the member for McEwen, when it comes to the use of public funds, has had other interesting proposals. This is the member who wanted to put a shadecloth over the Great Barrier Reef as her solution to protecting it from climate change. That is what the member’s attitude was towards use of public funds. The government were in denial for years. Then they wanted to put a shadecloth over the Great Barrier Reef. Another member wanted to put a great big shadecloth in space, so I guess that is not that extreme from the member for McEwen.

This government makes no apologies—

Dr Jensen interjecting—

The SPEAKER—Order! The member for Tangney will excuse himself from the chamber under the provisions of standing order 94(a).

The member for Tangney then left the chamber.

Mr ALBANESE—for the fact that we regard public funds to be precious and will make sure that they are spent wisely.

Budget

Mr GIBBONS (3.29 pm)—My question is also to the Leader of the House. Will the minister outline to the House why it is important for the House of Representatives to pass government legislation relating to the budget during this sitting week?

Mr ALBANESE—I am pleased to get a question from the member for Bendigo. The government was elected to fix 11 years of neglect and we have been very busy getting on with the job of fixing infrastructure and the skills crisis, getting on with the job of dealing with health and hospitals, getting on with the job of the education revolution and getting on with the job of the greatest challenge of our generation—the challenge of climate change.

Mr Hunt interjecting—

The SPEAKER—The member for Flinders is warned.

Mr ALBANESE—that is why there is so much legislation put forward in this House. We make no apologies for the fact that we have a big legislative agenda and for the fact that we have 22 bills which we will be pursuing through this House this week in order for them to get to the Senate so that the Senate can give them proper deliberation. There has been some opposition and questioning of this and there is some doubt over whether those opposite want to block $22 billion of measures—and blow a $22 billion hole in the budget.
Let us have a look at some of these measures that will be before the House this week. There is the Family Assistance Legislation Amendment (Child Care Budget and Other Measures) Bill 2008. That will increase the childcare tax rebate from 30 per cent to 50 per cent on 1 July. The Dental Benefits (Consequential Amendments) Bill 2008 is needed by 1 July because it will start Labor’s Teen Dental Plan, worth $484 million. The Health Care (Appropriation) Amendment Bill 2008 is needed to inject half a billion dollars into public hospitals by 1 July. The Wheat Export Marketing Bill 2008 is required so that farmers can have certainty over whom they can sell this year’s harvest to. They have already planted it. The same-sex relationships bills are necessary in order to provide justice in terms of death benefits for same-sex couples by 1 July. The tax laws amendment bills are necessary so that those who are recipients of carer adjustment payments or Austudy rent assistance will not be taxed. If the bills are not carried by both houses by 1 July and come into law then they could open those people up to taxation. This bill fixes previous government omissions.

We think this is consistent with the government’s overall economic position of putting downward pressure on inflation and downward pressure on interest rates. We have a long-term plan for the nation that is embodied in our budget and in the bills that are before this House. We will not be lectured about putting too much legislation through the House by an opposition that gullotined some 36 bills during their period in office and that rammed through legislation during their last term in office. This is an opposition that, when it was in government, rammed through the Work Choices legislation. They briefed the advertising company before they actually got the legislation right when it came to Work Choices—we remember that.

This was a government that rammed through legislation relating to kids overboard and to the intervention in the Northern Territory and, most significantly, did not have proper debate before this chamber on the most important decision that a government can take—taking us to war in Iraq. Despite the opportunism of those opposite, this government will not be deterred from our big agenda to provide a lift in living standards for the long term with economic, social and environmental policy. That is why we say to the opposition: we are determined to have these bills carried in accordance with our program and our mandate that we received last November.

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

QUESTIONS TO THE SPEAKER
Questions in Writing

Mr PEARCE (3.34 pm)—Mr Speaker, I wonder whether you would be able to help me with some questions on notice. Question in writing No. 1, the very first question of this parliament, to the Minister for Youth has now been outstanding for 102 days. I would ask you to write to the Minister for Youth. Also, questions in writing Nos 7, 14, 22 and 23 have all been on the Notice Paper for more than 84 days and I would ask you to write to those ministers, please.

The SPEAKER—I will write to the ministers as required under the standing orders.

MINISTERIAL STATEMENTS
Centenary of the Age Pension

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (3.35 pm)—by leave—One hundred years ago today, landmark legislation was introduced into a young Austra-
lian parliament that was to put Australia at the forefront of social policy reform and forever entrench the notion of a fair go in the national conscience. On this day in 1908, the House of Representatives debated, and passed, the Invalid and Old-Age Pensions Act 1908. Considered something of a social experiment it had its genesis before the turn of the century when it was raised by a forward-thinking South Australian, JH Howe.

Back then the pension was modest in both its reach and its rate. Ten shillings a week was paid to 34,000 customers—the equivalent of 12 per cent of male total average weekly earnings. It was paid at age 65 for men and women, at a time when men had a life expectancy of 55 and women 59. Aboriginal people, Africans, Pacific Islanders and New Zealand Maoris were excluded. But it was a start and widely considered to be long overdue.

Andrew Fisher, a day after losing the prime ministership but still leader of the Labor Party, said on 3 June 1908:

This parliament, on three different occasions, has been pledged to secure the passing of an old-age pensions bill at the earliest moment. How can we get away from that pledge? How can we, as honest men, decline to carry out that duty? Shortly after I had the honour of being appointed the leader of the Labor Party, I submitted a motion drawing the attention of the Government to the urgent need of a Commonwealth system of old-age pension.

His frustration was born of the difficulty his party, our party, had faced in achieving what was then the second key plank of an infant federal Labor’s platform—a Commonwealth old-age pension. He said:

The problem, though difficult, is not insuperable. I have before said in this Chamber that if the interests of the great and powerful factions—of merchants and similar classes, who are well able to claim their own rights—were involved, the question would not have been allowed to lie in abeyance for seven years after the mandate of the people had been given.

A passionate King O’Malley, the member for Darwin, declared that if the Labor Party had received earlier assistance in placing an old-age pensions act on the statute books:

... thousands of old, honest, hard-working soldiers of industry who have passed away would perhaps have been living now or would have died surrounded by a few of the comforts of life.

For many years, pensions were regarded as a privilege rather than an entitlement. It was up to special magistrates to decide whether an applicant was a person of good character and deserved a pension. This provision was not formally removed until 1974.

By the 1950s, pensioners had moved from having to report to their local post office to receive a cash payment to receiving a hand-written cheque. In 1962 the residency test was halved to 10 years. In 1966 Aboriginal Australians were granted full rights to the pension. In 1975 the right of appeal was introduced. And the Whitlam government’s introduction of benchmarking the pension to workers’ earnings has seen a doubling of the pension in real terms since 1972. In his landmark 1972 policy speech at the Blacktown Civic Centre, Whitlam committed Labor to ‘raise the basic pension rate to 25 per cent of average weekly earnings’. This benchmark was first achieved in 1974.

In 1983 the Hawke government’s statement of accord agreed to maintain the basic rate of pension at or above 25 per cent of average earnings, a commitment reaffirmed by the then government’s statement Better incomes: retirement income policy into the next century, released in 1989. A series of increases achieved this benchmark over the life of the Labor government. Under the Hawke and Keating governments, the pension increased from 24 per cent of male total average weekly earnings under the Fraser
Government in 1982 to 25.8 per cent when the Keating government left office in 1996. In 1990 the Hawke government introduced the bereavement payment, equivalent to 14 weeks pension payable to the surviving member of a pensioner couple. In 1994 the Keating government introduced the Commonwealth seniors health card.

Australia’s age pension has endured through most of the 20th century and now into the 21st century—100 years of profound social and economic change, two world wars, a depression, recessions and booms. Today it continues its vital role in providing income support on the basis of need to older Australians. The changes have been enormous but the principle of giving older Australians security, support and dignity remains the cornerstone of the system. This is the Australian way and it has certainly been the Labor way. We appreciate and acknowledge the extraordinary contribution that senior Australians have made, and continue to make, to the Australian community through their experience and insight, through the care they provide for partners, friends and relatives, and through their mentoring and volunteering.

The government knows that many pensioners are finding it tough to make ends meet. Cost of living pressures like groceries, bills and petrol make it harder and harder for them. While there is more to do to get this right, we have made a start. The recent budget changes will give many age pensioners an additional $900 this year on top of their fortnightly pension. This includes a bonus payment and a permanent increase in an important pension supplement—the utilities allowance, which we have increased from $107 to $500 a year. These budget initiatives, worth $5.2 billion over five years, are the latest changes in a century of ongoing reform to the pension—a fundamental pillar of Australia’s social and economic infrastructure. There is also help with dental and aged care, and we are making it cheaper to travel interstate through national travel concessions for seniors.

Individually it is true that these are modest measures to assist with cost of living pressures, but together they demonstrate this new government’s commitment to continuing the Labor tradition of protecting the financial security of retired Australians. The government knows that much more needs to be done and we are determined to get this right for the long term.

Fixing the system is much more complicated than it appears at first glance. The age pension intersects with the tax system and a range of payments and allowances. We need to evaluate where to make changes in the system to have the greatest impact. To deliver security to age pensioners and carers, the system needs to be reformed and strengthened. The government is determined to get this right and to not perpetuate the short-term quick fixes of the former government which saw one-off payments made only when an election was around the corner.

In fact the previous government only offered bonuses to seniors in the months before two elections. Just before the 2001 election seniors received a $300 one-off payment, and in the lead-up to last year’s election they again offered a one-off $500 bonus to senior Australians. In the 12 years of the Howard government there was no improvement to the base rate of the age pension. Those opposite claim credit for legislating the 25 per cent of male earnings benchmark in 1997, but, as I have already outlined, this Labor policy had already been delivered consistently over the period of previous Labor governments.

This new government wants pensioners to be able to rely on more than just the electoral cycle to give them financial security. The
Prime Minister announced a review of retirement incomes, including the age pension, as part of the inquiry into Australia’s future tax system. This kind of inquiry was the key recommendation from the recent Senate inquiry into the cost of living pressures on older Australians. A key component of the inquiry will be to look at the adequacy of existing support for seniors and carers, and to suggest measures which could strengthen their financial security in the long term. Other issues being considered will be the effectiveness of lump sum payments and achieving a balance that targets those with the highest need while retaining incentives for people to keep doing some work if they want to.

We are determined to make this review as inclusive and comprehensive as possible; we want older Australians to be involved in telling us how we can make the system work better for them. The review of support for seniors and carers is being led by Dr Jeff Harmer, the secretary of my department, and will report by February next year. And to make sure Dr Harmer hears people’s life experiences I will be setting up a reference group to advise him. This reference group will meet regularly until February next year. From July, we will be calling for public submissions following the inquiry’s initial discussion paper. There will be an opportunity for further public contribution on draft outcomes before the review is finalised.

One hundred years on, the age pension remains the bedrock of Australia’s income support system. Key elements established back in 1908 remain in 2008: the age pension is paid to everyone entitled to receive it, regardless of past earnings; it is non-contributory and funded from general revenue; and it is means tested to ensure it is targeted to those most in need. But just as we all understand that the needs of older Australians have changed significantly so we acknowledge the need for comprehensive reform of the pension system—reform that gives our seniors the certainty and security they deserve. I ask leave of the House to move a motion to enable the member for Warringah to speak for 12 minutes.

Leave granted.

Ms MACKLIN—I move:

That so much of the standing orders be suspended as would prevent Mr Abbott speaking for a period not exceeding 12 minutes.

Question agreed to.

Mr ABBOTT (Warringah) (3.48 pm)—I certainly do not want to be rude about the Minister for Families, Housing, Community Services and Indigenous Affairs, who is just following orders in this matter. Those orders, as we have seen frequently this year, are for ministers to make as many ministerial statements as possible in order to create the impression that this is a very busy government. But I want to say to the House—and I suspect from the Newspoll today that the Australian public want to say to the government—that making statements is not the same as solving problems. Talking is not acting. Announcing a review is not changing anything. Feeling our pain is not doing something about it, and featherweight ministerial statements such as the one we have seen today are no substitute for good government policy.

What have we actually heard from the minister today? Essentially, we have heard three points. The first is that the Labor Party somehow created the old age pension this country, even though it was actually instituted by the Deakin government. Alfred Deakin is one of the political and philosophical forebears of this party. In addition, what the Deakin government was doing was lifted from the early actions of Winston Churchill,
no less, as part of the then British government. The second thing we heard from the minister is that the Labor Party is responsible for enshrining pensions as 25 per cent of average total male weekly earnings. In fact, under members opposite it was 25 per cent of average weekly earnings—quite different from male total average weekly earnings—and in any event it was the Howard government that ensured that this was a legislative requirement, not just something that was done at the whim of the government of the day. The final point that we heard from the minister opposite is that it was in fact her new government that has put $900 a year into the pockets of pensioners thanks to the budget. Let me just remind the minister that those particular policies were direct lifts—absolute direct steals—from the election policy announcements of the Howard government.

Mr Deputy Speaker, I put it to you, and through you to the Australian people: which government has given the best deal to pensioners—a government which keeps wages low and inflation high or a government which keeps wages high and inflation low? Let us look at the record. The Hawke government increased basic award wages by just one per cent. Under the life of the Hawke-Keating government, inflation averaged 5½ per cent. Under the Howard government, average weekly earnings were up by 22 per cent—a lot better than one per cent—and inflation averaged 2.5 per cent.

Let us look at the overall benefits that were delivered by the Howard government. According to the University of Canberra's National Centre for Social and Economic Modelling figures, under the Howard government, thanks to changes to the tax system, the transfer system and the wage system, the bottom fifth of our country advanced their net financial position, their total annual income, by 24 per cent in real terms. So the bottom fifth were 24 per cent better off over the life of the Howard government. The top fifth were better off to the tune of 19 per cent under the Howard government. So, yes, the rich got richer under the Howard government but the poor got richer faster. In other words, the Howard government did a better deal for the pensioners of this country than it did for big business.

What did we hear from the minister at the table, the Minister for Families, Housing, Community Services and Indigenous Affairs? We heard that there would be a review. Big deal—another review! And not only would there be a review but today she announced there would be a review within a review. Not only would Ken Henry, the departmental secretary to Treasury, do the review but there would be a subreview by Dr Harmer, the departmental secretary of her own department. Let me remind the minister opposite and the Australian public, including pensioners, that Dr Henry was the same person who wanted to take away the pensioners and carers bonus. He was the same person who wanted to see this thing cut from the budget and he is the person into whose care and consideration the pensioners and carers of this country are now delivered. Let me also point out to pensioners of this country that a $500 bonus built into the basic rate of pension means less than $500 for part-pensioners and for seniors. Let there be no doubt among the pensioners of this country that building the bonus into the basic rate of pension means less money for part-pensioners and for seniors.

Let us look not at what this government says but at what this government does. Almost the first action of this government was to take away the Medicare dental scheme, which was benefiting tens of thousands of people, mostly pensioners. I say to members
opposite: if they have something that is really worth saying, say it, but, if they do not have something that is really worth saying, do not waste the time of the parliament with empty statements, particularly in a week when they claim they need to pass 22 bills. This is a statement that was not worth making. It is a statement which, frankly, has wasted the time of the parliament today.

AUDITOR-GENERAL’S REPORTS

Report No. 37 of 2007-08

The DEPUTY SPEAKER (Hon. BC Scott) (3.55 pm)—I present the Auditor-General’s Audit report No. 37 of 2007-08 entitled Management of credit cards.

Ordered that the report be made a parliamentary paper.

MATTERS OF PUBLIC IMPORTANCE

Regional Programs

The DEPUTY SPEAKER (Hon. BC Scott)—The Speaker has received a letter from the honorable leader of the National Party proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Government’s poor administration of programs in Regional Australia.

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 TRUSS (Wide Bay—Leader of the Nationals) (3.56 pm)—For six months we have been listening to the Minister for Infrastructure, Transport, Regional Development and Local Government criticising the Regional Partnerships program. He has been calling hundreds of community groups with loyal hardworking volunteers ‘rorters’. He has suggested that the projects being put forward by these hundreds of groups are not worth while, that they are not worthy of funding. He has said that this program was delivering no benefits to rural and regional Australia and to areas in our country in particular need. When asked today what he had actually been doing in his own six months in the office, he said he has been reading the Auditor-General’s report. Even if he has read all 1,200 pages, that is six pages a day. We certainly need an education revolution if we have a minister of the Crown who can manage reading only six pages a day. However, if he is only going to read the critical pages of the Regional Partnerships program report, not those praising the program and what it has actually achieved over the years, that probably reduces his reading effort to about six paragraphs a day.

The reality is the minister has never studied that report, just as he admitted on Koch’s program on Channel 7 that he had not read the files of the projects that he had failed to fund. He admitted that he had not even read the files of the 116 projects approved by the previous government which he was refusing to fund. That is an extraordinary statement from the minister. In six months of constant criticism of the applicants for these projects, six months of tearing away at the social infrastructure of communities, he admits he had not even read the files. It took an embarrassing performance from him on the Sunrise program for him to start to realise that perhaps he had better look more seriously at these projects. Then in a late night telephone call to David Koch an embarrassed minister said:

... he didn’t realise how many community groups were affected, he said their understanding is that the whole partnerships program was a bit of a rort but there are some really good community projects in there so he is going to fast track the examination of all the applications and do it quickly...
So, after six months of saying they were all rorts, suddenly he realised there are some good community projects amongst this and he was going to fast-track the consideration of these projects. It is interesting because shortly after the government was elected he said he was going to fast-track the consideration of these projects. Then that promise was repeated in the Senate estimates in February. They were going to fast-track the consideration of these projects.

Six months later the minister had not even read the files, yet he had the audacity to claim that all these projects were rorts. It was not just the minister’s own comments that damn him in this regard. He asked his parliamentary secretary, the Parliamentary Secretary for Regional Development and Northern Australia, who I note is now trying to brief him at the table. Maybe he did read some of the files, because he wrote to scores of applicants for the Regional Partnerships program and said:

"We are aware that some projects are becoming time critical but we need time to consider projects in conjunction with a number of Government priorities."

So the parliamentary secretary knew that it was urgent to deal with these issues, but nothing was done until budget night. Then on budget night the projects were axed—100 per cent of them. The government said that they would not be funded—none of them was to be funded. It took an avalanche of complaints to Channel 7 and to members of parliament, including I have no doubt from some members who sit behind the minister, to draw his attention to the fact that there were actually some really good projects. There were some childcare centres. There were some respite centres. There were important things that needed to be done and maybe they should be funded. So, in an extraordinary and miraculous turnaround, the minister announced that all 116 would be offered funding.

It is interesting to note that amongst the 116 that he offered funding was the turtle interpretive centre in Bundaberg, the very project that the minister was criticising today at length. He actually offered it funding. He also said that they had originally asked for a smaller amount of money but that the previous government gave them twice as much as they had asked for. What he did not admit, probably because he has not read the file, was that the council actually asked for more money. They actually wrote a letter requesting an additional amount of money because the cost of the project had grown. The letter also reported that the Labor state government in Queensland had decided to give an additional amount to this project and asked the Commonwealth to provide extra assistance. So it was okay for the state Labor government to provide increased funding for the Bundaberg turtle interpretive centre, but when the coalition government provided additional money somehow or other that was a rort. This is a classic example of this minister having failed to even read the files.

Today we have the truth of the story coming to the front pages of the paper: ‘PM rolls out his own pork barrel’. During the election campaign the Prime Minister made it absolutely clear, and he repeated these words on several successive occasions, that if he were elected to government he would implement a three-step process for the approval of funds for regional projects. He said that applications would have to have support from the local council or local consultative committee or the state government; secondly, they would have to fall within the definition of local economic or community infrastructure; and, thirdly, they would have to pass federal departmental analysis. He said:
That is a three-step process for us if we win the next election—that’s how it would be applied in government under us.

He repeated the statements the next day. But what in fact was happening? Already, by that time, Labor had promised dozens, scores, perhaps even a hundred projects that they were going to fund under their new Better Regions Program. None of these projects were going to be subject to any kind of scrutiny. There was not going to be any kind of examination of their merits. Different rules were to apply to them than were expected by the minister to apply to Regional Partnerships. The Prime Minister laid down three clear conditions which he asserted time and time again would have to be met before any projects could be funded. But in reality Labor was preparing its own rorts list—a giant rorts list of 105 projects—and today we hear that all but one are in Labor electorates or in electorates Labor was trying to win. In fact, the one that was excluded from that list was actually in the electorate of the honourable member for Fisher. Labor was actually backing an Independent candidate to knock him off in that particular electorate. So I would argue that all of these projects were in Labor electorates or in electorates that Labor sought to win. What were the merits of these projects?

Mr Albanese—We won them.

Mr TRUSS—The minister has interjected that the merit was that Labor won the seats. That was the only merit. He has admitted that this was a pork-barrelling exercise, that it was a rort designed solely to help Labor to win these seats. Let us look at some of the projects. Why was the Cairns multisports stadium to get $1.5 million when the Coffs Harbour sports centre got nothing? That was one of the ones to be left off the list. Why was the Port Sorell Surf Lifesaving Club to get money but the Bunbury rescue craft to be defunded? Why was the King Island recreation and food trail project to be funded but not the Cooroy Lower Mill Mill project? Why was the Mackay aquatic centre to be funded but not the Derby Memorial Pool? Why was Territory AFL to get $2½ million but the Rugby Union School of Excellence to be defunded? What were the criteria that the government went through in choosing these particular projects? How many of these projects had gone through the scrutiny required by the Prime Minister? How many of them had been through the three-step process and, in particular, how many of them had actually been through and passed the federal departmental analysis? The reality is: not one of them. Some of them had been through the federal departmental process and actually been rejected.

Mr Albanese—Identify one.

Mr TRUSS—The Dysart community hall. The minister asked me to identify one. They applied, they were knocked back and then Labor decided to fund it. Surprise, surprise! It is in a Labor electorate. What about the fishing grants in Gippsland? It was very interesting to see the Minister for Agriculture, Fisheries and Forestry going to Gippsland to announce $11 million worth of projects, none of which is going through the Prime Minister’s alleged examination process. None of them has been through the three steps. Some of those projects, incidentally, did go through a departmental analysis, and they were rejected. They were not approved. But, instead, Labor are going to go ahead and fund those particular projects. Those projects that Labor are about to fund are probably worth while and are probably meritorious, but so were the 116 they rejected and which have now come back. Many of the Labor projects will do worthwhile things in their local communities, but are they more worthy than the other projects that they had
rejected? Or have they been chosen for one reason and one reason only—they were in Labor electorates? They were in electorates Labor wanted to win and they were so desperate that they were prepared to create their own regional program just to fund these schemes.

This is another extraordinary thing about what the Labor Party did with their 105 pork-barrelling projects. They created a special program called Better Regions, and the only projects to be funded under the Better Regions program are the 105 that Labor announced before the election. The program did not exist before the election; it will not exist in the future. No-one else can apply for a project under Better Regions; only the Labor rorters could apply for funding under this particular program. This is a special program designed to be immune from the standards of governance that the Labor Party said were important for the Regional Partnerships program. These projects have not been through the three-stage examination. The minister has now written to some suggesting that they will have to go through some kind of an application process, but that is contrary to what the Prime Minister said. The Prime Minister has said, ‘All of these projects will be funded.’ Senator Conroy repeated it in Senate estimates a couple of days ago. All these projects will be funded, irrespective of whether they meet the criteria, whether they are the most meritorious or whether there are other projects that would have ranked higher if they had been subjected to any kind of proper analysis.

This is a rort—it is pork-barrelling on a grand scale. It is an exclusive slush fund for Labor Party marginal electorates. It is a scandal, and it is a scandal particularly because the person who has been orchestrating it, conducting the orchestra, is the one who has been critical of previous programs. If he had a degree of honesty in his body he would certainly have been crying out against this Labor rort scheme and he would be refusing to have anything to do with it. But instead he is actually the king of the rorts scandal, including the famous Fort Street rort—$14½ million for soundproofing a school in his own electorate. The minister only funded one school: a school in his own electorate—not the schools in Kurnell or other places around Sydney where there are noise and issues associated with aircraft movements. There is no funding for schools in Adelaide or for schools in country communities or in cities where trucks have to go up hills and are probably noisier than at the Fort Street school. One school has been chosen for this particular program, and it is in the electorate of the minister, who claims he is bringing honesty to regional programs and yet has put $14 million into his own electorate.

His justification for this was that it was promised in four or five election campaigns. Ironically, the Fraser Island world heritage centre was promised in four elections, and yet Labor calls that a rort. So, if in another electorate something is promised in three or four elections and the Labor Party and the state governments are not prepared to put in their contribution and the project is axed, then that is a rort. But, if it is a state school, where the state is supposed to provide the facilities and the funding, in the minister’s electorate, that is a legitimate use of government money. The reality is that the minister is the king of the rorters. The language that he has used to describe small community groups that have not enjoyed the largesse that is being handed out in the minister’s own electorate is a disgrace.

The reality is that Labor have been all froth and bubble and no substance. They are loud in their criticism, but they have invented their own Better Regions program.
The only better regions are Labor regions, and Labor is providing huge funding for selected electorates just for electoral purposes. That is what rorting is about, and this minister should be ashamed of himself. (Time expired)

Mr ALBANESE (Grayndler—Minister for Infrastructure, Transport, Regional Development and Local Government) (4.11 pm)—What an extraordinary performance! The Nationals have an absolute hide talking about process and accountability. This is the same opposition whose Regional Partnerships program was criticised by the National Audit Office in a three-volume, 1,200-page report. This is what it said:

… the manner in which the program had been administered … had fallen short of an acceptable standard of public administration …

We have seen demonstration enough here in this chamber today of what the National Party is about. The shadow minister opposite, the leader of the National Party, sought towards the end of his speech to speak about funding for a Fraser Island centre. He said it was promised in election after election after election by the National Party and the coalition. But it was never funded, even though it was an election promise made by them. They promised it in three elections. We never promised it, but once we win government we are still supposed to fulfil a promise that they did not deliver after three elections. Absolutely extraordinary.

The shadow minister went on to agree that the Better Regions commitments were good commitments. That is what he said—that Labor’s election commitments were good commitments. He then went on to say, correctly, that there will be a process. He said that himself. We on this side of the House have absolutely no problem with the fact that we made promises before the election that we regard not as core and non-core but rather as commitments. That having been said, we do not write blank cheques. We want to make sure that there is proper financial scrutiny. We are not going to fund cheese factories that have closed down. We are not going to fund railways that have burnt down. We are not going to fund ethanol plants that do not exist. That is why we are putting in place proper processes.

In a 51-minute spending spree before the 2004 election caretaker period, former parliamentary secretary De-Anne Kelly approved 16 regional projects worth $3.3 million. That was criticised, but the Audit Office report did not stop them. In one week leading up to the 2007 caretaker period, 32 projects were approved, 28 in coalition electorates. They gave $48 million in grants to private companies. And yet we have the extraordinary situation where those opposite have the hide to talk about process. On top of the rail line that burnt down, the cheese factory that closed down and the ethanol plant that does not exist, there is the grape seed oil factory that went bust at Coonawarra and the pet food factory—appropriately named Tailwaggers—that never opened, in the electorate of former National Party leader John Anderson.

In recent times, they have also said that this is all about funding for regional communities. This is what the leader of the National Party said on radio when he was talking to people in Broken Hill: ‘This program was specifically designed to provide things in small communities, where there are limited finance-raising capabilities, which otherwise could not be afforded. The big cities have got the resources that can often provide, on a commercial basis, projects which are simply unviable in regional areas.’

He said that, but what did he do when he was the minister? The previous government provided $43 million to capital cities under Regional Partnerships. Grants went to that
great icon of regional Australia Bondi Beach—$1.5 billion to the North Bondi Surf Life Saving Club and $422,500 to the Marine Discovery Centre at Bondi Beach—as part of the 2004 election campaign commitments. $907,000 went to the electorate of Wentworth under the Regional Assistance Program, the forerunner to Regional Partnerships; $2 million went to Campbell Parade, Bondi, under the AusLink Strategic Regional Program. It is absolutely extraordinary.

The response of the leader of the Nationals to this, on 14 May on ABC radio in Broken Hill, was, ‘I do not think there are any examples of each being rorted.’ That is an unbelievable position. The Audit Office had a very different view. It found that a ‘feature of the program’s administration was the frequency with which practices departed from the published program guidelines and documented internal procedures’. The member for New England called these Clayton’s guidelines—the guidelines you have when you don’t have any guidelines—and he was correct. The definition of what was regional was based not on where the project was located but rather the margin of the electorate. That was the way they dealt with it. I raised today in parliament the mess about the Bundaberg turtle interpretive centre—treating taxpayers funds like a magic pudding. I note that there was no personal explanation from the member for Hinkler or from anyone else in this chamber about that.

Opposition members interjecting—

Mr ALBANESE—If you want the emails to be tabled, we can go through that process. In terms of the processes, we know that they were simply unacceptable. We took the responsible decision of closing Regional Partnerships down. It is clear, from our discussions with communities, that many were led to believe that funding had been finalised with the previous government. Lake Ellen playground in Bundaberg was one of those: $215,000 was approved to buy playground equipment—including equipment for children with disabilities. Now, without a contract, Lake Ellen was given a sign saying the project was funded by the Australian government. We think it is pretty reasonable that they considered—seeing there was a sign there saying that it was funded by the Australian government—that they had funding secured. That is why we have stepped in to provide a common-sense approach—one that has been opposed by those opposite. This process, of allowing projects which were near completion to proceed, has been opposed by those opposite. The overwhelming majority of them are in coalition held seats. But that has not stopped them opposing 55 of the projects.

Today I had a question from the member for McEwen. In her question the member for McEwen suggested, as she did on Thursday, 15 May 2008: ‘Last year, I secured $564,000 to help construct a carer respite house for families in our Macedon Ranges region from the Regional Partnerships program. We celebrated with the project applicant, Golden City Support Services, as well as local volunteers, who have all worked long and hard for this worthy project.’

I understand from the advice that I have had from the Parliamentary Secretary for Disabilities and Children’s Services that this is indeed a worthy project. When he spoke to the member for McEwen and said, ‘This is a health and disability issue. Why was it going through Regional Partnerships?’ the member for McEwen said, ‘We could not get funding from anywhere else.’ This was a minister in the government.

This is the fact of the matter: on 24 October a letter was sent to Ian McLean, the CEO of Golden City Support Services, from Simon Ash, principal adviser of Regional
Partnerships, and it said: ‘The application that you submitted for Macedon Ranges Respite Service seeking funding under Regional Partnerships is currently under assessment. As you are aware, the Prime Minister announced that a federal election will be held on 24 November 2007. As a result of the announcement, the parliament was dissolved on 17 October 2007, and the government has assumed a caretaker role. In line with these conventions, no decisions on funding requests under the Regional Partnerships program will be made until a new government is formed.’ I table the letter.

That is an outrage. It is an outrage to mislead this community organisation and to say, as a local member, that funding has been secured when you know that that is not the case—when you are a minister in the government. How mean-spirited and callous. And that is what this mob did. Someone in my electorate who I have a great deal of respect for said to me, ‘We got funded. What is happening with our project?’ And I said, ‘I cannot talk to you about it. I am the minister. That is not appropriate. Talk to the department. The departmental officer will contact you.’

After budget night, I spoke to this person. They were given an assurance of over half a million dollars from the chief of staff to the former minister for roads. They went out on that basis and took action with a local community group. This is someone who deals with homeless people and kids in education. It is just an outrageously way to treat people—treating money like it was a National Party plaything and treating people so appallingly. The member for McEwen should apologise before this House for misleading the parliament in her question.

We make no apologies for shutting this rorted program down. We also make no apologies for making sure that in doing so we will look after community groups, who are victims of the maladministration and the misleading by those opposite. We make no apologies for delivering our election commitments, through proper processes. That is why we are making sure that the Better Regions guidelines are consistent with the National Audit Office guidelines. We have sought legal advice to make sure that no-one will be in the situation of getting money in an inappropriate fashion. We do not believe in writing blank cheques.

That is why we have established a Regional and Local Community Infrastructure program. We have given a reference to the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, which is chaired by the member for Ballarat and has the member for Hinkler—someone I have respect for—as its deputy chair. We have seconded the member for New England, an independent man of integrity, to make sure that we get the guidelines and processes right for the program, which will commence in 2009.

We believe, very clearly, that regional Australia was the real victim of the previous government because, by rorting the program, they undermined the integrity of funding in regional Australia. That is why you have such extraordinary hypocrisy. The leader of the National Party raised the matter of an article today in the Australian which said that out of the 34 grants:

Only one went to a safe Liberal seat. The other 33 went to marginal seats being targeted by Labor ... So there are 34 grants which they are saying are a problem. Thirty-three of them are in Liberal and National Party held seats, but somehow that is us pork-barrelling. Somehow that is inappropriate during an election campaign. It is absolutely
extraordinary, because they say one thing in here and they say another thing in their electorates.

It is just like the Tree of Knowledge, the other issue that has been raised by those opposite. Let me tell you, I visited it with Vaughan Johnson, the National Party state member, with the National Party local mayor, and with the member for Flynn. They all support that project, as the member for Maranoa did on radio just this week. So they cannot even hold the line from their own dwindling group of nine members in the House of Representatives. They say they care about regional development. Well, there is a shadow minister for regional development and I say to those listening that, if anyone can ring my office in the next five minutes and name him, they will win a prize—I will send them something. It is absolutely extraordinary. I will send them the three volumes of the Audit Office’s report.

Mr HAWKE (Mitchell) (4.26 pm)—I rise to speak on this matter of public importance. I condemn this government and this minister for their abandonment of rural and regional Australia. Today we have learnt that rural and regional Australia has become a sort of plaything of the Labor Party and the Minister for Infrastructure, Transport, Regional Development and Local Government. In recent months Labor and the minister for infrastructure have lectured this House hour upon hour, week in and week out about their view that something was wrong with the Regional Partnerships program, that they thought that the previous government had pork-barrelled, that the projects put forward across Australia in the interests of regional people were somehow no good.

After weeks and months of lecturing, hysterical comments and laughter we have learnt today that there was a problem with this minister’s ongoing complaints and that the much hyped Better Regions program has an ever greater problem. It is a problem which is now apparent to all Australians in rural and regional Australia. We now know that this minister is refusing to release a full list of the 105 projects promised by the Labor Party, which had no scrutiny prior to the last election. We now know why he will not release them. It is because Labor and this minister are pork-barrelling on a scale that could never have been imagined by any previous government. We learnt today that 90 per cent of the $150 million in regional grants announced by Labor during the last election campaign will go to Labor held or Labor targeted marginal electorates. All but five of these seats, we learnt from the Australian today, went on to be won by the Labor Party. This is the minister who has come in here every day in a show of mock outrage about the so-called previous level of funding of 72 per cent that was identified in the Australian National Audit Office report into the Regional Partnerships program. His outrage was so strong and so over-the-top it was clear that this minister had to be hiding something. Today we know what this government has been hiding.

The minister talks about process. In light of the revelations that Labor and the minister for infrastructure and regional development have a pork-barrelling plan, which they have labelled Better Regions, how do those promises stack up so far with party representation in Australia? I say to anyone listening to the broadcast of these proceedings that if Labor represents 90 per cent of rural areas in this country, or even if it were 50 per cent or 40 per cent, then maybe this massive pork-barrelling exercise promised at the last election could be justified—the Better Regions program could be justified. But the AEC records show that, under the Regional Partnerships program in the last parliament, 90 per
cent of rural seats in parliament were held by non-Labor members. The ANAO found that 72.5 per cent of funding was directed at coalition held seats in a parliament where 90 per cent of rural seats were held by the coalition.

Today we know that the level of funding to Labor electorates under the Better Regions program is 90 per cent. And what is the proportion of Labor held rural seats in the new parliament? Just 31 per cent, 13 seats. So 90 per cent of funding under the Better Regions program was for 31 per cent of the seats. How can this flow of money be justified? How can this minister show his face at the dispatch box today after these embarrassing and damaging revelations? The minister for infrastructure and regional development remarked in this House:

We are ... consulting widely ... to ensure that the mismanagement of previous programs does not occur. We want to get this right.

Well, I bet they do! I bet the minister does want to ‘get this right’. One way to get this right would be to stop directing funds into Labor held and Labor targeted electorates and recognise that 69 per cent of the members of this parliament in rural areas are non-Labor members. We are supposed to believe that so-called ‘new guidelines’ are going to help this process. The minister for infrastructure and regional development told us today that new guidelines are being drafted. I bet they are being drafted. I bet they are being drafted in a hurry and the government are going to try to justify the unprecedented levels of pork-barrelling and maladministration of government programs.

We are supposed to believe that this minister does not believe in blank cheques, as he told the Australian today, that somehow not all of the promised funding would meet these ‘new’ guidelines. But there is one small problem with that claim: someone forgot to tell the deputy Labor leader in the Senate, Senator Conroy, about this new process. Senator Conroy dutifully held the line in Senate estimates that all Better Regions promises would be met. He even revealed that this instruction to fund these grants had come from the Prime Minister himself. Senator Conroy was quoted as saying in estimates: ‘As the Prime Minister has said, we will be keeping all our election commitments.’ There you have it, Mr Deputy Speaker: all of those election commitments will be funded, according to the Prime Minister via Senator Conroy—all of the 90 per cent in Labor held or targeted electorates.

This minister came into the House and told us on 15 May that he was concerned about the independence of the process, that we should never repeat the so-called ‘mistakes of the past’. The hypocrisy is breathtaking: in one breath to criticise and feign outrage and in the other breath to go ahead and do the very thing you have been complaining about worse that anyone has ever attempted before. The maladministration of this minister’s portfolio is absolutely breathtaking. Minister Albanese lamented further in this House on 15 May 2008:

In our view, the Regional Partnerships program was run so badly that it was beyond repair.

Further, he told the House that he had referred the matter to the House of Representatives committee to inquire into. The program was apparently so bad that Minister Albanese has been forced, under pressure from the coalition, to reinstate 86 of the 116 previously approved Regional Partnerships projects. He knows the worth of these projects. His backdown on this matter shows that he understands that the Regional Partnerships program did have merit and did provide real benefits to communities across Australia. These local communities have been treated with contempt by this government. Regional communities are not political footballs for
this government to play with. These are real projects that affect real people’s lives, and this government’s toying with those communities is absolutely breathtaking.

Before the election Labor said it would be keeping the Regional Partnerships program. Then in the budget Labor said the entire program was to go and none of the 116 would get any money whatsoever. So imagine you are one of these communities or had one of these programs lined up under the previous government and on budget night you were listening to the budget appropriations speech and saw that your program was to go. But then, under pressure from the shadow minister and the coalition, Minister Albanese changed his mind. How did he change his mind? We now know that Minister Albanese rang a television show host to tell him that he had had a change of heart. That is the new standard of administration of policy in this government: policy that is made for television. Will it look good on television or will it not look good on television? All those communities across Australia that should be watching this should understand that, if you want to achieve a result from this government, plan to have it go on TV and you will get a response in policy priority.

The minister for infrastructure and regional development has taken the lessons from the budget where he has pork-barrelled for his own electorate. My electorate of Mitchell missed out on funding for a new metro line in one of the fastest growing, infrastructure deprived areas of Sydney. It lost the funding to a major new metro line for the inner city of Sydney? I am here to tell this House it is in the electorate of the member for Grayndler, the minister for infrastructure and regional development. This minister is carving up the pork, he is putting it in the barrel and he is rolling it down the new metro line from Parramatta, past Fort Street High School, all the way to the city, at the expense of rural and regional Australia. The minister ought to come in here and apologise to those members of the National Party that he has pilloried for the last six months. He ought to have some shame and back down on his outrageous accusations of pork-barrelling by the previous government in light of the serious and credible information released today.

This minister is fond of quoting his favourite audit report and calling its author the ‘Nationals’ Audit Office. I am here today to say to this House that it is no longer the Australian ‘Nationals’ Audit Office, as the minister is fond of saying. Let the ANAO conduct an audit into this new pork-barrelling and let it now be renamed the Australian Albanese Audit Office.

**Mr Gray (Brand—Parliamentary Secretary for Regional Development and Northern Australia) (4.36pm)—** The debate is about the alleged poor administration of the regional programs in Australia. It is worth noting that in 1996 following the election of the Howard government the whole of the Department of Regional Development was abolished. They just got rid of it—they did not want it, did not need it, just got rid of it.

It is also worth remembering that the programs that are being described by those opposite have been described variously as ‘wonderful community projects’—and there are many that are. They have been described as ‘rorts’ on our side—and many are. On radio not so long ago the leader of the National Party made the comment in Broken
Hill that ‘this program was actually for small communities’. We have had speakers opposite describe these projects as not being ‘political footballs’. If this is about funding for small communities, I have a letter here from a company which thought they would be recipients of a substantial grant. The company wrote complaining that in fact they had not received the grant because we had said that they were not approved by the former government, that they did not get a contract. They said, ‘Your decision to deny us the grant will deny this company the large profits’—that they would have made—‘given the price of oil and fuel.’ It is not about small community projects. It is actually about rorts. It is actually about public administration. I am surprised that the opposition would raise the issue of the management of programs in regional Australia. To put it mildly, their record on regional programs is atrocious.

I have remarked before that the very first documentation that we got when the class of 2007 arrived in this place were the volumes of the ANAO report. There were three volumes on our desks for us to consider. The three volumes go into great detail about the maladministration of the Regional Partnerships program. The Australian National Audit Office, the independent watchdog overseeing the administration of taxpayers' money, could not have been more scathing in its assessment of the running of Regional Partnerships. The ANAO’s damning report on Regional Partnerships is sobering advice on how not to administer a grants program, not just a regional grants program but a grants program.

In particular it showed how inconsistently those opposite had applied the program’s guidelines. They manipulated the program to an extent purely to meet short-term political needs and it would be almost impossible to establish what criteria a project was required to meet in order to obtain Commonwealth support. The definition of a regional project was whatever project was in a marginal seat which the then government sought to hold. Whether it was in a regional area or not was irrelevant, as the member for Wentworth is well aware. There are hundreds of needy communities each with very worthwhile projects that missed out because those opposite were only focused on their own electoral margins.

In reading the ANAO report it is apparent that ministers overruled departmental advice, project assessment and management advice and gave grants for no apparent reason other than the money would be spent in a coalition held seat. When I say ‘no apparent reason’ what I mean is there is no documentation on the file, no reference to why a particular piece of advice was thought to have been inappropriate. There is no documentation.

Of the 43 projects that were approved despite the department not recommending them, 38 were in coalition held seats. Of the 43 that were approved despite the department saying, ‘No, do not do this; this is not an appropriate use of public money,’ 38 of them were in coalition held seats. More than a third of the program’s money was pumped into just 10 rural coalition seats, including Gwydir, the seat of John Anderson, the minister formerly responsible for the Regional Partnerships program. Another $4.6 million was earmarked for 22 projects in the member for Lyne’s electorate, another former minister responsible for this program.

The previous government dragged its feet on the contracting of hundreds of grants, leaving many worthy projects hanging in uncertainty unnecessarily. More than 30 projects took between a year and 2½ years to contract. Let me explain what that means. It means that they were projects that received
approval from the former government, and approval actually meant a media event, a photograph, a story in the local paper, frequently a deputy prime minister, most often another minister, but always a coalition candidate sometimes handing over what could reasonably have been thought to be a cheque to the recipient organisation that, not unreasonably, then believed a contract was in place. It was not unreasonable for them to believe that a deal had been made, a contract was in place, an obligation was there on the part of the Commonwealth to fund the project.

What did these organisations do? Most often they went out and started work. I have spoken to excellent community organisations, outstanding groupings of people who believed they had a contract. They believed that there was a deal between them and the Commonwealth. Sometimes the projects are sponsored by church groups. On some occasions the most significant event at the start of the project was to have the most significant person from the church, sometimes even a bishop, bless the laying of the cornerstone or the laying of the concrete slab, believing there was a contract in place with the former government.

When we talk about the grotesque abuse of public confidence, when we talk about rorts, there can be nothing more despicable than leading local church groups to believe there was a contract in place, an honourable process, and that the contract would be honoured. These groups—and members opposite know exactly who these groups are—went out, spent their own money that they had raised through lamington sales, through raffles and all kinds of other fundraising drives, through knitting, through running races, sporting and community events to raise money, and they did that believing they had a partnership. They had no such partnership. They were taken for granted. The grotesque rort is that it is left not to the former government; the grotesque part of the game was of course that it would be left to the new government to explain that there was no funding decision.

Let me tell you, when you turn up to these organisations—as those opposite do not—and explain exactly what went wrong this is what happens: they understand that they have been taken for a ride by those opposite. They understand that integrity in this process is on the side of those who speak to the actual fact pattern, who describe what happened, when and where, and who do not turn up wanting a mere media event, a photograph in the local paper, and expect to be delivered, for a bag of promises, a bag of votes. That is the equation that we were looking at here, not a bag of money. The poor community organisations believed it was a bag of money for a bag of votes; no, it was simply a bag of empty promises for which those opposite expected the votes of local communities. There can be nothing more grotesque, there can be nothing that goes more to the fundamental distrust of community organisations to those opposite, than that these arrangements fell through.

It is true that when we inherited this program we were shocked. We could not believe that organisations had been led like that. There were organisations in my own electorate where I had thought that the media event of the handing over of the cheque actually meant a contract was in place. I thought that. I genuinely thought that. I was taken in, and I am a politician. I am a person who has been a member of a political party for 32 years. I am a person who has been a national organiser and national official of the Labor Party. I was sucked in by what I thought was a public ceremony of some integrity. It was no such
thing. It was a rort and is seen for what it was. *(Time expired)*

**Mr Truss**—No, that’s a disgrace. Another one of these grubby deals!

**Mr Albanese**—Disgraceful!

**The DEPUTY SPEAKER (Hon. KJ Andrews)**—Order! The Minister for Infrastructure, Transport, Regional Development and Local Government and the leader of the National Party will both desist.

**Mr WINDSOR** (New England) (4.46 pm)—Mr Deputy Speaker Andrews, I have had some interest in this particular issue, as you would be well aware from your time in government. The Parliamentary Secretary for Regional Development and Northern Australia made some interesting comments a moment ago. One of the things that I thought was very pertinent is that on coming to government in 1996 the coalition was of the view that the Commonwealth had no responsibility in terms of regional development. The then member for Gwydir, John Anderson, made it very plain—he was part of the razor gang at that particular time—that regional development was all about the states and had nothing to do with the Commonwealth. So this notion that, as governments come and go, regional development is always part of the process is not always in fact the case.

What we are talking about here is process; what we are talking about is administration of programs. There is absolutely no doubt that those who look at the Australian National Audit Office report into the Regional Partnerships program will see that there have been breaches not only of the guidelines of the Regional Partnerships program but of the Financial Management and Accountability Act 1997. Those breaches are going to be very important in my view to a parliamentary inquiry into the administration of those programs—not only important as to what they identify in terms of the past history of some of these programs but also very important to how the guidelines are constructed for the future of these programs.

The government has been very scathing—and rightly so—of the administration of the Regional Partnerships program. But the opposition does have a point in my view in relation to this Better Regions program, some of which has been uncovered in today’s *Australian*. There are certain similarities between the government’s use of the Better Regions program and the previous government’s use of the so-called strategic opportunities notion allocation—SONA—guidelines that the leader of the National Party would be well aware of. They were the guidelines to bypass any guidelines so that you can fund programs without any procedures at all. The underlying difficulty that I have with what the current government is doing—particularly if they want to maintain some degree of higher ground on this issue—is that the funding of election promises should go through some process in terms of the administration of that money. Otherwise, the current government runs the risk, as the previous government did, of being in breach of the Financial Management and Accountability Act. The government itself has to be careful here if we are going to go to a stage where due process and protocols are put in place and where public funds are administered in an appropriate fashion for the future. We have got to make sure that even if it is in terms of an election promise to a community group—and there are very many worthy community groups out there, and we are all well aware of that—there has to be a process to determine how that money is allocated that is outside the political process.

There is no doubt that the Audit Office, when it looked at the administration of the
previous government’s Regional Partnerships arrangements, found that there were gross breaches of its own guidelines. There were allocations of funds to private businesses to upgrade their equipment when their competitor was within 10 kilometres. The guidelines said that funding would not flow if there was not competitive neutrality. That was breached time and time again. There was money allocated, as we have heard today, to communities and private individuals in cases where they did not even ask for it—the application forms were not filled out. We have to learn from those mistakes, from those absolute abuses of power, and make sure that in putting in place guidelines they are fair to all concerned and are not being rorted by one government or another. Otherwise, this whole exercise will have been for nothing.

(Time expired)

Mr TURNOUR (Leichhardt) (4.51 pm)—I proudly represent rural and regional Australia and feel I have a significant contribution to make on this motion. The leader of the National Party has a real hide in putting forward this matter of public importance, given the way that the former government treated rural and regional Australia over a 12-year period. I note that the leader of the National Party could not even find somebody from rural and regional Australia to support him in this matter of public importance. It is a shame. I see the member for Kennedy here representing rural and regional Australia. We just heard from the member for New England. The reality is that the National Party and the coalition have lost their way when it comes to rural and regional Australia. There is no doubt about that.

Mr TURNOUR—He could not find time to be here—good point. The member for Cowper is here. I think he is on duty, but there is nobody left here from the National Party to listen to this matter of public importance that they have put forward. It is a shame. I see the member for Kennedy here representing rural and regional Australia. We just heard from the member for New England. The reality is that the National Party and the coalition have lost their way when it comes to rural and regional Australia. There is no doubt about that.

The real reason why the Labor Party is now representing rural and regional Australia is that it has put forward plans to tackle the major challenges. If we are looking at rural and regional Australia and the administration they look for, we see they want a government that is going to tackle the major infrastructure bottlenecks, whether they are in roads, rail or ports or whether they are local sporting facilities. That is what they are looking for from government. They are looking for a government that is going to tackle the skills crisis that is impacting on rural and regional Australia. That is what they are looking for from the Rudd government and that is what we are delivering. We are delivering an administration that is putting forward plans for the future to tackle bottlenecks and to tackle the skills crisis, and we have established funds within the recent budget to deal with those programs not only now but well into the future. That is what we are about—delivering not only for the cities in Australia but also for rural and regional Australia.

Today’s matter of public importance was put forward about the Regional Partnerships program and the National Party’s concern about the attacks on it. They come not only from the Labor Party but also from Independents such as the member for New England, whom we have heard from today, and many other people out in the community. The area consultative committee in my area was sick and tired of recommending projects under the Regional Partnerships program. The organisation, established to have an understanding of the local community, recommended projects that were not funded by the National Party minister at the time because they did not fit within the party’s pork-barrelling approach to the Regional Partnerships program.
I saw the member for Dawson here earlier, and it is great to have him as a member of this parliament. He, of course, replaced former parliamentary secretary De-Anne Kelly, the former member for Dawson, who had an absolutely appalling record. We have heard a number of times about the lead-up to the 2004 election. The appalling record of that parliamentary secretary—

Mr Windsor—She was a disgrace.

Mr TURNOUR—She was. There is no doubt that the way that she dealt with those programs and supported projects that had not gone through proper processes was a disgrace. That is part of the reason that we have members like the member for Dawson, me as the member for Leichhardt and the member for Flynn here in this chamber today representing rural and regional Australia. We have members of the Labor Party all across this country.

If we look at what is left of the National Party, we see that they have nine out of 63 seats from rural and regional Australia. That is all they represent. Do members know how many the Labor Party represents? It represents 29 out of 63 seats—almost 50 per cent. So I do not really like being lectured by the member for Mitchell, who is from Sydney, about representation of rural and regional Australia when he is not even from rural and regional Australia—and the leader of the National Party could not even find somebody to actually follow him up. We have the member for Grey and the member for Forrest sitting next to him who did not even make contributions, and they represent rural and regional Australia. What rural and regional Australia want is a government that is going to deliver on its election commitments.

The DEPUTY SPEAKER (Hon. KJ Andrews)—Order! The time allotted for this discussion has now expired.
BUSINESS
Rearrangement

Mr LAURIE FERGUSON (Reid—Parliamentary Secretary for Multicultural Affairs and Settlement Services) (4.57 pm)—I move:
That order of the day No. 2, government business, be postponed until a later hour this day.

Question agreed to.

HEALTH CARE (APPROPRIATION) AMENDMENT BILL 2008

Second Reading
Debate resumed from 15 May, on motion by Ms Roxon:

That this bill be now read a second time.

Mr HOCKEY (North Sydney) (4.58 pm)—The Health Care (Appropriation) Amendment Bill 2008 will increase the appropriations of the state and territory governments under the Australian healthcare agreements by $10.25 billion. Of the $10.25 billion appropriated by the bill, $9.7 billion is to be spent under the Australian healthcare agreements and half a billion dollars is to be spent directly on public hospitals. Health inflation is roughly accepted to run at approximately 4.1 per cent per annum. Hospital inflation runs at approximately 4.8 per cent per annum. Therefore, this increase is, at best, keeping pace with inflation. It is certainly no windfall gain for the public hospital system. The states and territories will have their work cut out for them. The state run public hospital system is in a state of chaos, and in some places it is getting worse by the day. Labor state governments make a profession of fudging hospital related statistics.

Even the official statistics are sobering reading, if you can find them. According to the State of our public hospitals report from June 2007, the average waiting time for all procedures was up to 61 days here in the Australian Capital Territory. Just over half the people in emergency departments are seen within the recommended waiting times in most states. In Tasmania, nine per cent of people have waited over a year for their surgery.

The true story is probably far worse. You cannot open a newspaper today without reading about a patient who has been waiting for over a year for elective surgery. In every state we hear about patients waiting for months and, when they turn up to have their long-awaited operation, it is cancelled at the last minute due to bed closures, theatre closures or a general shortage of hospital beds. Take, for example, those sitting around on the interminable waiting list for a total hip replacement. Arthritis of the hip to the point of requiring a total hip replacement is an agonising condition. I know a number of people who have gone through it. Patients depend on serious and sedating painkillers. They are obviously curtailed in their daily activities. Having a shower, doing the shopping or caring for grandchildren become incredibly painful endeavours.

The so-called access block, which is a lack of hospital beds, is the biggest threat to patient safety in the hospital system. When hospitals reach their critical mass of 85 per cent occupancy, things have a propensity to go pear shaped, and yet for too many Australian hospitals over 85 per cent capacity is the norm. Hospital managers are under pressure to reduce bed numbers but increase occupancy rates to improve operational efficiency. This just flies in the face of good research which has shown that overcrowding in the hospital system causes the average hospital stay to lengthen. This is bad for patients and a double-whammy for the budget. Of course, the Prime Minister said he will fix all this because the buck stops with him. The fact is that an overcrowded hospital is an
unsafe hospital. Overcrowding will inevitably lead to unnecessary patient deaths and poorer patient outcomes. In fact, some studies have shown 43 per cent higher death rates for patients in overcrowded hospitals, but the Prime Minister said that he will fix all that because the buck stops with him.

Waiting lists for public hospitals are unlikely to get any shorter in the near future. In fact, quite the opposite is true. With the Prime Minister’s direct attack on private health insurance, more and more Australians will rely on state run hospitals to have their healthcare needs met. So, far from the buck stopping with the Prime Minister in relation to hospitals, he is worsening the situation by taking a baseball bat to private health insurance. This is all despite promises by the Prime Minister that he supports private health insurance generally. His true agenda is now revealed.

In introducing the new higher Medicare levy surcharge thresholds in the 13 May budget, the Prime Minister did indeed take a baseball bat to private health insurance. The Medicare levy surcharge formed part of the coalition’s three key policy pillars to support private health insurance. Those are: the very successful private health insurance rebate, the Medicare levy surcharge and Lifetime Health Cover. When we came to office in 1996, health fund membership was taken up by 35 per cent of the population. Public hospitals were struggling under the burden of patient numbers and insufficient funding. In 1997 the then coalition government introduced the Medicare levy surcharge. The MLS is an additional one per cent surcharge on taxable income. It is imposed on those earning above a certain threshold income who are eligible for Medicare but do not have hospital insurance with a registered health insurer. The MLS is in addition to the normal 1½ per cent Medicare levy.

The income thresholds above which the MLS kicks in are currently set at $50,000 for singles and $100,000 for families. It is an incentive for those who can afford to contribute to their own health care to take out private health insurance and alleviate some of the pressure on the public hospital system. This measure initiated a pattern of increases in private health insurance memberships that has continued to this day. In January 1999 the government introduced the 30 per cent private health insurance rebate. Australians who agreed to make a contribution to the costs of their own health care were subsidised by the coalition government to the tune of almost one-third of their total private insurance premiums.

In 2004 we introduced loadings on the rebate for older Australians. This amendment saw the rebate increase from 30 to 35 per cent for persons aged 65 to 69, and 40 per cent for persons aged 70 and over. This measure again saw a further increase in the uptake of private health insurance, but the coalition in government recognised that more needed to be done. Therefore the third pillar, Lifetime Health Cover, was introduced in July 2000. This measure made it worth people’s while to join health funds earlier and to stay members. Under Lifetime Health Cover, Australians aged over 30 who remained uninsured after July 2000 had their future insurance premiums subject to a two per cent surcharge for each year of age that they remained uncovered. So, for example, a person aged 40 who purchased health insurance for the first time in 2004 became subject to a 20 per cent surcharge on their current and future premiums. That is the difference from the age of 30, which the Lifetime Health Cover measure sets as the base, and the actual age of assumption of cover. If the same person delayed purchasing health insurance for a further 10 years, the surcharge would go to
40 per cent. The Lifetime Health Cover surcharge is capped at a maximum loading of 70 per cent. Australians born prior to 1934 are exempt. In addition, people in Lifetime Health Cover can take a two-year period of absence without incurring a higher premium.

Together, these policy pillars led to the highest number of Australians in private health insurance in the history of the country. In fact, the latest figures from the Private Health Insurance Administration Council show that 9.477 million Australians, or 44.6 per cent of the population, now have private health insurance. Of course, that was before the Rudd government took a baseball bat to private health insurance by changing the Medicare levy thresholds. Because of the raising of those thresholds, up to a million people will drop out of private health cover, according to an Access Economics report commissioned by the Australian Medical Association.

It stands to reason that those who will be the first to step out of private health cover will be those who can afford it least and are benefiting least from the cover. They are the young and the fit, struggling with high interest rates, high fuel costs and high grocery prices. As these people leave the private healthcare system, premiums will increase. This will see a further exit from the private health insurance system. We will see the cost of insurance spiralling and ultimately this will have to be borne by policyholders. Let it be stated clearly: premium increases from next year will be the Rudd premium increases in private health insurance. They will be the direct result of this government’s changes to the Medicare levy surcharge. I can guarantee you, Mr Deputy Speaker Andrews, that we will do everything we can to point out to the 9.4 million Australians with private health insurance that their premium increases are a direct result of the policy initiatives of the Rudd government in their first budget.

As these people leave the private health care system and premiums increase, there will be people who will be left behind. Firstly, it comes down to a very difficult time for health insurers generally. Roughly half of the income of insurance firms comes from investments in various markets, such as the stock market, the property market and a range of other financial instruments. The stock market and property market corrections have seen these investments lose value, and that of course will have an impact on the investment income for a lot of these funds.

Currently the health funds industry’s net margin is 5.6 per cent. Raising the Medicare levy surcharge will put a lot of pressure on funds’ reserves and hence their investment portfolios to cover the gaps left by departing members. So they have all the whammies coming together: the whammy of decreasing membership, the whammy of poor investment returns and the third whammy—the fact that their customers are under increasing financial pressure with rising grocery prices, rising housing prices, rising interest rates and rising fuel costs. So not only are the health funds under pressure but their members are under pressure. You have to ask yourself: ‘What is the impact, for example, on a pensioner earning $273 a week who is desperate to keep his or her private health insurance? What is the impact on that person of a premium increase of 10, 12 or 14 per cent directly a result of the Rudd government policy initiatives?’

Until now the government that promised so much in accountability and transparency has refused to table Treasury modelling which would throw light on how these changes will impact on our health system. Whether, as the Treasurer told the National Press Club, it is 485,000 Australians who
will quit private health insurance, or, as Access Economics asserts, the number is closer to one million, the impact is similar. The public hospital system will be flooded with new customers. If these people are not taking responsibility for their own health care, they are going to go to the universal coverage provided by the public hospital system. And if the public hospitals are under pressure now, then how about another half a million to one million Australians queuing up at the door over a period of time because they would have previously gone to a private hospital but now they are going to the public hospital?

You can actually understand in pretty simple language what the impact will be on the public hospitals of the Rudd government initiatives on private health insurance. Given that is the case, this is an almighty cost-shift. Let us just go back to when the private health insurance initiative was announced by the Treasurer. The government is very big on spin over substance. They are very big on trying to con the Australian people. I know ‘con’ is a serious word, but it is a confidence trick. For example, they pretended that the alcopops tax was a health measure. In the budget papers all was revealed—that they were going to raise $3.1 billion from their so-called health measure. In fact, all of the evidence coming out now is that young people are turning to alternatives. Even a report released yesterday came out with further evidence that young people are turning to bottled spirits and wine based equivalents of alcopops. If you ask any liquor shop owner or publican they will tell you that they are seeing an increase in sales of alternatives to alcopops, yet the government claimed that this was about health—about binge drinking. If you look at the national alcohol and drug surveys, alcohol consumption by young girls has actually stabilised or decreased over the last eight years. But the government failed to mention that. The government failed to mention that this was not a health measure but that in fact it was a revenue-raising measure which they were parading as a savings measure.

I digress a little bit, but I always thought a savings measure was when you saved money by not spending money. But, instead, this government is dressing mutton up as lamb and pretending that the savings measures in the last budget are all savings, reducing expenditure, when in fact they increased expenditure in the last budget. They did not grow it as fast as previous budgets may have done, but they did increase expenditure with the net result that they needed to have so-called savings and the savings measures turned out to be tax increases—which, ironically, they did not tell the Australian people about.

So, coming to the great example of the government’s own program with the Medicare levy, they tried to paint it as a tax cut for battling families. That is what they paraded it as on a Saturday morning, with strategic leaks to the media: ‘We’re giving tax cuts by increasing the Medicare levy surcharge thresholds. We’re giving these great tax cuts to the punters. Gee, we’re generous.’ I thought to myself, ‘Why would you announce that only a few months after you had promised $35 billion of tax cuts?’ Why would you announce a further tax cut given that there is an argument that tax cuts are stimulatory? I thought to myself, ‘Maybe they’re saving some money.’ And lo and behold, when the budget papers came out we could understand that they were projecting a massive saving to the budget of in excess of $950 million, because they will be paying out the 30 per cent private health insurance rebate to fewer people. So in this situation they are trying to make it a savings measure—and they did—
by not paying the 30 per cent private health insurance rebate to as many people. So it is all smoke and mirrors. That is why I say that you have to look carefully at what the government does, not what it says.

I want to give another example of a key area where the government’s policy initiative will actually put more pressure on the public hospital system, not less. That is in relation to dental care and the government’s proposal to dismantle Medicare dental. Now, let us be very clear: Medicare dental saw 172,000 services delivered over its five-month life. They were not consultations or examinations. They were services—real dental work—and they were delivered to Australians with complex healthcare needs. These were the most disadvantaged Australians with the least ability to pay for dental care. With less than 10 per cent of the dental workforce employed in public clinics it will take a hell of a lot more than a fistful of dollars to get good dental care to these people and to meet demand.

One of the reasons we put dental services into Medicare was that Medicare, as an uncapped scheme, provides the sort of service that these people are after. As the last government, we had the capacity to do it and we did it. One of the first acts of this new government—and we will come to this in the debate on another bill—was to abolish the dental program in Medicare and to hand out vouchers to the parents of children under the age of 12 and say, ‘Okay, you can get a free examination but not one treatment.’ The first factor in relation to this is that the parents can find out that a child’s teeth are poor or that a child needs urgent dental work but there is no government funding to support that dental work. So if you are a parent and you get this voucher and you get the child’s teeth checked and they say, ‘Well, it’s going to cost $300 or $400 to get something fixed,’ what do you say if you have not got the money? Would you use that voucher?

The second factor is that a $150 voucher, which the government has laid down as part of the replacement for Medicare dental, may well not cover the costs associated with that initial examination. So 90 per cent of dentists operate in the private system and yet the government has taken away Medicare dental, which will help the patients who need it most. When they have huge queues in the public dental system obviously the only way to address it is to get more people going to the private system with government support, and this government has abolished that.

The government, overall, needs to do more to promote the health of Australians. Dismantling Medicare dental means only that more people will go to public hospitals. Dismantling—or, I should say, taking a baseball bat to—private health insurance means that more people will go to public hospitals. The Prime Minister said to Australians that the buck stops with him with public hospitals. He said: ‘Let’s end the blame game. The buck stops with me when it comes to public hospitals.’ We are going to keep the Prime Minister to that. We are giving him a lot of rope. We are allowing the Prime Minister to run this charade that he is fixing the public hospital system. We are not opposing this bill. We will be moving an amendment but we are not opposing this bill, because we want the money to go to the public hospitals. Let me point out that neither this bill nor anything else I have seen from the government is addressing the existing chronic shortage of funding in state hospitals but, significantly, it is putting additional loads onto state public hospitals.

I will make this final point. Prior to the last election, health minister Tony Abbott, the member for Warringah, announced an extra $18 billion that would be available in
the new healthcare agreement from the government. That is a significant increase in funding. Firstly, that additional $18 billion would have been available to help the states address some of the challenges they have in terms of funding the state hospitals, but significantly it was going to be tied to better reporting by the hospitals, particularly in relation to data and performance of the hospitals across the states and territories. Secondly, the funding was going to be linked to some long-term goals associated with outcomes that the Australian people—patients, in particular—demanded of hospitals in a whole range of areas. That extra $18 billion which was available before the election has not even been referred to by the new health minister nor the Prime Minister. But the point I make is that there is a high bar that has been set for the Prime Minister and the health minister in relation to public hospital funding.

The second factor—and this is a very important factor—is that the Prime Minister said that, if he has not fixed the hospitals by 2009, there will be a referendum for the Commonwealth to take over the hospitals from the states. I want to say here in this chamber that we will keep the Prime Minister to that. We are not going to let the Prime Minister scurry behind the Health and Hospitals Reform Commission’s report, with its various interim reports over the next 12 to 18 months. We are not going to let him hide behind that as an excuse to say that he has done something for the hospital system, because he said not only that he would fix it but also, significantly, that if it is not fixed—if the outcome has not happened—by 2009 then he will have a referendum. We will give him the whole of 2009. He said that if he has not got an outcome on hospitals—if he has not fixed the hospitals by 2009—he will have a referendum to take them over. It is not good enough to say in 2009 that he has a plan to fix them. I can see this being set up by the Prime Minister already—that he has a plan to fix them, that he has had a report from a committee that was set up and has consulted widely and that it has got these great benchmarks. That is all pollywaffle. The Prime Minister said that the buck stops with him and that he will fix the hospital system by 2009; otherwise the Commonwealth will take over the hospitals. It was a dramatic statement at the time when he made it, and we are going to keep him to it.

There has not been a series of questions in the chamber from me to the Prime Minister about the buck stopping with him, because I think the Prime Minister and the government deserve the opportunity to try and fix the hospital system. There is not going to be unnecessary carping from me on the sidelines if, in fact, they really want to do that. But I do say that it is not good enough to make promises and not deliver. This bill does not deliver, and therefore I move the amendment 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:

(1) notes that the funding provided is a short-term solution to a growing crisis in our public hospitals;

(2) notes that the Government through its changes to the Medicare levy surcharge is placing a massive additional burden on public hospitals which has not been taken into account in current funding allocations;

(3) notes that the Prime Minister pledged ‘the buck’ would stop with him in relation to public hospitals and this bill does nothing to address that;

(4) notes that there is no long-term solution in this bill for public hospital funding to meet inflation; and
(5) notes further that there is still no consistent and reliable reporting mechanism provided by the States and Territories that allows comparisons to be made between hospitals across Australia.”

The DEPUTY SPEAKER (Hon. KJ Andrews)—Is the amendment seconded?

Mr Hunt—I second the amendment and reserve my right to speak.

Mr HALE (Solomon) (5.25 pm)—I rise today to make my contribution to the debate on the Health Care (Appropriation) Amendment Bill 2008. This vitally important bill proposes to amend the Health Care ( Appropriation) Act 1998. It is a vital bill because, among other things, it provides the legislative basis for the Commonwealth to pay financial assistance, under the Australian healthcare agreements, to the states and territories. At the COAG meeting in March this year the Prime Minister, along with all state and territory leaders, announced that the Rudd Labor government would relieve pressure on our public hospitals by committing $1 billion in additional funding. The passing of this bill is an essential part of implementing our commitment to allocate $1 billion for 2008-09 and to pay $500 million of that money to the states and territories before the end of the financial year.

The current Australian healthcare agreement expires on 30 June this year. To ensure that there is no break in the continuation of hospital payments to the states and territories, we must pass the amendments to this act during the winter sittings. Importantly, it should be noted that these amendments will ensure the continuation of public hospital and related funding for the next financial year. During this time, new agreements will be developed and put in place because, by rolling over these terms and conditions for another year, the Commonwealth can start delivering on our commitment to improve health care for all Australians. Our government is absolutely committed to delivering on election promises. Our budget initiatives demonstrate this, and this bill definitely demonstrates this. It is about delivering healthcare improvements for the people of Australia. After a decade of funding cuts and neglect, we are committed to working with states and territories to fix our hospitals and deliver health care to working families.

This is an important issue because, for the first time in 11 years, we have an opportunity to end the blame game when it comes to public health. As I said earlier this week, all the regions of the Northern Territory have suffered due to the blame game continually being played, and what this has caused is confusion, resentment and a lack of progress on many key issues that are affecting the lives of the good people of the Top End. Never has it been more evident than in health care.

The people of Australia, particularly the people in Solomon, suffer as a result of the previous government’s neglect and underfunding of the Australian healthcare system. That is why this piece of legislation is not only good for Australians but absolutely essential. I have been speaking with the Northern Territory government about this bill, because that is what the government wants to do—we want to talk to our colleagues in the states and territories, unlike those opposite, who for 11 years were in a perfect position to work with states and territories to improve the lives of Australians, and yet the best game plan they could come up with was to perfect the blame game.

As I have said, I have had discussions with the Northern Territory Minister for Health, and he has informed me that this additional funding from the Rudd government will go towards things like further funding for respiratory services. Currently there are limited respiratory services provided across
the Northern Territory acute care network, despite respiratory and obstructive-airway disorders representing four of the 25 highest volume conditions requiring hospitalisation in the Territory. To enhance respiratory services, $400,000 will be allocated to improve specialist services in this crucial area.

Further to this we are committed to special needs dentistry. Across the network there are approximately 860 patients per year that require access to special needs dentistry, particularly patients who have other complicating factors such as renal and cardiac conditions and physical and mental disability. A small special needs dentistry suite will be established at the Royal Darwin Hospital. This will include the installation of a special dental chair and equipment, and funding to have a special needs dentist undertake the work.

Since 2001, 70 new beds have opened at Royal Darwin Hospital. Along with these beds there have been other new services introduced to address the demands of the emergency department. These increases in patient capacity have resulted in a greater throughput of patients and an increased demand on radiology services. An additional $1.7 million will be allocated to fund additional radiology services at Royal Darwin and Alice Springs hospitals. This is a critical service that needs these additional resources, because timely radiology services assists with the provision of high-quality patient care for treatment and discharge.

These improved services are a start to meeting the current demands and to implementing expanded or new core hospital services across the Northern Territory. In addition we have committed $10 million to establish a 24-hour GP superclinic in Palmerston. There is much work to be done in health. We have a health system that has been neglected for 11 years. But the Rudd Labor government have made a very strong start, and we intend to continue for the long haul. All Australians, and especially the good people of my electorate of Solomon, want and expect an end to the 11-year legacy of neglect from the previous government. This bill and the funding attached to it are a very important part of a long journey to ensure a better health system for all Australians, and we as a government are absolutely committed to delivering it. I commend this bill to the House.

Mr TUCKY (O’Connor) (5.32 pm)—Thank you for your consideration, Mr Deputy Speaker Adams, in the matter of my late arrival. I did anticipate that the previous speaker would speak a little longer considering how proud the Labor Party is of this particular initiative. I have come really to talk about why a bill relating to money is not the solution in itself as to how to better administer health for the Australian people. Politicians, per se, have a habit of measuring excellence by expenditure. It does not work, and it works least in the delivery of public health services. The member for North Sydney has already quoted some of the amounts that are being made available under these appropriation bills and they are testament to the belief—and I think the general public has the same belief and I am not suggesting that the coalition has any plans to significantly change it—that government is best able to guarantee services to people. In other words, to give the service that people desire and to which they are entitled we believe that we have to own the shop.

What do we do next? We stand up in here and introduce an appropriation bill, and we talk billions of dollars for this and hundreds of millions of dollars for that. But, because of the nature of our federation and because of the attitude, I might add, here in Canberra where people are more anxious to send the money than ask what has happened to it, we
shunt this money off to the constitutional managers of health—the providers of health services at the public level—and we think we have done the job. And what is the outcome of that? In the first instance, you have a circumstance where that money is divvied up by means of some formula and a major hospital—what was once known as a teaching hospital—gets a budget. Now, the first outcome of a budgeted hospital management is that patients are a liability. You have to be very careful that you do not have too many of them, if you are the finance controller. And, of course, you have to be terribly careful that they do not all want a hip joint replacement, because those are things that you have to buy and you have a limited number of them under budgetary management. So when you run out, that is just too bad. Then, of course, you have all the other matters that arise in the management of that sort of hospital.

I thank the two members opposite for listening to my speech. Maybe they will take some of these thoughts back to caucus. They would not have known Con Sciacca, who was a minister in the previous Keating government. I admired and was friendly with Con. He was the minister who, by his own initiative, instituted ‘Australia Remembers’. I happened to be the shadow minister in some respects copying him. I went around Australia congratulating him on that initiative because I thought the veterans deserved it.

But Con sold the repatriation hospitals, which were the property of the Commonwealth and managed by the Commonwealth. When we get onto privatisation, from time to time, if you like, you have got form. I endorsed that decision. But, having done so, the Labor New South Wales government and the Victorian Liberal government said, ‘We want them.’ So they took them over. You can check the history in Victoria; it became quite a mess. I think they sort of revolted. But in Western Australia and Queensland the state governments—again, I think, Liberal and Labor—said, ‘No, we don’t want them; sell them to the private sector.’

The Hollywood hospital in Western Australia, as it was known—the Hollywood Repatriation Hospital—was taken over by the Ramsay Health Care group. I can tell you the RSL were terribly concerned about this. They lived in this culture of ‘government needs to own the shop to guarantee us the service’, notwithstanding that at that stage there was a 10-month waiting list at the repat hospital for elective surgery for veterans. Anyway, I called in about three months later to see how things were going and they said: ‘Oh, it’s magnificent. We’ve gone from TV dinners to the reinstatement of the hospital kitchen, and the waiting lists are nearly all gone.’ And how was that achieved? They opened up the operating theatres on Saturday. How could Ramsay do this but a government funded instrumentality could not? In the process of the sale, they got an agreement that this parliament would pay them for services rendered. So, all of a sudden, a patient was not a liability; they were an asset. They took steps such as opening their operating theatres an extra day a week to in fact earn revenue by the process of looking after them—which, I would think, is the purpose of us allocating these huge amounts of money by way of appropriation: to give people service.

So what has happened? The only way that the general citizenry can benefit from that sort of incentive based process is to be in the private health insurance system. That is the only way. This is not policy either. In 1998 I happened to have the opportunity to write a policy about health and I did it on the basis that every Australian should be in the private
health system and should be subsidised, according to their needs, for up to 100 per cent of the premium cost. That meant that, from there on in, everybody was in a system where they were welcome at a hospital. When I went around my own electorate—and I want to talk a little bit more about that in a moment—to the hospitals, which were run by hospital boards as government entities, and I explained to them how this would work, because a government hospital would still remain a government hospital but it would send the bill to MBF, Medibank Private, HCF, you name it, they all worked out that they would be better off financially just on the number of patients they handled at the time. But there was also an incentive to go back to introducing gynaecological services and so on, to encourage women to stay in that country town and have their babies. Some in the perimeter around Perth said, ‘When someone has an operation in one of the major city hospitals, where it is appropriate, after a couple of days they could send them out to us and we will go through their period of care.’ Now, all of that happened. As I go around my electorate now, most of those hospitals are closed.

During the time that was my area of responsibility, I went to a big conference where the keynote speaker was a ‘Lady’, an aristocrat—who had got that order for her services to the public health system. During her presentation, she said: ‘Waiting lists are a formal component of delivering public health services. We have to have them to manage our budget.’ She then went on to complain about the administration of waiting lists and how—and we may all be guilty of this—if you have got the right sort of member of parliament and they kick up enough fuss, you get pushed up the waiting list. I will not name names, but the wife of a very, very important member of the Labor Party, at the time resident in this town in a salubrious dwelling provided by the taxpayer, got gallstones. He was not, philosophically, privately insured. But where did his wife go? She went to Calvary Hospital, to a private room. The surgeon who operated on her was—surprise, surprise—a private surgeon, but she was told what day of the week he would be operating. Now, that is okay; that is the system. But that was this lady’s complaint. It was pretty interesting, because she was right: if you are going to have a public health system and you are going to have waiting lists, nobody should be able to get kicked up the list other than because of an emergency.

So it is not a very nice system. Of course, if you are privately insured, your doctor, having decided you need some form of elective surgery, picks up the phone and says, ‘Hang on a minute; I’ll get you booked in for next Wednesday.’ And it happens.

Not everybody can afford private health insurance and, to assist people in the community who had that desire, our government eventually picked up part of my proposal. I feel they picked up quite a few aspects of it over time in an ad hoc way, which I was not that pleased about because I thought the package was better. We decided that, where people were prepared to invest a significant amount of their own money in a private health insurance policy, we would subsidise their premiums to 30 per cent—that was for all comers—and then to 35 per cent for those over 65, I think the figure goes, and to 40 per cent for those over 70.

One of the things I also found in putting together my proposal was the actuarial advice as to where the demand for health services is most obvious. I do not have to tell anyone that. We proposed a three-tier premium system. Of course, people under 18 or 19 cost the system less than any other group,
people in the middle cost more, and those people over 65 cost three times as much as others. That is another problem. When you have competing systems—that is, Medicare and private health—and the fact that ill health or the need for medical services and hospital services increases with age, people will always have the habit of saying: ‘Medicare will do. If I get hit by a bus or have a premature heart attack, Medicare will look after me in a reasonable way.’

I still limp because I forgot to tell anyone after I had a very serious car accident that I was privately insured. I found I was being practised on by interns, registrars and others and I ended up coming out of hospital with a leg that was very bent. Then I remembered I had private insurance—I was not too coherent at the beginning of all of that—and I arranged for private health insurance to straighten my leg out. That is okay, but the fact of life is that when you are privately insured, you get a service of the level you desire. But we also provided subsidies.

What I am coming to is that, in legislation forthcoming but consistent with the funding package, we are seeing a relaxation of the pressure to join private health which is put on people through the tax system. That is an open invitation to many of them to walk away from the private health system. I was here during the Hawke-Keating government and I watched that happening. I believe there was a simple conspiracy to make sure that the private health system was put out of business. Please remember—for those who bother to read our Constitution—that the civil conscription of doctors, dentists and such people is forbidden under our Constitution. As a government, you cannot implement British national health because you cannot conscript the people you need to run the shop. But, of course, if you send the private health system broke, there is no choice and, if you have a penchant for a British national health system, you achieve it by default.

What I saw, particularly in the Keating years—and not particularly because of him; the matter was just getting into a massive situation—was that the membership of private health was collapsing exponentially. Every time another group of limited claimers or nonclaimers left, the premiums went up substantially and as a result of that another group of the less demanding left—the ones who balance the book, if you like, in the bookmaking of insurance, and that is all it is—and then the premiums escalated even further. Of course when the Howard government came to office, private health insurance was about to fall over. I have said, had Keating won one more election, that would have been the end of the private health system because there just would not have been enough people left. You would have to be super rich to have stayed in and paid the full premium cost.

Now there is another aspect of insuring people for health, and that is the increase in the state of technology. The solution once for bad knees, bad hips and other such complaints was to buy a wheelchair. The technology was not there to repair your hip and your knees as it is today. That is occurring across the board and, as a result of that, the cost of delivering health services will always rise much more rapidly than inflation or whatever else you want to talk about. As a member of this parliament, I am willing to endorse taxes necessary to see people have that service.

What I hate is to see speeches like this one which says we will achieve excellence by expenditure. State governments, no matter what political persuasion, will never have enough money to do the job. In Western Australia we have been promised a new hospi-
tal—the Fiona Stanley Hospital. If I were that lady of great importance, an Australian of the Year, I would say, ‘For God’s sake, take my name off it; I’m getting embarrassed.’ It is still not operational. Furthermore, the other day the government did not even put up reasonable financial support for the Royal Flying Doctor Service. They still think it is a charity when, every time they close a hospital in some country area, they call on the RFDS to be the taxi service to bring those people from much depleted facilities into a major hospital, typically in the metropolitan area or maybe in a large regional area. For shorter distances you have volunteers, connected to the St John’s Ambulance charity in my state, having to do the same thing. People who are only reasonably ill have to be driven to the metropolitan area because there are no amenities left in the country and that has happened in the last 10 or 15 years. So what has happened to the money that has been sent there? Does the system deserve the support that we impose on the taxpayer, or should we be looking to a payment for service system, whether it is applicable to a public hospital or a private hospital? Should we be genuinely trying to get rid of waiting lists, which every senior hospital administrator will tell you are a part of their budget control system?

I refer you to that lady from New Zealand who got it right. She was happy to have waiting lists but she was very cranky about those who could step up the list, including a very important person who sat in this parliament for a long time. It should not work that way, but that is what communism was all about. I remember talking to a communist MP who said: ‘I knew as a young man how to get ahead in Russia. I had to join the Communist Party, because then I got privilege.’ We should not have that in Australia. As I say, this is a genuine attempt to make some of the newer members who attend caucus ask, ‘Is there a better way?’ It is not that we should not allocate the money, but we should do it better.

Mr CRAIG THOMSON (Dobell) (5.52 pm)—I hesitate to comment on the member for O’Connor’s contribution, but I think a couple of points need to be made and put in the Hansard. The work that doctors, nurses and other health professionals in public hospitals do is first class. It is world class and it should not be denigrated in this particular place. Having represented health workers—doctors, nurses, ambulance officers and health workers of all sorts—for over 19 years, I found some of the member for O’Connor’s remarks offensive. There are people who are saving lives and doing a fantastic job in our public hospital system in every state around this country.

Mr Tuckey—Mr Deputy Speaker Adams, I rise on a point of order. There is no need to take a sleazy approach to a genuine effort to draw your attention to this. That is not what I said.

The DEPUTY SPEAKER (Hon. DGH Adams)—Order! There is no point of order.

Mr CRAIG THOMSON—The issue that the member for O’Connor raised that was in fact correct was that, by itself, putting money into public hospitals to reduce waiting lists is not the full answer. That is why the Rudd government has a comprehensive plan in relation to health and is not relying just on the Health Care (Appropriation) Amendment Bill 2008 alone.

I also need to make some comments about the proposed amendment from the member for North Sydney. The blinding hypocrisy that the member for North Sydney has shown in lodging this particular amendment almost bowls you over. If we look at what the amendment says, we will see that it first of
all notes that the funding is provided as a short-term solution to the crisis in our public hospitals. The question has to be asked: why are our public hospitals having this particular crisis? The answer to that is blindingly obvious. We used to have a situation where the contributions from the state and federal governments were approximately 50 per cent each. But in the last 11½ years of the Howard government we saw the federal contribution decline. We in fact saw it decline to such an extent that the federal government contribution was just a little over 40 per cent and the states’ contribution had to increase to fill the gap. No wonder the public hospital system and the states have been crying out for more money to make sure that they can do what they are charged to do. It is because the former government was starving them of funds. One of the main purposes of this bill is to provide over $1 billion worth of funding to the states to go some way towards rectifying the neglect that the previous government inflicted on our public hospital system over 11½ years.

The second part of the amendment that the member for North Sydney put up was in relation to the Medicare levy. Quite frankly, this is a cheap political stunt. Legislation on the Medicare levy surcharge has been argued and debated in this House, and to put up an amendment that seeks to make a political statement on a bill that has nothing to do with the surcharge is nothing more than cheap politics and should be seen as such.

The other point that needs to be looked at in relation to the former government’s record on health is exactly what they were promising at the last election compared to what we the Rudd government are delivering in the budget and in where we are going with public health. Leading into the election, the former government’s health policy had two points. One was to create local hospital boards and a new level of administration at every hospital. By the time the election campaign was over, they were not particularly sure whether that was still their policy, because it was going to be a nightmare to administer. The second policy they had for health was the cheap political stunt of looking at buying out a hospital in Tasmania. One hospital was their answer. Their entire health policy was to create another level of bureaucracy in the form of local hospital boards and to buy out a single hospital in Tasmania in a marginal seat that they thought they would be able to win if they made that promise.

Members of the opposition are in opposition because the voters saw through those tactics. They saw that they were inadequate to address the health needs of this country. The former government were not even able to win the seat in which they tried to bribe the electorate, because the voters saw through the lack of forward planning and the lack of a proper plan for health care.

Australia’s systems of government are creaking with age. This is evident in many vital areas of people’s lives, including in water, environmental laws, infrastructure and education. The age of our federalism, to me, is most evident in our health systems. We face many challenges in modernising federalism. It is going to be tough. Tough decisions will have to be made. Entrenched power and familiar yet inefficient processes will need to be challenged.

As I said, from my experience of representing health workers for close to 20 years, and being the elected member for Dobell, it is very clear to me that the Australian people want to end the blame game that has so defined governance for decades. I know that the tit for tat of the federal government bashing the state government and vice versa has been the staple diet for many of our local
newspapers. It is the cheap and easy way for lazy politicians to get the hard work done. The former government turned it into an art form. We all saw that in the Crosby Textor leaks last year that said attacking the states was a winning political formula. The Rudd government takes a different approach on these issues. The Rudd government says that we need to lay out a proper plan for Australia’s health future and we need to be putting our health dollar where it is most needed. We also need to be doing more than criticising other levels of government.

That, principally, is what the Health Care (Appropriation) Amendment Bill is about. It is about providing a billion dollars to the states, to the public health system—a billion dollars which the previous government had ripped out, a billion dollars which is needed to make sure that we have an efficient health system that can operate and provide the outcomes that patients want. In health, we saw that the previous government cherry-picked only one of the 700 public hospitals to try and demonstrate symbolically that they were interested in public health. But the electorate knew that it was only symbolic. The electorate knew that the previous government had no interest in public health—and the contribution from the member for O’Connor today only confirmed that further.

The purpose of the bill before the House today is to increase the appropriation to state and territory governments under the Australian healthcare agreements by $10.25 billion dollars. This will ensure continued funding for state and territory healthcare systems during the Australian healthcare agreements negotiations, scheduled for the latter half of 2008.

The Australian healthcare agreements are five-year bilateral funding agreements between the Commonwealth and the states and territories to provide public hospital services. Under the Australian healthcare agreements, the Commonwealth and the states and territories share funding, but management of the services is delivered by the states and territories. The Australian healthcare agreements are the key funding mechanism for state and territory healthcare systems—namely, public hospitals. There is a provision in the Health Care (Appropriation) Act 1998 for other healthcare programs to be funded provided they improve service delivery or patient outcomes.

Historically, negotiations have been protracted and, at times, the states and the Commonwealth have been at loggerheads over the proposed contributions, with the states and territories claiming during the last negotiations that the Commonwealth share of funding had declined—which clearly it had. The current Australian healthcare agreement is due to expire on 30 June 2008. This appropriation reflects the commitment made at the Council of Australian Governments meeting on 26 March 2008, where the Commonwealth government undertook to provide an immediate allocation of $1 billion to the public health system, with $500 million to be provided before 30 June 2008. It is intended that this money would be used by the states and territories to relieve pressure on public hospitals.

This bill is about providing some funding to the states and territories for their public hospital systems while these agreements are negotiated. The Rudd government is concerned about making sure that we come to the table with the states and territories, in good faith, that we put our money where our mouth is and that we sit down in good faith to negotiate five-year agreements. But, to do this with any sort of decency and to try to make sure that the public hospital systems are able to operate as they should, this bill needs to be passed so that the billion dollars
in funding can be provided and so that those negotiations can continue.

This bill, in providing funding to the public hospital systems, complements other legislation and other initiatives that were announced in the budget by the Rudd government—in particular, the $3.2 billion National Health and Hospital Reform Plan. As part of that, there was the GP Super Clinics initiative that was announced at the last election and funded in this budget. It goes to perhaps the only point that the member for O’Connor made that is worth remembering, and that is that our health system is not just about public hospitals; it is also about providing primary care and making sure that preventative health care is taken. In my electorate, we have a promise which was in the budget of a GP superclinic for $2½ million, and that is absolutely vital to the health of our public hospital system, because we have a chronic shortage of GPs in our area—a chronic shortage of GPs that happened on the watch of the previous government.

I believe it is vital that this bill is passed. It provides much-needed money for the states and territories to run their public hospital systems. It is one that should be supported unamended. I commend the bill to the House.

Mrs HULL (Riverina) (6.05 pm)—Over the years, I have risen in this House on numerous occasions on the issue of health across rural and regional Australia, and tonight is no exception. I rise to speak on the Health Care (Appropriation) Amendment Bill 2008. I have raised many of the issues and concerns of rural and regional Australia for a long time in my role as part of the government over the last three terms. It has taken an enormous amount of effort. Sometimes there is success; sometimes there is no success.

I look at the appropriation bills and I read through the health areas with great interest because of course I am always looking for the rural perspective on health. I am pleased to see that there is certainly some rural perspective. Some would criticise and say, ‘Not enough’—I am probably one of those people. But, hopefully, over the three years, more resources will be made available as they are required. I have always said the test of a government is how they respond to issues when required—such as when we were determined to build a Riverina Cancer Care Centre and there was no funding made available for that. The community raised $3 million in a very, very short period of time to build the centre.

Eventually, the minister funded the linear accelerator in the Riverina Cancer Care Centre. When it was realised that we were a sustainable unit, the last government, of which I was a part, went on to fund the second linear accelerator, which has seen an exceptional workload coming to the Riverina Cancer Care Centre, to deal with many Canberra people and people from many other areas who come to the community funded Lilier Lodge accommodation centre and also avail themselves of the fabulous services of the Riverina Cancer Care Centre. There is another community fundraising operation taking police now to extend the Riverina Cancer Care Centre. I went to a cocktail party last Friday evening. Again the community are being asked to dig deep into their pockets to expand the centre. I am sure there will be times in the future when we will require government help to match community cooperation and funding attempts being put into delivering cancer care services to rural and regional areas, particularly in my area of the Riverina and beyond.

I lobbied the last government. That government came to an end far too quickly for
me to be successful in getting a PET scan in Wagga Wagga in order to give a comprehensive cancer care service to the people in my electorate who are dealing with cancer and certainly to make life a little easier so that they are not forced into city areas for diagnosis and then back for some of their treatment. They can get the majority of their diagnosis on the ground and can then undertake treatment. The Riverina Cancer Care Centre is a wonderful place and I am sure the minister will consider modelling other options for rural and regional Australia on this community-government-public sector model which has seen the delivery of excellent services to rural and regional people, giving them equity when confronting cancer.

Also, I fought long and hard to have mental health addressed. I have long been an advocate in this House for mental health services. We established Sunflower House in Wagga Wagga but it could not get the funding required from the New South Wales state government over long periods of time. Eventually last July, under the Howard-Vaile government, we were able to provide more than $1.3 million for Sunflower House to open its doors and to provide critical mental health services in and around the Wagga Wagga district. It was a sensational outcome. Mental health sufferers now have access to services and assistance in the mental health issues that confront not just our region but certainly regions right across Australia. Many of these people have been associated with previous drug use. That could be previous marijuana use, which has led to an enormous rise in schizophrenia and a whole host of mental health problems due to the THC content in cannabis, which is obviously rising with an enormous amount of hydroponically grown cannabis now. We were able to establish in the Riverina for the first time a rehabilitation service for those recovering from illicit drug use.

When I was the chairperson of the Standing Committee on Family and Human Services, in the report of the substance abuse inquiry entitled *The winnable war on drugs* we sought more money on the ground for services, particularly detox. Detox is sincerely required before rehabilitation can proceed. People who do not have adequate detoxification from illicit drugs, alcohol or pharmaceutical or prescribed drugs really cannot access a rehabilitation centre. The requirement for detox is significant. While I was able to achieve a lot from the past government and delivered a lot to my region, including funding for the Peppers rehabilitation program back in April 2000, which was re-funded in 2003 and again in 2007, I would sincerely ask the ministry to consider looking at the availability of detoxification in order to access rehabilitation centres. That is a way in which money can be put to very good use, not just in city areas where the service is still quite scarce, but it is almost impossible to find detox if you live in a rural and regional area. I encourage the minister to look at these detox issues.

In addition, the divisions of general practice delivered extraordinary services in the 10 years of the last government. I would hope they will continue to deliver fantastic services. They have rolled out rural palliative care services in my Murrumbidgee Division of General Practice. We funded them to roll out rural palliative care, to get GPs involved in the delivery of palliative care, ensuring that people who had terminal illnesses were able to stay in their home longer as a result of GPs entering a palliative care program which enabled them to look after sufferers at home longer than they would normally, having quality of life at home before being moved to a hospital. When I looked at the
budget lines, I was quite happy to see international medical graduates proposed in the budget, but when I was looking through the appropriations I could not see any money allocated to the training and encouraging of the 5,000 international medical graduates into general practice, which we are in desperate need of doing.

Many of the speakers here today have talked about the decline in the availability of GPs and doctors in general across Australia. If we want to enhance our workforce with these 5,000 IMGs, we need to acknowledge that they require an enormous amount of assistance to traffic them into options for rural GP service. We have many training providers right across the nation. I know I have a very effective training provider in Wagga Wagga—CityCoastCountry Training—that assists internationally trained graduates into service that can provide great benefits to rural and regional communities. I applaud the 5,000 international medical graduates initiative, but I also ask that the minister look into the provision of funding to encourage, train and support these graduates through the process and into general practice. That is certainly a costly experience and one that requires some financial resources.

I move on to an issue that I have been most passionate about since entering parliament. I speak in particular of HIV-AIDS and hepatitis C. When I came into parliament, I chose to go on the HIV-AIDS committee, which was under the then Minister for Health and Aged Care, Michael Wooldridge. Each time we have had that committee re-formed I have volunteered for it. It has been a difficult task over the years to get that committee re-formed. It is essential that there be another parliamentary committee on HIV. We really need to understand that HIV-AIDS management has fallen off the radar. Over the past years, we have seen HIV-AIDS start to decrease in its importance or recognition or action. I stand here this evening speaking on this health appropriation bill not to criticise the previous government or the current government but to put forward the need to recognise that we have over 1,000 new infections taking place in Australia per year. There are more people living with and responding to HIV-AIDS than we have ever experienced before in Australia. We require a new way of thinking about HIV-AIDS. We should be motivated and innovative in ensuring that we in Australia are keeping up with world’s best practice. In the past, we have always been recognised as absolute leaders in this field, and I have always been very, very proud of that. Compared to sub-Saharan Africa and many of our island nations, including PNG, we have a very small incidence of HIV. Nonetheless, it requires a very significant strategy so that we do not have larger numbers to deal with and so that we manage lifelong health problems for HIV sufferers, because they in turn are entitled to have equity of services available to them.

It is very, very difficult to get access to services if you are an HIV sufferer in rural and regional Australia. It is almost impossible. We have moved a long way in antidiscrimination, we have more understanding and we are a more educated population now than we were back in the Eve van Grafhorst days. Many of the young parliamentarians may not remember the case of Eve van Grafhorst—a premature baby who acquired HIV-AIDS from a blood transfusion. The discrimination that she and her mother were subject to was extreme. We have moved a long way in those areas, but we have not kept pace with what is required in order to lead the world in HIV management—to lead the world with programs that will provide long-term treatment for those suffering from HIV as well as prevention of and reduction
in HIV. We tend to want to put it to the side and deal with it in a less public way, but I believe that that can no longer happen. I am very conscious of the fact that we need a new international strategy. We need to be involved with the management, prevention, reduction, treatment and recognition of the new and emerging issues that are facing our communities as a result of HIV. We tend to want to isolate HIV. We are particularly lucky in Australia where we are in a controlled environment. We seemingly have controlled outbreaks whereas in the international environment epidemics are generalised. They are not the contained epidemics that we have in Australia.

So it is very important that attention is paid to this critical area of health funding, because it is not something that people stand up and champion all of the time. If you suffer from cancer, or from any number of different illnesses, you can garner an enormous amount of support around you for lifelong treatment and a quality of life experience through the health budget. But it is much more difficult when you are a sufferer of HIV or are working in agencies associated with assisting HIV sufferers, their families and the community. It is a very difficult place to be; it is not a sexy place that immediately grabs everyone’s attention and they want to run to fix the problem, as happens in many other areas.

The more people in this House who are involved with ensuring equity of access for all Australians to health services, quality of life and lifelong treatment services the better. Once HIV-AIDS was a death sentence—nothing was surer; you could bet on it. But now things are different. I supported a hospice in Kenya, called Nyumbani, which cared for children who had lost their parents to AIDS and were HIV-AIDS affected themselves. At one stage they went to Nyumbani to enjoy some quality of life and die peacefully. Now, through the introduction of antiretroviral treatments, Nyumbani has become an orphanage and the children are now being adopted by many countries, including Ireland and Scotland.

So we have to deal with HIV in a totally different way internationally, but it starts by us being very aware of the needs within Australia. The mental health aspect of HIV is also important. Once you are a sufferer of HIV, access to mental health services is key to your survival and your success, because stress can be a dangerous factor in reducing your immune system and driving your CD4 counts down, putting you at risk of toppling over into full-blown AIDS, which requires far greater treatment.

This evening I have covered quite a few areas of health that I believe need constant attention. Each area is very important, and some are not as highly favoured in the health budget.

Ms REA (Bonner) (6.25 pm)—I am very proud to rise this evening to talk about the Health Care (Appropriation) Amendment Bill 2008. I want to talk about the substantive content of the bill, which concerns our public hospital system. In particular, I am very proud to be part of a Commonwealth government which is finally putting its money where its mouth is and dealing with the very real problems that exist in our public health system at the moment, in particular our hospitals.

I represent the electorate of Bonner, which is in the state of Queensland. It is part of Brisbane and the south-east corner, one of the fastest-growing areas of population not just in Queensland but, indeed, in this country. Many residents in my electorate are well aware of the pressure our public hospitals are currently under and are looking to any level of government, in particular the federal gov-
ernment, to put more emphasis on this issue. That is why this appropriation bill is so important.

The significance of injecting this $1 billion into the public health system to help state governments deal with the public hospital system is great, for two reasons. Not only is the Rudd Labor government once again demonstrating its commitment to implement election promises by providing this money—and providing it early—to state governments; it is also delivering on its very key election commitment to end the blame game. It is about working in partnership with state governments for ordinary working Australians out there who deserve a high-quality health-care system. They have a right to a free public hospital system that will meet the needs of them and their families. This is the election commitment that is delivering to them.

For too long we had a federal government that simply sat on its hands. The only exception to that was when it pointed the finger of blame at the states for the public hospital system, meanwhile reneging on $1 billion of funding, which has contributed significantly to the pressure currently on our public hospital system. Of course, that is the easy way out. It is very easy to blame state governments, particularly if they are not of the same political persuasion as you, instead of actually rolling up your sleeves and dealing with the issue.

It is a bit rich, though, for the previous federal government to blame the states when in fact their lack of desire, courage and action contributed significantly to many of the issues that are putting our public hospitals under pressure, particularly in the area of skills. We are dealing with a lack of trained nurses—in fact, we have a nationwide shortage of almost 6,000 nurses and funding was not provided by the previous government to support training of those health professionals. Also, when you consider that across Australia we are now faced with a shortage of doctors, which affects 60 per cent of the population, it is clear that the Commonwealth has not been pulling its weight in this area. Indeed, it has been almost negligent in its lack of support for state governments and the public hospital system.

So, as I said, the bill delivers two election commitments: $1 billion to work in partnership with the state governments to deal with the pressure on public hospitals and, in that line, to end the blame game and start building partnerships with state governments to make sure that it is the community that benefits. What is significant about this appropriation bill is that it will begin with the bringing forward of $500 million to be allocated this financial year to the support of public hospitals. We have heard much about the fact that this is a problem for state governments and that the Commonwealth should not be bailing them out. But I would like to remind members in the House of the Medicare principles that this Commonwealth government developed and endorses: to ensure free treatment in hospital for eligible persons and to ensure access to services based on clinical need within a clinically appropriate period, one of the most significant being equity of access regardless of geographic location. I would include in 'geographic location' living in a Labor electorate or indeed a Labor state, where you should also have equity of access. This does not seem to have occurred over the last 11½ years. This bill sees a funding increase of 10.2 per cent over the next 12 months.

What I am also pleased about is that the bringing forward of these funds is part of, and works in conjunction with, the discussions of COAG in March this year, when the state, territory and Commonwealth governments sat down together and agreed to do a
range of things. They agreed that they would work in partnership. The Commonwealth put significant extra funds on the table. They also agreed that they would roll over the terms and conditions of the current health-care agreement so that we could spend a significant amount of time—in fact, the next 12 months—talking about and negotiating an agreement that would see real, long-term strategic benefits for health care, in particular for the public hospital system in this country. At discussions in March between the key stakeholders—the states, the territories and the Commonwealth—it was agreed that a new healthcare agreement would clarify the roles and responsibilities of governments. It is a significant step towards a national registration and accreditation scheme for health professions to be implemented by 1 July 2010. Initially this scheme will cover nine health professions: medical practitioners, nurses and midwives, pharmacists, physiotherapists, psychologists, osteopaths, chiropractors, optometrists and dentists, including dental hygienists, dental prosthetists and dental therapists. So we are seeing real, long-term strategic negotiations that will deal with our public hospital system.

It is interesting when you consider the amendment that was put forward by the member for North Sydney and his criticism that this bill does nothing about long-term health care. I am particularly pleased that COAG has asked Skills Australia to give it by July this year advice on the possibility of allocating up to 50,000 additional vocational education and training places to the health workforce over the next three years. If that is not a commitment to dealing with the long-term issues that are putting pressure on our public hospital system, I do not know what is. I would particularly like to focus on the additional $100 million to support the Queensland health system in this bill. We know that public hospitals in Queensland are under pressure and that the state government is looking at every avenue it can to relieve the pressure for both patients and health workers.

This $100 million will go to helping to train more doctors. If you ask anyone who is either a patient of the health system in Queensland or a worker in the public hospital system in Queensland, they will tell you that one significant issue they face is simply and purely a lack of doctors. That goes to the extent that the Queensland state government has put its money into extra medical training places. It is the first time a state government in this country has had to put money into funding doctors because of the lack of—and, in fact, the decrease of—funding by a federal government. So, once again, there is $100 million for Queenslanders to see an extra 235 medical student places at Griffith University on the Gold Coast. This will be a major benefit to our public hospital system, a major benefit to the health workers of Queensland and a major benefit to the residents of Bonner and all those other electorates. They will want to make sure that the public system is accessible for them to get the treatment they need when they need it. Thank goodness we have a Commonwealth government that wants to work in partnership with the states and that puts its money where its mouth is to deal with health issues in our public hospital system, not simply point the finger.

Mr NEUMANN (Blair) (6.35 pm)—I want to comment on the terrific contribution made by the member for Bonner, whose electorate is about three away from mine in south-east Queensland. I rise to speak in support of the Health Care (Appropriation) Amendment Bill 2008. This bill seeks to amend the Health Care (Appropriation) Act 1998, which provides the legislative basis and the standing appropriation for financial
assistance under the Australian healthcare agreements and permits the Minister for Health and Ageing to determine grants of financial assistance to the state and territory governments. The proposed amendment will bring into effect the Commonwealth’s COAG commitment made on 26 March 2008 to give $1 billion to the state governments to relieve pressure on public hospitals for 2008-09. This bill’s passage will ensure that $500 million of the $1 billion will be received by the states and territories before the end of this financial year. Further, the terms and conditions of the current healthcare agreements will be extended for one year to allow for new agreements to be negotiated with the states.

Since the election of the Rudd Labor government we have been working hard to relieve the pressure on our nation’s public hospitals and pursue our long-term plans for healthcare reform. Our hospital system reform is underway. Those on the opposite side of the chamber leave us with a legacy of 11 years of neglect in the area of health funding. Instead of investing in health care and improving our hospital system, they pursued a policy of blame-shifting and politicking. The Rudd government is resolved to end this approach and instead work to improve our national health system and take a national approach. We understand there are many challenges when it comes to long-term planning for our health system, including the duplication of services, overlap and blame-shifting, an ageing population and long-term workforce planning. Only the Rudd Labor government understands that our national health and hospital system is in need of radical surgery. The challenge to improve our national health system is not just an issue for next week, next month or even this year; it is a challenge for the decade ahead. It is a challenge the Rudd Labor government will take up for the good of the nation, because only the Rudd Labor government is committed to doing the task.

The $1 billion injection comprises the $500 million additional new funding plus indexation of the previous Commonwealth allocation for 2007-08. The amendment in this legislation will appropriate funds to continue the payment of healthcare grants to the states in 2008-09 while the new national healthcare agreements are negotiated. COAG agreed that the new agreements would be signed in December 2008 and commence on 1 July 2009. This $1 billion injection into our public health system is a significant investment. It is the first step on the long road to rebuilding our health system after 11 years of neglect and funding cuts, and it reverses the trend of decline under the previous coalition government.

We have seen enormous investment by this Rudd Labor government in a whole range of areas, including the funds we have allocated nationally for depression. It is an issue which has affected a lot of people in my constituency, and they have raised this issue with me. They have commended the government for the plan that we have, with $55 million allocated. Also we have allocated $249 million over five years to the National Cancer Plan to improve diagnosis and treatment, including new cancer centres to service city, regional and rural patients. This is particularly important to me because currently my father is in hospital with not just primary cancer but also secondary cancer. My family in particular has been the beneficiary of tremendous professionalism by those dedicated doctors and nurses in my area who have cared for my father in this time of great family need. I want to commend them in parliament today for the love and affection they have shown my father particularly and
note that this government is committed to helping them to help others.

I commend the government for the $10 billion Health and Hospitals Fund to support strategic investments in health and the $600 million we have allocated to cutting elective surgery waiting lists. I also want to thank the Prime Minister and the Minister for Health and Ageing for the $275 million allocated over five years to deliver 31 GP superclinics across the country. This is very important in my area, where there is only one doctor for every 1,609 people living in the region of Ipswich and West Moreton. And you can wait up to two years to get the public health system to see your teeth. There is $780 million over five years to slash public dental waiting lists, which is a welcome relief for the people of Blair.

I list these health commitments because they are substantial and significant. They demonstrate the government’s commitment to health. They demonstrate that the government, only six months in office, is focused on improving the health system, particularly in my area. I want to thank the Prime Minister and the Minister for Health and Ageing for the commitments they have made locally for a GP superclinic in Ipswich and for the $300,000 in funding—at $100,000 per annum—for the after-hours clinic at Ipswich General Hospital. I am pleased to have secured that money during the election campaign. That will go a long way, and I commend the work of the dedicated staff at that clinic. It is tremendous because, as we all know, children and other people do not get sick just between 9 am and 5 pm; it happens at all times of the day and night. As a parent of two daughters, I know that I have had the experience on many occasions of children being sick after hours.

Australians were also sick and tired of the blame game by the former coalition bickering with the states to smokescreen their neglect of the health system. This legislation marks the end of that. Instead of engaging in political games, this government is committed to delivering better health services across the country. Only this government understands the need for serious negotiations with the states about how to reform the health system. Issues like preventable hospital admissions, pressure on our emergency departments and how we treat our older and ageing Australians are future challenges the health system will face, and how we will deal with those issues will say much about our attitude of compassion, caring and commitment to those less fortunate than ourselves. The former coalition government lost interest in pursuing these big issues at a time when they really needed to be investing in and re-equipping our health system for the challenges of the future. The Rudd Labor government is aware that the Australian public is heartily sick and tired of buck passing. They are sick and tired of politicians using the health system as a method by which they can blame one another. It is not a constructive way to mend the health system. Blame shifting does not help someone who is sick, it does not help someone find a doctor, it does not help someone find an aged-care bed or a specialist and it does not reduce the health waiting lists.

I strongly support this bill, which I think will do a lot to help our people locally in Blair. I had the privilege of serving on the Ipswich and West Moreton Health Community Council for many years and saw the activity statements and the waiting list issues. Every month I would go to those meetings and I would see the challenges, and I raised issues on many occasions with the district manager. On each and every occasion it was, ‘We need more funding, we need more funding.’ I chaired health reference committees in
the rural areas of my electorate. I visited hospitals like the Boonah Hospital and the Laidley Hospital, not just the Ipswich General Hospital—which is a fantastic hospital also. And people cried out at those health reference committees for further government funding. The Rudd government’s increased expenditure on health demonstrates its commitment to those hospitals in my electorate.

Since 2000 the coalition government removed $1 billion from Commonwealth-state funding to our hospitals, but those opposite seem to be suffering from a certain political amnesia. I listened to the contributions made by the member for O’Connor and the member for North Sydney: it is almost like they have forgotten about their failings in funding for public hospitals. In fact, during the 2007 election campaign an admission was made on 5 October by the then federal minister for health, the member for Warringah. He fessed up about the former coalition government’s underfunding of health. He admitted in an interview that the share of federal government funding had gone down from 45 per cent to 41 per cent. It was like pulling teeth to get that admission, but the interviewer conducted a bit of oral surgery on that particular occasion and the member confessed that the then federal government had failed in its funding. In defence of the state Labor governments, that admission exposed the erroneous criticism that had been foisted upon them. There is no doubt that the state governments increased their spending on hospitals—and public hospitals at that—at a much faster rate than that of the Commonwealth government under the previous Howard administration.

The former minister for health was forced to make this frank admission following the release of a report prepared by the Australian Institute of Health and Welfare in Canberra. What that report revealed was stark. It said this: the previous coalition government’s public hospital funding had significantly declined proportionately over the life of the coalition government, and it was the state Labor governments that were in fact increasingly carrying the burden when it came to funding. That report was released on 5 October 2007 and it exposed that from 1995-96 to 2005-06 the former coalition government’s share of public hospital funding decreased from 45.2 per cent to 41.4 per cent. While the former coalition government criticised the states and shifted the blame, the truth was that the states were carrying the slack; they were taking responsibility. The report found that the state and territory government funding during that same period increased from 45.8 per cent to 50.6 per cent. It exposed the fallacious arguments made by the former coalition government that the states were not investing in health. The truth of the matter was that the former coalition government had acted in bad faith. The former coalition government had failed to make the critical investments necessary for the public health system in this country and to prepare for future growth.

The Australian public understood this on 24 November last year, and that is why they elected the Rudd Labor government. The difference between the Labor Party and the coalition at the last election in relation to health was simply this: Labor was prepared to take responsibility to fix the system; the coalition was not and had not in 11½ years. All it could offer was an admission of failure. I want to close by saying this: I commend this bill to the House because it is just the start. It is the start of a plan to reverse the damage to the health of the health system perpetrated and perpetuated by the previous coalition government over 11½ long years. The people of my electorate felt it, lived it and understood it, and that is why they voted
in the Rudd Labor government and me particularly to carry that fight on their behalf.

Mr GEORGANAS (Hindmarsh) (6.49 pm)—I rise to speak today on the Health Care (Appropriation) Amendment Bill 2008. This bill will honour the government’s commitment to provide $1 billion to the states to relieve pressure on our public hospitals. This Labor government is committed to turning around the many years of neglect by the former Howard government. That is why we are making a considerable contribution to our state and territory public hospitals. These funds include $500 million to be paid before the end of the financial year. This is a new payment and is intended to assist our nation’s public hospitals. The $500 million is in addition to the increase of $1 billion due to the indexation on the previous Commonwealth allocation for 2007-08. These funds will provide services to thousands, if not millions, of Australians who rely on our nation’s public health system.

Every Australian is entitled to use a public hospital free of charge if they choose. That is an integral part of a universal health system and something that we on this side of the House are very proud of. As a government, we have recognised the need for preventative health measures in addition to the need for funds to reach our hospitals. This government recognises the urgent need to invest in primary and preventative care in order to keep people well and out of hospital. The GP superclinics, costing $275.2 million, will bring health professionals together in one place, providing a one-stop shop for many health services and much greater convenience for patients, particularly those with complex and chronic diseases.

This bill will ensure that the states and territories continue to receive funding while the Australian healthcare agreements are being negotiated. Funds to the states will assist in providing services to tackle some of the greatest health challenges of our time, including obesity. Obesity affects thousands of Australians and its incidence is on the increase. I know that we saw some reports this week where particular sections of the community were dissected, but all the figures show that it is an upward trend. It is essential that we make obesity a national health priority area to help drive collaborative efforts aimed at tackling obesity at national, local, state and territory levels and to ensure that obesity receives the attention it deserves as a matter of urgency.

This government is dedicated to establishing measures for the long-term health of Australians. This bill will feed more money into the health system, which will aid in our preventative health strategies. The Australian government in April announced the establishment of the Preventative Health Taskforce. This task force, made up of health experts from around Australia, will develop strategies to tackle the health challenges caused by tobacco, alcohol and obesity and develop the National Preventative Health Strategy by June 2009. The government also announced that it will take immediate action to ensure preventative health measures become a key part of health funding agreements between the Commonwealth and state and territory governments.

New funding takes up the fight against alcohol abuse, with the government committing $53.6 million to tackle binge drinking. Another $15 million is committed to help reduce smoking. There have been reports showing the annual social costs of tobacco, alcohol and illicit drugs have grown to $56.1 billion. I am quite proud to say that this June will mark four years that I have been tobacco free. I would urge all other members of this House—the ones that do participate in the intake of nicotine—to think seriously about
giving up tobacco. I am sure, Mr Deputy Speaker Washer, you agree with me on that and I am sure most people in this House would agree. The figures on smoking are alarming, with 5.4 million people dying a year due to related illnesses such as lung cancer and heart disease. This figure is set to rise as the number of smokers, especially in developing countries, increases. According to World Health Organisation:

Tobacco kills up to half of those who use it. Yet tobacco use is common throughout the world due to low prices, aggressive and widespread marketing, lack of awareness about its dangers, and inconsistent public policies against its use.

The 2008-09 budget delivers on the government’s election commitments to reform the nation’s health and hospital system on behalf of all Australians, providing better health care for all Australians. Health reform is both a vital social priority and an urgent economic priority. Keeping people healthy makes sound economic sense: healthy, active people participate in the workforce, engage in the community, contribute to the national economy and ease the burden on the system. That is why there have been measurers already put in place to begin to look at preventative measures to keep people healthier longer.

First and foremost, measures in this budget underscore the government’s commitment to ending the blame game between the Commonwealth and the states and territories. This is central to our reforms. No more buck passing; no more cost shifting. The government will provide greater and more affordable access to dental health for working families, teenagers, older Australians and people most in need. This government will invest a total of $780.7 million over five years, helping to slash the public dental waiting lists and provide preventative dental check-ups for teenagers. The budget contains funding for the government’s National Health and Hospitals Reform Commission, which began its work early in February. The commission will develop a long-term plan for tackling current and future challenges in the health system. We will build a health workforce for the future by encouraging up to 8,750 qualified nurses to return to the workforce and creating new Commonwealth supported places in nursing in the second semester of 2008, with a further 1,170 places in 2009. In undertaking a long-overdue reform of the health and hospital system, the government has embarked on an important journey with the aim of delivering the modern health system that Australia deserves. I commend this bill to the House.

Mrs ELLIOT (Richmond—Minister for Ageing) (6.56 pm)—The Health Care (Appropriation) Act 1998 provides the legislative basis for the Commonwealth to pay health-care grants to the states and territories and Commonwealth own-purpose outlays for mental health, palliative care and the Hospital Information and Performance Information program. The Health Care (Appropriation) Amendment Bill 2008 makes amendments to that act. The 2003-08 Australian healthcare agreements expire on 30 June 2008. At the Council of Australian Governments meeting of 26 March 2008 it was agreed that new healthcare agreements would be signed in December 2008 and commence on 1 July 2009. This means, in effect, that 2008-09 will be a transitional year in which the new agreements will be developed and implemented. The proposed amendments are a key step in enabling the Commonwealth to meet these commitments.
The act currently provides that total grants of financial assistance must not exceed $42.01 billion over the five-year life of the 2003-08 Australian healthcare agreements. The bill proposes amendments that will increase the appropriation amounts stated in the act by $10.25 billion to $52.26 billion and change the appropriation periods stated in the act from five years to six years. These amendments will ensure continuity of public hospital and related funding for the 2008-09 financial year, during which the new agreements will be developed and put in place. The terms and conditions of the current Australian healthcare agreements will be rolled over for that year to provide a framework for the administration of the payments. The $1 billion to be provided as a result of this bill is significant for a variety of reasons. First, it enables us to take the first steps on the long road towards rebuilding our health system after nearly 12 years of neglect and underfunding by the coalition government. I was surprised when the member for North Sydney stated earlier that the bar had been set very high in what they had done. But put that aside for one minute. Let us have a look at what they actually did: they ripped $1 billion in funding from our public hospitals. That is why we have this bill today. They did that over the course of the previous healthcare agreement. They abandoned the people of Australia when it came to hospital funding, so it is great to see this bill going ahead.

This bill is also significant because it is a major part of this year’s Health and Ageing budget, which for the first time will be above $50 billion. Finally, it is significant because it signals the end of the blame game and the beginning of a new era of cooperation, allowing us to deliver better health services across Australia together with the states and territories. That is what we are committed to doing. We are committed to rebuilding the Australian health system after nearly 12 years of coalition neglect. Of course, it will take a little while to do that, but we are committed to achieving that. We are really proud of the very strong start we have made in health, and we are determined to continue as we have begun.

Mr Hockey—By the Prime Minister!

Mrs ELLIOT—It is very curious indeed that the coalition government ripped $1 billion in funding from public hospitals—that was over the course of the previous healthcare agreements—and he can then come here—

Mr Hockey—Mr Deputy Speaker, on a point of order: if the minister is going to quote me then she should do so accurately. It was the Prime Minister. He said the bar had been set very high by the previous government.

The DEPUTY SPEAKER (Dr MJ Washer)—The member will resume his seat.
PRIVATE HEALTH INSURANCE LEGISLATION AMENDMENT BILL 2008
Second Reading

Debate resumed from 15 May, on motion by Ms Roxon:
That this bill be now read a second time.

Mr HOCKEY (North Sydney) (7.01 pm)—On 15 May the Private Health Insurance Legislation Amendment Bill 2008, which amends the Private Health Insurance Act 2007, was introduced to this House. It contains five key amendments to the act. This bill will remove the dual regulation of health related business conducted through health benefit funds by both the Private Health Insurance Administration Council, or PHIAC, and APRA, the Australian Prudential Regulation Authority, so that from July 2008 insurance products, when administered through an insurer’s health benefits fund as health related business, will be solely regulated by PHIAC. It will also require private health insurers to incorporate under the Corporations Act in order to apply for registration to the council. This will directly impact on four of the current 38 health insurers which are now registered bodies rather than corporations. They will have until 1 January 2010 to become companies. PHIAC will cancel the registration of any private health insurer that is not a company by that date. This bill also ensures that eligibility for membership of restricted access insurers can be specified in the insurer’s constitution or rules. This amendment will ensure that the application of the community rating rules to discounted corporate products will be clarified. Lastly, the application of the community rating rules to pilot projects for broader health cover initiatives will be clarified.

The coalition have a proud history of supporting measures to improve the regulation of the health industry. In 2006 the health insurance bill was adopted. It was designed to increase competition in the industry and improve services to consumers by allowing insurers to provide policies that reflect contemporary clinical practice. We wanted to make sure that the bill simplifying the legislation surrounding private health insurance would not lead to those insurers being bogged down in compliance requirements. The bill also allowed private health insurance to cover outpatient and out-of-hospital services, including chronic care management of conditions such as diabetes and asthma and disease prevention programs. The 2006 bill also required health insurers to standardise the information they gave to policyholders so that the policyholders could better understand their entitlements under the insurers’ policies.

The expanded scope of health insurance allowed people to access a broader range of services. Coming into effect in April last year, this meant that insurers were finally able to pay benefits for medical services traditionally accessed outside the public hospital system and the hospital system generally. This bill allowed for the best care to be provided in the most suitable location. For example, people requiring cataract surgery could now access this surgery without having to be admitted to hospital. Similarly, cancer sufferers could now have chemotherapy administered at home or in a low-care environment. This step provided another opportunity to provide top-quality health care in a lower-cost environment.

Despite assuring the Australian people that the government would support private health insurance, the Prime Minister has instituted policies that, indeed, seek to undermine it. By raising the Medicare surcharge levy thresholds from $50,000 to $100,000 for singles and from $100,000 to $150,000
for couples and families, the government has signalled its policy of undermining access to health insurance and to choice in health care. In March this year, figures from the Private Health Insurance Administration Council revealed that, yet again, new records were set in private health insurance uptake. The week before the budget was handed down, 9.477 million Australians, or 44.6 per cent of the population, were covered by private health hospital cover. No doubt that will be the peak. Almost 10 million Australians have willingly given themselves a choice of hospital and doctor when they need treatment and care. Significantly, in the 12 months from March 2007, the biggest growth of any age group was among the 25- to 29-year-olds, with an increase of 57,500 members. Now this is all about to change. Private health insurance is about to be dealt a savage blow that will see Australians drop out of private health cover. That number remains a matter of strong conjecture.

The Treasurer told the National Press Club that the government projects that up to 485,000 people will drop their private health insurance as a result of the government’s changes. But a report from Access Economics projects that up to one million people could drop their private health cover. Another report, from PricewaterhouseCoopers, suggests that more than 900,000 extra patients will allow their insurance premiums to lapse. They will therefore rely on the public health system as a direct result of the government’s decision. The government has apparently based its policy on modelling done by Treasury. The government has refused to release this modelling so that it can be held up to proper scrutiny. Generally, advice from Treasury is just as likely to be disregarded by this government if it does not accord with the government’s own political line.

If the Prime Minister and the Minister for Health and Ageing have nothing to hide then why will they not release the detailed modelling of their changes to private health insurance? If the government believe that this policy will merely deliver a mild sting to the healthcare system, they should be prepared to show their modelling. If there are wild exaggerations in the numbers being bandied around by Access Economics, by PricewaterhouseCoopers or indeed even by the Treasurer himself then the government should be prepared to show their modelling to all Australians. The reality is that young and fit Australians will be the first to give up their private health insurance. This will see a redistribution of risk amongst those who keep their cover.

We already know that premiums for everyone will rise to unprecedented levels. Independent analysts suggest the impact could be much higher. On 29 May this year George Savvides, the managing director of Medibank Private, which is wholly owned by the Rudd government, told a Senate estimates hearing that he expects to lose between seven and 10 per cent of Medibank Private’s client base as a direct result of the government’s changes to private health insurance. So the PricewaterhouseCoopers numbers and Access Economics numbers appear to be closer to the mark. If you apply seven to 10 per cent across the 9.5 million people, that is somewhere between 600,000 and 950,000 people dropping out of private health insurance, according to the formula of George Savvides, the managing director of Medibank Private. I am not familiar with the demographic make-up of Medibank Private’s membership base, but it is the largest private health insurer in Australia and you would think that it would have a real cross-section of the community there.
Out of all of this, insurance firms will have no choice but to raise premiums for everyone. In the years ahead these premium rises will be known as the Rudd premium increases. Let it be very clear that the Prime Minister, as a direct result of his government’s initiatives, will be held accountable for every increase in private health insurance premiums from now on. The reality is that, unless hardworking families are rewarded for taking out private health insurance, they may be forced out of it. This government is actively pursuing its important role in watching closely as Australian families struggle under the weight of growing grocery and petrol prices. How are Australian families, already burdened by spiralling rents and the cost of living, supposed to shell out more for private health insurance without having any incentive to do so?

It is not just premium holders that will be hurt if, as Access Economics suggests, we do see a million Australians leave private health insurance. There will be something more than a mere sting in the public hospital system. And this system is cracking under the strain. Waiting lists for surgery continue to grow, and this is in spite of the doctoring of the waiting list numbers by Labor state governments and their bureaucrats. Access block and oversubscribed hospital beds mean that sick patients languish in emergency departments for far too long. There are hardworking, committed clinicians out there supporting a crumbling public hospital system. These clinicians are frustrated. They contact me each day with their concerns about the crumbling hospital system in which they are expected to deliver the highest possible medical care to their patients.

The fact that there is virtual chaos in a number of public hospitals around Australia is no better illustrated than at the Royal North Shore Hospital in my own electorate of North Sydney. The problems at that hospital have been the subject of a significant inquiry by the New South Wales government, extending right across the public hospital system in New South Wales. It is now known as the Garling inquiry. You need go no further than the fact that the Royal North Shore Hospital has had eight chief executives in 11 years. That is not a clinical issue. That is not a problem with the doctors. That is a problem with the administrators—public servants, in that case. Even then, each of those chief executives has clearly sent the message out—quietly, because they will ruin their career if they blow the whistle totally on the New South Wales hospital system—that the reason why they left is that the hospital system in New South Wales is dysfunctional. The fact that they are trying to run a very large hospital like the Royal North Shore Hospital with everyone second-guessing them means that they do not want to be party to the administration of that hospital. They do not want to stay as chief executive. Eight chief executives in 11 years under a Labor government—how could you run any system like that, let alone such a large hospital in such a large hospital system?

The burden on a hospital like the Royal North Shore Hospital is only going to increase as a direct result of the Rudd government initiatives. Rudd government initiatives such as the initiatives on private health insurance and on dentistry, where they are pushing people back into the public hospitals and abolishing dental cover in Medicare, add to the growing waiting lists in public hospitals and add to the already existing torturous levels of pressure.

The coalition believes in choice. That means having a vibrant and viable private health system sitting proudly alongside a high-calibre public health system. This is a choice in health care that Australians want
and deserve. Private health insurance is the best way to enable Australians to contribute to their own health care and to be rewarded for doing so. It is no crime to have private health insurance. Contrary to what the member for Maribyrnong said in this chamber on 29 May, having private health insurance does not mean you are rich. He said that having private health insurance means you are rich. That was the Labor member for Maribyrnong. Taking out private health insurance means that you are able and are prepared to contribute to your own healthcare costs and in reward will access choice in healthcare delivery.

The Minister for Health and Ageing, in changing these levies, is seeking to punish those who remain holders of private health insurance. The Prime Minister’s policies will see premiums rise. The minister wishes to see those with health insurance and willing to contribute to the cost of their own health care marginalised. In the process, the minister for health believes this is a revenue-raising measure that will save the government 30 per cent on private health insurance rebates. The fact that every dollar spent on health insurance premiums brings in $2 in health spending is conveniently ignored by the Rudd government. The fact that a mass exodus of Australians from private health insurance will directly impact on the volume of patients seeking treatment in public hospitals is ignored. The fact that a mass exodus of Australians from private health insurance will now be the only way Australians will have timely access to dental care since the axing of Medicare dental is ignored.

The Australian people have charged this government with handing down good policies that will advance the health of this nation. The government is failing Australians, but we will hold it to account. For example, the Prime Minister personally championed his alcopops tax as an important tool in the arsenal against binge drinking. The coalition disputed the validity of this so-called health measure. We urged the Prime Minister to be honest with the Australian people and admit that the alcopops tax measure is more about tax raising than it is about binge drinking by young Australians. Today in a Senate estimates committee hearing it was confirmed by Treasury that the Australian Taxation Office and the Australian Customs Service were the only agencies consulted prior to the introduction of this tax. The Department of Health and Ageing were not even invited to make a submission. Can you get that! The Prime Minister announces a health initiative on alcopops tax, he says that it is directed at addressing binge drinking and the department of health did not even know about it. As a revenue measure, the government needs to do some basic maths. Treasury have confirmed today that the estimated revenue figures contained in the budget papers rely on an expected growth in the consumption levels of alcopops. This projected growth is above and beyond what the alcohol industry itself was predicting, even before the alcopops tax was introduced.

The Australian Institute of Health and Welfare submission to the inquiry of the Senate Standing Committee on Community Affairs into ready-to-drink alcohol beverages is telling. It found:

... the increased availability of RTDs does not appear to have directly contributed to an increase in risky alcohol consumption ...

The same submission also found that the increase in consumption of ready-to-drinks is apparent in older age groups but that patterns of RTD use among teenagers is unclear. Do those in the advisers box want me to repeat that? The Australian Institute of Health and Welfare submission to the Senate committee said:
... the increased availability of RTDs does not appear to have directly contributed to an increase in risky alcohol consumption...

It went on to say that the increase in consumption of RTDs is apparent in older age groups—not young girls but older age groups—but that patterns of RTD use among teenagers is unclear. ‘So let’s have a $3 billion tax to address this specific point,’ says the government.

The latest statistics from the Nielsen ScanTrack survey of liquor retailers and independent bottle shops nationwide show that, as planned, alcopops sales have dropped since the new tax and sales of free-pour spirits have skyrocketed to fill the gap. Sales of 700-millilitre bottles of spirits rose by 21 per cent and hip flasks of spirits rose by 20 per cent in the same period. This fits in well with the studies selectively quoted by the Prime Minister in this House. These studies show that teenagers simply switch to alcopops from other alcoholic drinks but that, overall, teens are drinking less or the same amount as they were in the 1990s.

Allow me to refer to the Treasury minute dated 14 May, the day after the budget. The minister for health came into this place in question time and triumphantly tabled a minute, a Treasury document. How extraordinary it was. It would not have happened when the member for Higgins was Treasurer for all those years. I can promise you he would never (a) have tabled Treasury advice and (b) have another minister table his own department’s advice. How absurd! What a hotchpotch way to run a government. You have one minister tabling another minister’s briefing notes. Then, low and behold, the minister for health said that this is the Treasury modelling on the alcopops tax. I thought in good faith that was actually what she was tabling. The interesting thing is that it was dated 14 May, more than two weeks after the tax was introduced. It was not a modelling on the initiative; it was post ipso facto—after the event. Of course you can see the government’s strategy. ‘We’ve got a problem on this alcopops tax,’ says the minister for health, and the Treasurer says: ‘I will get Treasury to whip up a minute. We can parade it as modelling. That will be the solution. We will con the public. We will con the parliament. We will just table this in a triumphant way and claim that this is authoritative.’ It is not authoritative, but in all of those Treasury words there was one sentence that I thought was quite telling: ‘The second possibility is a redirection of alcohol consumption to other products as a result of the change in price of RTDs.’

We know from experience that you cannot take this government seriously when it says something. We also know that it does not take Treasury advice all the time. But, even though the Treasury advice was written weeks after the introduction of the alcopop tax, what do we discover? We discover that Treasury has a qualification in there that says: ‘There are two possibilities. The second possibility is that there is a 50 per cent chance that there will be a redirection of alcohol consumption to other products as a result of the change in price of RTDs.’ I ask whether that fits in neatly with the submission from the Australian Institute of Health and Welfare to the Senate Standing Committee on Community Affairs, which said:

... the increased availability of RTDs does not appear to have directly contributed to an increase in risky alcohol consumption ... Doesn’t that sit neatly with the Nielsen ScanTrack survey of liquor retailers, which said that sales of 700-millilitre bottles of spirits rose by 21 per cent and sales of hip flasks of spirits rose by 20 per cent after the introduction of the alcopops tax? Instead of delivering a health measure, the government...
has simply shifted teenagers away from alcopops containing one standard drink per
370-millilitre can to pour-your-own spirits, where they could be doing themselves three
or four standard drinks in the same volume of soft drink. The Prime Minister may well
have delivered a shot in the arm to Treasury by applying a new tax to alcopops, but the
health of Australian children will suffer di-
rectly as a result of this flawed initiative.

Why am I raising it in the debate on this
bill? Because the government has not intro-
duced the legislation to support their alco-
pops tax initiative. We are waiting. We have
flagged that we will oppose it and we are
waiting for the initiative. Even though the
tax is being collected, it has not introduced
it. I will place on record in Hansard a warn-
ing to the government that, if we succeed in
blocking this flawed tax-raising initiative in
the Senate, it will have a problem on its
hands with the accrued proceeds in the same
way that the previous government had a
problem on its hands when the then opposi-
tion blocked some changes to beer excise.

The most significant initiative in health
we have seen so far from the new govern-
ment has seen Australians switch from alco-
pops to free-pour spirits. The coalition stand
for healthy children, we stand for choices in
health care, we stand for a vibrant public and
private healthcare system delivering quality
health care for all, we support private health
insurance, and we support amendment bills
that make regulation of the private health
insurance system fairer, which this bill does.
Therefore, we are supporting this bill.

Mr BIDGOOD (Dawson) (7.25 pm)—
The Private Health Insurance Legislation
Amendment Bill 2008, which I support, con-
tains measures that will amend the Australian
Securities and Investments Commission Act
1984 and the Private Health Insurance Act
2007. The proposed legislation will remove
the requirement for dual regulation, which
will come into effect from 1 July 2008, of
health related business conducted through
health benefit funds by the Private Health
Insurance Administration Council and the
Australian Prudential Regulation Authority.
This bill is primarily about cutting red tape
and allowing innovation, while ensuring the
industry continues to be appropriately regu-
lated. By insisting on appropriate regulation
by the Private Health Insurance Administra-
tion Council and on the delivery of the sen-
sible measures contained in this bill, the
government is showing that it is working
with the industry and for consumers. Dual
regulation is not advantageous to the indus-
try. The industry does not want dual regula-
tion and government does not want it either.
Ensuring that the Private Health Insurance
Administration Council remains the sole
regulator of health related business operated
through a health benefit fund is in every-
body’s best interest.

Under the act as it stands, the Private
Health Insurance Administration Council is
the sole regulator, but only until 1 July 2008.
After that, health related business conducted
through health benefit funds will be subject
to dual regulation, which we see as being
unnecessary. This legislation will continue
the practice as it stands right now by extend-
ing the temporary situation to a permanent
one and it will ensure that the Private Health
Insurance Administration Council remains
the sole regulator for health related business.
This bill also stipulates that, by 1 January
2010, those four of the 38 health insurers that
are registered bodies and not companies as
defined by the Corporations Act must be-
come companies under the Corporations Act.
This is important for regulation, as the Pri-
vate Health Insurance Administration Coun-
cil could have difficulty regulating entities that are registered bodies because registered bodies need only meet limited standards for directors’ duties. This measure will boost accountability standards and governance requirements for all existing and potential new health funds. This is a big win for consumers and for accountability. The four funds that are required to become companies have been informed and specifically consulted about the requirements of the bill. The bill proposes certain stamp duty exemptions for private health insurers seeking to become registered companies pursuant to the Corporations Act.

Health related business includes goods and services to manage or prevent diseases, injuries or conditions that are not health insurance business. Importantly, it is a product for people who are not eligible for Medicare to cover health services provided for in Australia. The bill also clarifies that health insurers may offer premium discounts to corporate employee groups without offending the community rating provision. An expansion of people taking on targeted corporate rates is a win for both insurers and the insured. This provides clarity to the industry and consumers and encourages more people to take on each attractive corporate discount, potentially saving customers hundreds of dollars a year and increasing membership numbers for funds.

To conclude, this bill eases the administrative burden of double regulation, this bill provides clarity and, best of all, this bill continues the provision of having a single regulator. The bill allows insurers to conduct pilot projects of cover for targeted groups of fund members without offending the community rating provision, encouraging innovation in the industry. These measures will be welcomed by a great many people in my electorate including, but not limited to, international university students studying at the Central Queensland University at Mackay and the James Cook University in Townsville, students residing in southern Townsville and international tourists to such places as the Whitsundays. This is good news also to overseas residents living and working in my electorate, not covered by Medicare and having health insurance. I commend the bill to the House.

Mr JOHNSON (Ryan) (7.32 pm)—I am delighted and honoured to speak in the House of Representatives chamber once again and delighted to speak on the Private Health Insurance Legislation Amendment Bill 2008 because it goes to the topic of private health insurance, which is very dear to my heart and is of great interest to the constituents of Ryan, which I have the great honour of representing in the federal parliament. The bill proposes to amend the Private Health Insurance Act 2007 and related legislation to remove the dual regulation of health related businesses conducted through health benefit funds by both the Private Health Insurance Administration Council and APRA, the Australian Prudential Regulation Authority, and to require private health insurers to be companies in order to apply for registration to that council.

The constituents of Ryan would be interested in the topic of private health insurance under the new government because a very, very significant percentage of people in the Ryan electorate take up private health insurance. I want to assure them that as their local member in the Australian parliament I am going to be very strongly batting for their interests. I will certainly be ensuring that their voices are heard through my contribution to debate on bills relevant to private health insurance because, such is the take-up of private health insurance in the Ryan electorate, it is imperative that their interests are
strongly and enthusiastically represented. For the benefit of the House and the constituents of Ryan, who will be very interested in these figures, I want to inform the House that of the 94,000 people on the electoral roll in the Ryan electorate, 65,384 subscribe to private health insurance. That represents some 72 per cent of the Ryan electorate. They will have a very deep interest in how the new Rudd Labor government intends to go forward with private health insurance issues.

I say to members of the government and the new Prime Minister: please do not forget that people throughout the country who take up private health insurance do so for very significant reasons. They do so because they value their health tremendously and because they clearly want to make a contribution in a macro sense to the overall health of our country because they in a way are not a burden on the public health system. This is a very significant point that those on this side of the parliament certainly treasure and appreciate very much.

The Rudd Labor government would appear to have a philosophical problem with this idea. I certainly questioned the Rudd government’s commitment to private health insurance because of the recent history, as expressed in the budget, which has been very disappointing. I have had remarkable feedback from my electorate about their intense disappointment and their sense of having been let down. I suspect many people throughout the country who might have cast their vote for the Labor government would have private health insurance and they would be deeply disappointed.

One of the fundamental pillars of the party that I am a member of—the Liberal Party—is our deep faith in the freedom of individuals to choose. An aspect of that, in this context, is their choice either to subscribe to private health insurance or not to. We on this side of the chamber cannot see how that issue causes philosophical problems or consternation for the Labor government. It is a very simple proposition: people ought to have the right to choose how they go about their daily life; whether they do not want to send their kids to private schools or to public schools; whether or not they want to take out private health insurance—and they should not be punished for doing so.

I believe that if individuals and families are in a position to choose private health insurance then good on them. In a way, they are making a contribution to the overall health structure of this country and the overall health profile of our nation. Quite simply, they are easing the pressure on our public hospital system, giving those who may not be in a financial position to do so an opportunity to be at the front of the queue for public hospital care. Indeed, it is a very long queue in the state I come from, Queensland. I know that any of my fellow Queenslanders who might be listening to this debate would be all too aware of the very long queue in Queensland. Those who cannot afford private health insurance will be standing in that very long queue or, if they are very ill, they are probably sitting at home waiting desperately for a phone call that will tell them they are able to go into one of the various hospitals in Brisbane to get the care that they desperately need from the tremendously professional health providers and health experts.

I say to the new minister at the table: if I recollect accurately the member for Gorton and I came into the parliament at the same time in 2001. It is remarkable how times have moved for us both. I came in as a member of the government of the day and the member for Gorton came into a party that was in opposition. Just touching on the fact that the Australian people voted for a new government in November last year, as I said
in a presentation to the parliament just recently, I have a great respect for the democratic process and I respect the judgement of the Australian people. They decided that there should be a new government, a new Prime Minister and new members of the executive. While of course I regret very much their decision, overall they are putting their faith in the new government.

Many of those people who would have voted for a Labor government, I suspect, would be subscribers to private health insurance. In my case, as the member for Ryan, I want to take this opportunity to thank the people of Ryan who re-endorsed me as their local representative. I certainly know that Australians in Brisbane and across the country that may have voted for the new government would have taken out health insurance and, I suspect, they will be quite troubled that this government seems to be embarking on a course of action and a direction that is inimical to the interests of their health management. I want to make it very clear to the people I represent that certainly they will not be forgotten. I suspect that many working families of Australia and of Ryan that the Prime Minister and the government are very fond of claiming as their own would be tremendously disappointed that the government’s attitude towards private health insurance is as it is.

The Labor Party have stated in the past that they would keep the Medicare levy surcharge, yet we all know now in light of the budget that the threshold was lifted for so many Australians. I think that is intensely disappointing. Ryan is a very young electorate and many younger professional people who would have payment of their insurance premiums at the top of their list of priorities will, in effect, be forced to put private health insurance premiums at a lower priority without federal support.

For completeness of information for the people of Ryan who might be listening to this debate, people earning over $50,000 had to either pay an additional one per cent Medicare levy surcharge or take out private health insurance. If they took out their private health insurance, the government would give them an average of 32 per cent rebate to make private health insurance more affordable. Unfortunately, the thresholds for paying the Medicare surcharge have now been altered. The Rudd government is raising the Medicare levy surcharge thresholds for singles from $50,000 to $100,000, and for families from $100,000 to $150,000. As I keep revisiting this point and restating it, most regrettably this policy will have a dramatic impact upon the working families of Ryan and many younger professional people as well will be detrimentally affected.

I note in today’s Courier Mail a story about the state government in Queensland about to deliver the first Bligh budget. The story goes to funding in the Queensland health sector. It is quite interesting that the new Treasurer in Queensland will be delivering the first Bligh budget and that they are going to focus very significantly on health. That is good: focus on and invest in health; it is about time. You have only been in government in Queensland for nearly 20 years—two decades of a Labor government and they are going to increase investment in the health system in Queensland with some 2,000 doctors and nurses and allied professionals. What have you been doing for two decades?

Nobody from Queensland will need to be reminded of the name, Dr Patel. For those Australians who might be listening from interstate, the famous Dr Patel fell through the net in Queensland and destroyed many lives and families in Queensland with his incompetent medical skills. What that reflects is the shocking way in which the Queensland
health system was able to admit him to practise in Queensland.

I have a brother and sister who are doctors, and I take this opportunity to compliment them. My brother is one of this country’s finest young neurosurgeons, and my sister has recently graduated in medicine. My brother quite often reflects with me on the experiences that he has in his fine work. Being a neurosurgeon, there is not much that Queensland Health can do to him. He is one of those rare species of professionals that Australia and indeed Queensland are so desperate to have. There is not much they can do to him given the rarity of his skills and the professionalism he exhibits. The point I am making is that I feel for the patients in the Queensland health system because of the incompetent management of the Queensland government and the terrible stewardship of Queensland Health by the Australian Labor Party, who have run Queensland for almost two decades. I make this observation to the people of Queensland: surely enough is enough. If you have been on a waiting list for months and perhaps even years, surely enough is enough and it is time to send a very powerful message to Labor in Queensland.

In the context of private health insurance, the point I want to make is this: those who are now going to seriously reconsider their financial capacity to take out private health insurance are going to be added to the pool of people that will depend on the public health system. We are about to confront a terrible situation in this country, and particularly in Queensland.

With 10 million Australians signed up to private health insurance, the other consequence of the Rudd government’s budget and the increase in the threshold is that those who do stay in the private health regime are almost certainly going to be facing increased health insurance premiums. They are going to then be another group of people who will exit from private health insurance. The damage to the whole concept and regime of private health insurance in Australia is going to be exacerbated.

I want to briefly compare some of the seats in Brisbane in terms of the percentage of people covered by private health insurance including hospital cover. I say to the members of those electorates to be aware of these figures for 2005, which come from the Parliamentary Library. In the seat of Brisbane, an adjacent seat to Ryan, some 47 per cent of the constituents had taken out private health insurance including hospital cover. In the seat of the government speaker preceding me, the member for Dawson, 45.3 per cent of constituents were subscribers to private health insurance including hospital cover. I mention these seats because they are seats adjacent to my seat of Ryan and there is always a capacity for redistribution. Some of the constituents of either Moreton or Brisbane or Blair could well come into my electorate and vice versa, so these figures are of interest. In the seat of Moreton, 45 per cent of those constituents had private health insurance including hospital cover. These figures are not insignificant. I wonder what the figures are for the member for Gorton’s seat.

I will see if I can find those while I am on my feet. The seat of Gorton is a Labor seat held by the Minister for Employment Participation, who is at the table. I congratulate him on his appointment to the ministry—and I am sure he does his best. One-quarter of his electorate subscribed to health insurance including hospital cover. These figures are not insignificant. I wonder what the figures are for the member for Gorton’s seat. I will see if I can find those while I am on my feet. The seat of Gorton is a Labor seat held by the Minister for Employment Participation, who is at the table. I congratulate him on his appointment to the ministry—and I am sure he does his best. One-quarter of his electorate subscribed to health insurance including hospital cover. I wonder how many of that 25 per cent will exit the private health insurance regime. Those figures are from 2005. I suspect that that one-quarter of that electorate would not exactly hold the new
In conclusion, this bill is really a technical bill. It goes to the regulation of private health insurance in the context of registration for the Private Health Insurance Administration Council. What is of deep interest to me is the theme of private health insurance that is encapsulated in the bill. I reassure the people of Ryan that I represent that I will continue to speak very strongly on their behalf because I know that private health insurance is of deep and abiding interest to them. I thank them for taking out private health insurance because in a sense they are also making a contribution to the wider and larger picture of giving Australians who might not be in such a strong financial position themselves—

(Time expired)

Mr LAMING (Bowman) (7.52 pm)—This is very much like being hit around the head with wet lettuce. We have had a six-minute contribution from the other side on the Private Health Insurance Legislation Amendment Bill 2008, we have had very little opportunity to examine the problems facing private health insurance at the moment and, quite simply, we have the architecture of Australia’s health system being systematically dismantled. I am not about to say that the components of this legislation are necessarily controversial. Of course, some common-sense approaches to the way we regulate health related business in this country is sensible, and the moves within this bill to bring that under PHIAC and away from APRA is supported by this side of the House. But it is a shame that in this rush to get through a score of different pieces of legislation we have not even had a coherent discussion on how we see our blended Australian health system surviving into the next decade. We have not had any sort of discussion short of that usual blame shifting across the chamber, predominantly with the Labor government finding fault with the fact that there were not huge amounts of federal funding made available to state hospitals and therein lay with the former federal government the chief blame for everything that goes on within our state hospital systems. Memo to the government: the debate can continue to spiral to the bottom, and we can talk about nothing else but how bad each other is, or we can look at who is running what and how well they are doing.

It is a shame that on a day like today, when we consider this legislation, we have in my own home state material coming in to leading metro media talking about the difficulties that the Queensland government are facing in health provision. I know my neighbour, the member for Bonner, has already railed about cuts to the funding that ran through the Commonwealth-state health agreement, and I respect the point of view of people on the other side that the indexation of those payments was not as high as in the previous agreement. Under that agreement they were raised significantly to make up for the one before that which, under the previous Labor government, was far lower. So, while there was a significant catch-up in the third health agreement, there was simply restitution to the normal rate of health payment increase in the fourth health agreement, and that has continued to be used as the excuse for saying that money had been ripped out of public health by the federal government.

Whoever wants to blame whomever, what really matters is how well the money is being used. The very problem in Queensland is that we have articles on days like today just like the one in today’s Courier Mail that begins: QUEENSLAND Health may be scrambling to recruit doctors but the embattled department is not short on the spin variety.

CHAMBER
Figures reveal health has ramped up its army of media and public relations specialists and now employs more than a sixth of the Bligh Government’s—entire PR spin team of 367 public servants.

The 69 staff, who spread the gospel on the resurrection of the public system while limiting fallout from hospital bungles, represent a 40 per cent increase from the 50—staff who were being used just two years ago. This is post Dr Death. So I say to the Queensland government that it is not a matter of how much money you have; it is how well that money is used. We can continue to blame each other in this chamber, but in the end it is all about what is hitting the ground as far as rubber and traction in health service deliveries is concerned.

Premier Anna Bligh, whose department has 10 media advisers as well as five in the ministerial office, is insistent that all these people are required for informing, promoting and communicating. But it goes to the question of how well public health resources are being spent in Queensland. The answer is in the Australian. We do not have to go back far to see:

CANCER patients are waiting up to almost three times longer for life-saving treatment than they should be at some of Queensland’s biggest hospitals.

So there are benchmarks for what is clinically appropriate that are not even close to being met. The article goes on to state:

... patients are expected to wait ... 27 days despite the “maximum acceptable limit” of 10 days.

The article says that there are a significant number of patients for whom delay in starting will have a significant adverse outcome. The state health minister was unavailable, but the figures, of course, have prompted a storm. The response was:
The department said all category one patients were cleared immediately.

So what you first have to do is change your category 1 to a category that you can guarantee is served and then, of course, all your subsequent categories simply become longer and longer. This is simply robbing Peter to pay Paul. As the AMA has said in Queensland, these figures illustrate the poor planning as much as the chronic underfunding. And that is the basis for tonight’s debate. Tonight’s debate about the future of private health care is simply one of a longstanding and proud tradition in Australia of blended health provision. You can travel to any tertiary institute around the world and they will recognise just how well Australia has done. As the member for North Sydney pointed out only half an hour ago, that was built proudly on three policies, starting with the Private Health Insurance Incentive Scheme of 1997—introduced, I have to remind the House, because of constantly slipping private health levels that started back in 1975. This was a bipartisan consideration. We had private health cover potentially being extinguished within 15 years. Most would know that is not a good thing.

After the 1997 intervention, the Howard government followed up two years later in 1999 with a 30 per cent private health insurance rebate, and that replaced the means-tested subsidy for low-income earners. Then, of course, in July 2000 the final measure was Lifetime Health Cover. In disentangling which of these three policies are responsible for boosting private health cover back up to the mid-40 per cent—and, in some areas of Australia, 50 per cent—academics from the ANU suggest that it is probably the last, the Lifetime Health Cover, although it is a very difficult study to perform for obvious reasons.

The point I want to make is this: you have three policies to improve private health insurance cover in this country. You have one,
which is Lifetime Health Cover, which effectively costs the government nothing. You have a second, the 30 per cent private health insurance rebate, which obviously is an expense to government. And you have a third strategy as well, which obviously is the one we are considering in this debate—that is, changing the Medicare levy surcharge, which effectively, in its current form, is a revenue earner for government. Which of those three do you think a government would sensibly remove or tinker with if it was looking to either obtain savings or make the system work better? Sure enough, the savaging of our private health system starts, curiously, out of the three policies with the one from which the government actually receives some revenue. So here we are, trying to be economically responsible, and out goes the one of those three policies that actually has a return to government. That one was savaged first. Building on top of the ‘alcohol’ tax, we are six months into the reign of this Minister for Health and Ageing, and I think average people are right to ask this question: what is going on in health care in the federal government? Where are we heading, who is in control, who is writing this individual’s material and are we just beginning to see the reign of potentially Australia’s worst health minister in history?

That is what we have after six months—a genuine concern that not only has something as integral and complex as binge drinking had nothing done for it except this appallingly mistargeted, misguided tax but we have the systematic unravelling of private health cover that we have seen with the legislation that was debated earlier this evening. My question to this chamber is: do they know what they do? I suspect the other side of the chamber has a poor understanding of the private health insurance system—apart from writing letters of comfort to them before an election—and my fear is that they do not really know what they are doing. That would be the great fear. The great fear is that the sensible move would have been to retract this legislation, tear it up and give ordinary people an opportunity to retain their private health cover.

Do not believe me simply because I am coming from Queensland’s golden heritage of state health provision; believe a letter that has come to a Western Australian colleague of mine. It says:

Please pass on ... Jenny G has just come into the office. She is very upset about the hospital system ... but I just wanted to pass on that she is a self-funded retiree and said she is struggling to maintain her private health insurance. She was very distressed to hear about the impact/consequences of the Labor Govt’s increasing the threshold for people through the Medicare levy surcharge. This will ultimately mean for her that her health insurance premiums will increase to a level where she cannot afford it ...

This is not rocket science; this is plainly obvious. As the member for North Sydney said, probably only an hour ago, when we go to renegotiate the private health insurance premium increases for those that retain it you can expect at least a five per cent increase over and above the normal costs of health—what we call health inflation—thanks purely to the intervention of the government. This is almost like delaying the inevitable and the government has not engaged that concern whatsoever. It has been left for another day. It has been left for the negotiations with the states, where they are presumably going to attempt to pay them off in some sort of agreement that sees private health insurance further on the decline.

It was interesting reading the budget papers, because this measure, appallingly, reads as a government saving. The fact that you can tear people out of private health insurance and savage the system actually delivers
for the government a saving of $231.6 million purely from changing the threshold. So, of course, the Australian Health Insurance Association engaged an independent accounting company to see exactly how many rebate payments are required to achieve those budget estimates. They have calculated the government is going to require 613,000 rebate payers—we call them financial units; they could be couples or they could be singles. The great fear is that what Treasury did not realise when they did their analysis of this policy is that individual policyholders also include children. They include financial units, which is a terribly bureaucratic term, and those financial units will be trotting down to public hospitals seeking public provision of their care and waiting in public hospital queues.

Those numbers by AHIA’s estimates are 908,000 Australians or 9.7 per cent of the insured population. That is a very significant slice out of private health cover, and you have to go back a long time to see where we were when we had levels in the mid-30s. It effectively undoes 10 years of health policy; it effectively unravels 10 years of building the base for private health insurance for Australians who are prepared to pay their way in the health system. Of course, what is always ignored in the private health insurance debate is that, if one can look beyond the rebate of 30 per cent, it is ordinary Australians who are electing to pay the other 70 per cent. That is money the health sector would otherwise never see that is put in place for Lifetime Health Cover to cover those who elect to plan for the future and plan for those times when health expenses in the final years of life are enormously significant and beyond the ability of the average Australian to pay.

Now, in deriving the benefit costs of members who may potentially leave private health insurance due to these changes, what was necessary was to exclude from the calculations those over-65s who represent half of all hospital benefit claims. The calculation of the cost of this cohort is $484 million per annum. On the assumption that the budget papers are correct and they are chasing that $231 million saving to which I referred previously, then those extra 908,000 people have to get their health care from somewhere. The question is where? The question is: what services will they be seeking and what impact does that have on state planning? State governments we know from that shift alone will be looking for $440 million in 2008-09 just to cover that movement.

What is patently clear is that the government have not modelled any of the pullout ratios and the pullout velocities of people with insurance. They actually do not know if it is going to drop away suddenly and then flatline or if the great fear that we have in private health insurance cover will occur, which is the snowball effect, which I will come to later.

By engaging an independent company AHIA investigated the ramifications of these figures. The Treasurer has announced figures of 485,000 people who will pull out of private health cover, which we believe is around about half of the number that will. If it is the case that these financial units include children then the costs could be significantly more than are predicted. The second great challenge of course is that you do not know what the mix is of those who pull out of their insurance. Are they predominantly the young? Are they predominantly the healthy? Are they predominantly those who take the simple low-cost private health insurance option to avoid paying the surcharge, who are often referred to within the industry as Clayton’s members? Those individuals who are predominantly high-income earners may well be the most tempted to game the sys-
tem, and here we have that dreadful term in health insurance policy or insurance policy in general which is ‘adverse selection’. There is a great fear that those who do not need the health insurance make that long-term decision to pull out now. What you simply leave behind is a smaller denominator of those covered who we know are going to need more services and it raises obviously the per capita cost of providing for them.

The double whammy is that many of those who are covered and will remain so are older, have been there longer, are more fearful of Lifetime Health Cover, which of course has not been addressed, and will remain locked into the system. They are predominantly senior Australians worried about their health. They read about the state health systems every day of the week and no $100 million measure with state hospitals is going to reassure them that they will get the surgery that they need. It is these people who want a cataract operation or a hip operation who will cling to their private health cover to the last, and these are the people whom I believe this government is particularly letting down.

What we have is an unknown. We have a genuine uncertainty about how many people are going to leave private health cover. It is one thing to be proposing in this legislation streamlining and making things easier for PHIAC and freeing up APRA from the responsibility of dealing with health related business, but it raises a greater question: where is the government going on health? As I have said before, there were 12 years to come up with a health policy. There have been six months now to determine where we are heading with our provision of health services at state and federal levels. We have had six months to talk about the big vision, the end of the blame shift and the end of cost-shifting. There has been no dialogue on that so far. My genuine concern is that it may never happen. When you have a short-term, spin orientated, poll driven government, as soon as that begins to unravel, away goes long-termism. While the government had strong support in the polls, that was the opportunity to be visionary. That was the time to lay down the road map for the future and to plan for the long term. If it could not be done by the government now in this six-month period, there will be very little opportunity for them to take these tough decisions when it really starts to bite. The great concern is that that may not be so far away.

What we looked for was a vision for health care. It is not that complex. The 2020 Summit pulled together every great health thinker. What we got was mainly health narrative. What we did not get were hard, crunchy ideas for where the health system could go. I think most people who read the summary of that summit said, ‘The health section let us down.’ Very little came out of that to look at reconfiguring health in a concrete way. Sure, there were broad statements and broad brushstrokes, but where is health going to be 12 months from now? As I think we have already seen, average, everyday Australians should have plenty of concerns. If they are planning on keeping their private health cover, they should have genuine concerns. If they are looking for after-hours GP care, they should have genuine concerns. If they are looking for a way of supporting the GP centred healthcare approach, they should have genuine concerns. If they do not, I think they should read the Access Economics report that came out analysing the budget.

The AMA is oft trumpeted for supporting the alcopops tax, but that was only because there was a promise that perhaps some of the derived tax might end up with public health bodies. You do not see public health bodies out there fighting for the alcopops tax. They
are merely saying that anything that collects some revenue for public health is a good thing. That is different to support for that tax. The AMA said in the executive summary alone of its report:

The sharp increases in the thresholds for the Medicare levy rebate sends a very confused message. This is six months into government; it is not three years or six years. The AMA also says the government is ‘struggling with prosperity’. It is like there were a few years of economic sunshine after Australia’s debt had been paid off, with provisioning for the future, and then within months down went business confidence and retirees and seniors were told: ‘You missed out. The times of prosperity are gone. You derived nothing from it and now it is hard times again—tighten your belts.’ That has been the effect of this government—struggling with prosperity rather than managing it. Those are the words of the AMA. The AMA also said:

First, the Government felt that it had no option but to deliver on its election promises.

It is as if the only way through was to honour election commitments even if they now felt they were bad for the country. The AMA said:

The estimated net saving in 2008-09 is highly implausible.

It also said:

The estimates of rebate savings are “doctored”.

That is not me saying that; it is the Medical Association’s own paper prepared by Access Economics based on those policy costings. It also said:

In the past when PHI subsidies have been pared by governments, the impact has been like a rolling snowball.

‘Snowball’ is a term I said I would come back to. The fall in private health cover could well be a rolling snowball, impossible to arrest. Because of the denominator shrink, one simply sees more and more people struggling to meet those costs each year. That will be the great fear for Australians and health planners.

What we need to know here tonight is whether this government has a plan at all. Does it have a plan for health, a direction, an answer for cost-shifting, an answer for recalcitrant states, an answer for ordinary Australians who want to know that their public health system can look after them? Until that guarantee can be made, this government will be letting down Australians. Half of them relied on private health cover and that option is being taken away by the measures put forward by this government tonight.

The DEPUTY SPEAKER (Hon. BC Scott)—I took the view that the deferred division should not be proceeded with until the member speaking at 8 pm had completed his speech, and so I did not interrupt the member. The debate is adjourned and the resumption of the debate will be made an order of the day for a later hour.

HEALTH CARE (APPROPRIATION) AMENDMENT BILL 2008

Second Reading

Debate resumed.

The DEPUTY SPEAKER (Hon. BC Scott)—In accordance with standing order 133, I shall now proceed to put the question on the motion moved earlier today by the honourable member for North Sydney, on which a division was called for and deferred in accordance with the standing order.

Question put:

That the words proposed to be omitted (Mr Hockey’s amendment) stand part of the question.

The House divided. [8.17 pm]
Tuesday, 3 June 2008  HOUSE OF REPRESENTATIVES  4245

(The Deputy Speaker—Hon. BC Scott)

Ayes…………… 75
Noes……………  60
Majority………  15

AYES
Adams, D.G.H. Bevis, A.R.
Bidgood, J. Bird, S.
Bowen, C. Bradbury, D.J.
Burke, A.E. Burke, A.S.
Butler, M.C. Byrne, A.M.
Campbell, J. Champion, N.
Cheeseman, D.L. Clare, J.D.
Collins, J.M. Combet, G.
D’Ath, Y.M. Danby, M.
Debus, B. Dreyfus, M.A.
Elliot, J. Ellis, A.L.
Ellis, K. Emerson, C.A.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Garrett, P.
Georganas, S. George, J.
Gibbons, S.W. Gray, G.
Grierson, S.J. Hale, D.F.
Hall, J.G. * Hayes, C.P. *
Irwin, J. Jackson, S.M.
Kelly, M.J. Kerr, D.J.C.
Livermore, K.F. Macklin, J.L.
Marles, R.D. McClelland, R.B.
McKew, M. McMullan, R.F.
Melham, D. Murphy, J.
Neal, B.J. Neumann, S.K.
O’Connor, B.P. Owens, J.
Parke, M. Perrett, G.D.
Plibersek, T. Price, L.R.S.
Raguse, B.B. Rea, K.M.
Ripoll, B.F. Rishworth, A.L.
Roxon, N.L. Saffin, J.A.
Shorten, W.R. Sidebottom, S.
Snowdon, W.E. Sullivan, J.
Symon, M. Tanner, L.
Thomson, C. Thomson, K.J.
Trevor, C. Turnour, J.P.
Vamvakinou, M. Windsor, A.H.C.
Zappia, A.

NOES
Andrews, K.J. Bailey, F.E.
Baldwin, R.C. Billson, B.F.
Bishop, B.K. Bishop, J.J.
Broadbent, R. Ciobo, S.M.

Cobb, J.K. Costello, P.H.
Coulton, M. Downer, A.J.G.
Dutton, P.C. Farmer, P.F.
Forrest, J.A. Gash, J.
Georgiou, P. Haase, B.W.
Hartsuyker, L. Hawke, A.
Hawker, D.P.M. Hockey, J.B.
Hull, K.E. * Hunt, G.A.
Irons, S.J. Jensen, D.
Johnson, M.A. * Katter, R.C.
Keenan, M. Laming, A.
Ley, S.P. Lindsay, P.J.
Macfarlane, I.E. Marino, N.B.
Markus, L.E. May, M.A.
Mirabella, S. Morrison, S.J.
Neville, P.C. Pearce, C.J.
Pyne, C. Ramsey, R.
Randall, D.J. Robert, S.R.
Ruddock, P.M. Schultz, A.
Secker, P.D. Simpsons, L.
Slipper, P.N. Smith, A.D.H.
Somlyay, A.M. Southcott, A.J.
Stone, S.N. Truss, W.E.
Tuckey, C.W. Turnbull, M.
Vaile, M.A.I. Vale, D.S.
Washer, M.J. Wood, J.

* denotes teller

Question agreed to.
Original question agreed to.

Message from the Governor-General recommending appropriation announced.

Third Reading

Mrs ELLIOT (Richmond—Minister for Ageing) (8.23 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.

Bill read a third time.

PRIVATE HEALTH INSURANCE LEGISLATION AMENDMENT BILL 2008

Second Reading

Debate resumed.

Mrs ELLIOT (Richmond—Minister for Ageing) (8.24 pm)—The Private Health In-
The amendments will remove the requirement for dual regulation by both the Private Health Insurance Administration Council and the Australian Prudential Regulation Authority of relevant health related business such as overseas visitors cover and overseas students cover conducted within a health benefits fund. Dual regulation was to commence on 1 July 2008. However, consultations conducted with the industry and the Private Health Insurance Administration Council identified the significant cost and administrative burden that would be placed on health insurers offering this type of cover in meeting both the Private Health Insurance Administration Council and the Australian Prudential Regulation Authority prudential standards. Consequently, the bill will permanently remove dual regulation requirements to provide that relevant health related business conducted within a health benefits fund is regulated by the Private Health Insurance Administration Council alone.

The bill will also require all private health insurers to be companies within the meaning of the Corporations Act by 31 December 2009. At present, private health insurers can be registered as a company or a registered body. However, there are administrative complexities associated with this and it has been difficult for the Private Health Insurance Administration Council to regulate the industry effectively. By requiring all private health insurers to be companies under the Corporations Act, all insurers will be subject to similar accountability standards and governance requirements, thus improving equity in the regulation of the industry. Restricted access insurers are currently required to provide statements regarding their membership requirements in their constitutions. The bill will ease this administrative burden by providing that restricted access insurers may specify their membership requirements in their constitutions or operational rules, which is the preference of many restricted access insurers. Amendments will also clarify that private health insurers may offer premium discounts to corporate employee groups including contractors and other persons allowed on certain policies without offending the community rating provisions.

Lastly, the bill will provide a rule-making power to allow private health insurers to conduct pilot projects to test new models of cover on targeted groups of fund members. This will ensure that participating insurers will be well placed to offer broader health cover in their products and policies. The introduction of broader health cover by the previous government was intended, in part, as a mechanism for enhancing the role of preventative health and chronic disease management in private health insurance. The government looks forward to seeing an improved uptake of broader health cover by private health insurers as a result of this change.

Question agreed to.
Bill read a second time.

**Third Reading**

**Mrs ELLIOT** (Richmond—Minister for Ageing) (8.28 pm)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

**BUSINESS**

**Rearrangement**

**Mrs ELLIOT** (Richmond—Minister for Ageing) (8.29 pm)—by leave—I move:
That business intervening before order of the day No. 8, government business, be postponed until a later hour this day
Question agreed to.

**LAW OFFICERS LEGISLATION AMENDMENT BILL 2008**

**Second Reading**

Debate resumed from 28 May, on motion by **Mr McClelland**:
That this bill be now read a second time.

**Mr PYNE** (Sturt) (8.30 pm)—The Law Officers Legislation Amendment Bill 2008 is one of the most uncontroversial bills the House will ever deal with. It is my duty, on behalf of the shadow Attorney-General, to speak on this bill, which amends the Long Service Leave (Commonwealth Employees) Act 1976 and the Law Officers Act 1964 to provide holders of the office of the Solicitor-General with an entitlement to long service leave. It will be unsurprising to the House to find that this bill is being dealt with with some lack of controversy—and, in fact, I am surprised that it is not being dealt with in the Main Committee. Nevertheless, I am pleased to say that the opposition is happy to support the bill.

Historically, long service leave for the Solicitor-General was expressly provided for in the Law Officers Act and, to avoid conflict, the office is excluded from the operation of the long service leave act. Amendments to the Law Officers Act in 1998 altered the Solicitor-General’s terms and conditions of service to bring them into line with those of senior members of the Australian Public Service but did not make consequential amendments to the long service leave act. This bill seeks to clarify that holders of the office of the Solicitor-General appointed after 31 December 1997 are entitled to long service leave. The opposition supports the bill.

**The DEPUTY SPEAKER** (Hon. Peter Slipper)—I call the Parliamentary Secretary to the Minister for Trade.

**Mr MURPHY** (Lowe—Parliamentary Secretary to the Minister for Trade) (8.31 pm)—Thank you, Mr Acting Speaker.

**The DEPUTY SPEAKER**—‘Mr Deputy Speaker’ is the correct term. I thank you for the elevation though.

**Mr MURPHY**—Okay. I just wanted to elevate you to that very high office.

**The DEPUTY SPEAKER**—That is very kind of you.

**Mr MURPHY**—It should not be surprising for my friend and colleague the member for Sturt and shadow minister that the Law Officers Legislation Amendment Bill 2008 is being dealt with on the big stage. I need to record that it amends the Long Service Leave (Commonwealth Employees) Act 1976 and the Law Officers Act 1964 to provide holders of the office of the Solicitor-General with an entitlement to long service leave. The provision of long service leave entitlements to holders of the office of the Solicitor-General is entirely appropriate. This is particularly so when one considers the history of the work carried out by the Solicitor-General as well as the history of the Law Officers Act itself.

The role of the Solicitor-General was put to this House most eloquently in 1964 by the
then member for Werriwa, Gough Whitlam—and I note the Attorney-General is nodding. When speaking in support of the Law Officers Bill, Mr Whitlam said:

The new position will be the most significant and challenging legal post in Australia. The Solicitor-General to be appointed under this Act will have the opportunity of appearing in nearly all the constitutional cases and most of the administrative cases which will determine the rights of citizens and governments in this country. He will contribute more than any lawyer of his time to the making of the laws of the country.

Mr Whitlam’s comments about the importance of the Solicitor-General still ring true tonight. The importance of the Solicitor-General, and the need to provide appropriate remuneration and entitlements to such an esteemed office, was for many years reflected in the Law Officers Act.

Until 31 December 1997 the salary and leave entitlements for a person holding the office of Solicitor-General were the same as those for a judge of the Federal Court of Australia. Section 16A of the old Law Officers Act provided a payment to the Solicitor-General on retirement in lieu of long service leave. The Law Officers Act was amended in 1998 to vary the terms and conditions of service for the office of the Solicitor-General. The amendments were in line with the former government’s wish to break the nexus between the remuneration and entitlements of the Solicitor-General and those provided to a judge. A consequence of the 1998 amendments was that the Solicitor-General’s former entitlement to a payment in lieu of long service leave would no longer apply to that office.

I cannot vouch for the former Attorney-General who implemented these changes, so I can only hope that the withdrawal of long service leave entitlements was an unintended consequence of the 1998 amendments. That said, the former Attorney-General and the former Howard government had plenty of time to correct this anomaly. As far back as 1997 the Parliamentary Library’s Bills Digest No. 124 stated:

Whilst it is proposed that holders of the office after 31 December 1997 will receive superannuation and leave entitlements similar to those applying to senior members of the Australian Public Service, the Bill does not address these proposals in detail.

As we now know, 10 years later, the issue of leave entitlements was never addressed in detail by the previous government. We can only shake our heads and ask why such an obvious oversight was left without correction for so long. It is fair to ask why the long service leave entitlements of the present Solicitor-General, whose second term expires in a matter of months, were put at risk because of the former government’s tardiness.

The bill will insert new section 7A in the Law Officers Act to explicitly make clear that the act operates subject to the long service leave act. In turn, sections 10(3) and 10(4) of the long service leave act will be amended to enable solicitors-general to access long service leave entitlements under that act. These technical amendments are not so complex that they would have taken this long—10 years—to draft. The amendments could have been drafted in a matter of hours, not years. As has been the case in many other fields, it has been left to the new Rudd government to pick up the pieces and clean up the mess. Nowhere is this more obvious than in the provision of working entitlements. Whether it be the working entitlements of hardworking families or the working entitlements of the Solicitor-General, it seems as though the Howard government has always had an aversion to the provision of fair working entitlements.
Nonetheless, the intention tonight is clear: to ensure that the long service leave entitlements of the office of the Solicitor-General are restored. This bill does not introduce changes to the nature of the office of the Solicitor-General but merely to the terms and conditions attaching to it. These terms and conditions must be concomitant with the importance attached to the office. For that reason, long service leave entitlements must form part of any package of incentives used to attract the best quality applicants for the job.

It is true that people will have countless motivations to seek the position of Solicitor-General. These may range from the money and entitlements on offer to more altruistic purposes. Irrespective of the motivations of prospective solicitors-general, the government should do what it can to give more security to those willing to give up greater incomes in private practice. In order to recruit a new Solicitor-General of the necessary calibre, a person must be remunerated at a level commensurate with the skills and experiences necessary for the position. It is not enough to rely exclusively on the public-spirited attitude of community service found amongst many potential applicants. Given the significance of the office, and the importance to the government of receiving quality independent advice, the field of applicants should always be widened, not narrowed.

Our amendments to the Law Officers Act, and the restoration of long service leave entitlements, are not being done with a nod to the bean counters. This can be contrasted with the approach of the Howard government, where penny pinching could be seen as an implicit consideration. During debate on the Law Officers Amendment Bill 1997, the former Attorney-General concluded his second reading by stating: ... the amendments will also realise some savings to the taxpayer as a result of a reduction in benefits paid from the consolidated revenue fund. It had always been a theme of the previous government to focus on doing things on the cheap, relegating effectiveness to a secondary consideration. Justice, and the administration of justice, cannot be done on the cheap. Enforcing rights and duties is a monumental task and corners should not be cut.

Mr Pyne interjecting—

Mr MURPHY—Whether it be the entitlements of the Solicitor-General or the support of legal aid in Australia, the Howard government left behind a disgraceful legacy of cutting corners, as the member for Sturt well understands and appreciates. The Rudd government has acted quickly to reverse the trend.

Mr Pyne interjecting—

The DEPUTY SPEAKER (Hon. Peter Slipper)—The honourable member for Sturt will contain himself, within or without the chamber.

Mr MURPHY—In this bill we have addressed what could charitably be described as an oversight from the previous government. In the budget, the Attorney-General ensured that legal aid funding was not subject to budget cuts—unlike the Howard government, which slashed legal aid in its first budget. Indeed, the Rudd government has already made a substantial investment in legal aid.

Mr Robert—Mr Deputy Speaker, I rise on a point of order. It goes to relevance. Notwithstanding that this bill is to do with entitlements for one person and one person only, clearly moving on to legal aid and things associated with that has little to do with ensuring that Mr Bennett gets his long service leave.
The DEPUTY SPEAKER—I thank the member for Fadden. I know the enthusiastic approach of the member for Lowe in relation to matters relating to the law, but I would ask him to draw his contribution to the particular provisions of the bill.

Mr MURPHY—Thank you, Mr Deputy Speaker. I can assure you that what I was saying was entirely relevant and I had made some very pertinent points.

The DEPUTY SPEAKER—But your points, Member for Lowe, really also have to be relevant to the bill.

Mr MURPHY—On that note I will conclude by saying: it has only taken months, but the Rudd government has already made substantial progress in undoing much of the damage of the past 11½ years.

Mr McCLELLAND (Barton—Attorney-General) (8.40 pm)—in reply—I thank the member for Lowe and also the member for Sturt for their contributions to the debate on the Law Officers Legislation Amendment Bill 2008. The member for Sturt made a succinct but relevant submission; the member for Lowe clearly undertook extensive research if not making a slightly more controversial speech. Nonetheless, both were excellent contributions. In summary, the purpose of the bill is to provide solicitors-general—that is plural: the current and also future solicitors-general—

Mr Pyne—Mr Acting Deputy Speaker, I call the chair’s attention to the state of the House.

The DEPUTY SPEAKER (Hon. Peter Slipper)—I call to the attention of the honourable member for Sturt that the correct means under standing orders of addressing the occupant of the chair is ‘Mr Deputy Speaker’ and not ‘Mr Acting Deputy Speaker’.

(Quorum formed)

Mr McCLELLAND—in summary, the purpose of the bill is to provide solicitors-general with an entitlement to long service leave. The amendments will remedy amendments of the Law Officers Act 1964 made in 1998 that had not taken into account the Solicitor-General’s previous long service leave entitlement. It was never intended, nor is it now, that the holder of office of Solicitor-General should not have access to long service leave.

Until 31 December 1997, the Law Officers Act provided that the salary and leave entitlements for the person holding the office of Solicitor-General were the same as for a judge of the Federal Court. By progressing with this bill, the government is giving effect to the 1998 amendments of the Law Officers Act which varied the terms and conditions of service for those holding the office of Solicitor-General after 31 December 1997. The purpose then was to make the terms and conditions of the Solicitor-General similar to those of senior members of the Australian Public Service and sever the previous connection to terms and conditions applying to federal judges.

It became clear, however, in 2003 that the 1998 amendments of the Solicitor-General’s employment conditions had not taken account of the previous entitlement to long service leave. The amendment of section 16A of the Law Officers Act had removed the entitlement to a judge’s pension and the payment in lieu of long service leave, leaving the Solicitor-General with no entitlement to long service leave. The present bill amends the Long Service Leave (Commonwealth Employees) Act 1976 and the Law Officers Act 1964 to ensure that Solicitors-General have a long service leave entitlement.

In conclusion, may I congratulate and express the parliament’s appreciation to the
current Solicitor-General, David Bennett, for the outstanding service he has given to the Commonwealth of Australia. His record of success in the High Court is absolutely outstanding and we are all grateful for the contribution he has made to the office.

Question agreed to.

Bill read a second time.

Third Reading

Mr McCLELLAND (Barton—Attorney-General) (8.47 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

FARM HOUSEHOLD SUPPORT AMENDMENT (ADDITIONAL DROUGHT ASSISTANCE MEASURES) BILL 2008

Second Reading

Debate resumed from 29 May, on motion by Mr Burke:

That this bill be now read a second time.

Mr WINDSOR (New England) (8.48 pm)—It is with pleasure that I support the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008, not because I am a supporter of drought—in fact I oppose drought quite dramatically—but because I think it is appropriate that governments of all persuasions support those people, the farming community, who are suffering from drought. It is good to see the current government in the budget papers carrying on the assistance that the previous government put in place for drought affected farmers.

As I speak, in parts of Australia, particularly the grain-growing belt of the north-west and New England, rain is falling. Hopefully it will fall in many other areas so that the need for such assistance long term will be wiped out by some degree of prosperity in the farming community. This drought has been going on for many years and there has been a degree of support from various governments—household support such as we are looking at tonight. Exceptional circumstance and business assistance has also been in place. From time to time the government has used supposedly appropriate figures for exceptional circumstance and household assistance to display that there has been an enormous amount of assistance going to the farm community. In fact, if you look back through the figures for the last six to seven years of the drought, the assistance that has been given to the building industry comes to mind particularly because of the first home owners scheme, which was set up, as you would remember, Mr Deputy Speaker, in response to the impact of the goods and services tax on the building industry. Something like $7 billion has been expended in that time in assistance to the building industry via the first home owners scheme. I think many commentators would suggest that in a lot of ways that has not helped first home owners. It has probably inflated the value of the properties and houses that have been purchased. Nonetheless, from time to time, in the media at least, arguments are produced that there has been an enormous amount of money allocated to the farm community to support it during drought.

If people refer to the actual spending that has taken place over a period of years, they will see there have been quite small sums of money—some hundreds of millions of dollars on average. To other industry groups in Australia—the car industry; the building industry, as I mentioned; the oil industry; and many other industries—there is something like $12 billion to $15 billion annually of assistance. The amount of assistance to the farming community on average over that
period has been $200 million to $300 million. That is for one of the most important industries in Australia—and I refer to the exceptional circumstance business assistance arrangements that have been put in place.

Many people, including the politicians in this place, like to refer to exceptional circumstances drought assistance as not only being business assistance. I am pleased to see the Minister for Agriculture, Fisheries and Forestry here because I think he is aware that the figures for exceptional circumstances drought assistance have on average, since the drought started, represented quite a small amount of money in total. It is some hundreds of millions of dollars annually, but compared to other industries—the car industry; the housing industry, through the first home owners scheme; the oil industry et cetera—it is a small amount of money.

What has happened in terms of the politics of drought assistance is that the exceptional circumstance household support has been bracketed in as being some sort of business support to agriculture. Technically, if you are unemployed in this country at the moment—and household support is the payment of an unemployment benefit to those who cannot work—you can apply for unemployment benefits. In the farm sector’s case, where they are not unemployed but they are not earning an income—so in that technical sense both an unemployed person and the farm sector, if they pass the criteria in relation to exceptional circumstances, are the same—they will be considered the same as the unemployed because they are not earning an income.

But some politicians tend to refer to the combination of both the household assistance—which is the unemployment benefit, Newstart—and the business assistance as being drought support. Drought support in my view is exceptional circumstances business assistance.

I have just had a message that it is raining at home as we speak. Being a practising farmer I am pleased to see it is raining at home and I am glad my wife called to tell me.

The DEPUTY SPEAKER (Hon. Peter Slipper)—I would like to congratulate the honourable member for New England but perhaps he should focus on the provisions of the bill before the chamber.

Mr WINDSOR—Yes, I am, Mr Deputy Speaker, because, if it does rain, there is less need for government support, such as household support. I am delighted to have had a call from my household because we live in a drought area.

A government member—Move to North Queensland.

Mr WINDSOR—I am not moving to North Queensland. I think it is most appropriate that, in a debate on drought, we are actually talking about rain, and the hope and promise that it gives. The mere fact that my wife has taken the time to ring expresses the attitude of many country Australians and the delight they have when rain actually falls. Mr Deputy Speaker, it gives hope for the future and I think we should all be very pleased to see it. I know that in your electorate there has been a degree of rain in recent days as well. No doubt you will be speaking about that at some future time.

I make those points in relation to drought assistance because, I think, one of the tragedies that have occurred in recent years is that a lot of farmers and their families—and I know the minister for agriculture would be aware of this—have felt that, through the treatment of the issue in the media, there has been this enormous expenditure of largesse imparted to them because of the drought. But
as I said, household support is essentially an unemployment benefit for anybody who is not earning an income. In the farmers’ case they are not earning an income but they are still working. In that sense I believe they are entitled to household support as much as any other unemployed person who is not earning an income. But if you look at the business assistance exceptional circumstances arrangements and compare them with those for other industry groups, the assistance has been quite small.

I know that the previous government tried to make a great play out of this enormous amount of money, apparently, that they were expending on agriculture. All that did in a sense was make people feel as though they were being painted into a corner for a circumstance that they had absolutely no control over. The events of the last six or seven years have been absolutely exceptional. Whether they are combined with climate change and a whole range of other things is a debate that will happen at another time. But I think it is appropriate that during these periods we do support one of the biggest industry sectors that we have in Australia because it is quite impossible for any business to put in place arrangements that will see them weather a six- or seven-year storm in their financial situation.

The business component of the exceptional circumstances drought assistance is essentially about maintaining the farm sector in a physical and financial position ready to accelerate into productive activity when the drought breaks. Climate change and some other things have clouded the issue in terms of that productive capacity. So I support the legislation and I am sure most people will.

The other issue I would like to refer to in terms of this particular legislation is the review that will take place—I have got no doubt—about drought assistance for the future. There are a number of issues out there that really do need to be taken into account. If we are going to review drought assistance, some issues to consider are: how we regard it in the future; what role it plays in terms of climate change; and who funds the various arrangements, if in fact there are to be funding arrangements put in place.

One of the things that I have called for over many years, even prior to coming into this particular place, is the need for a natural disaster fund. Looking back at the various disasters that have occurred in Australia—the Newcastle earthquake, the Wollongong mud slide, the catastrophe at Coff’s Harbour, the Darwin cyclone or more current events that have occurred around the nation—I think there have only been a couple of occurrences, when you include the cyclone that occurred on the Queensland coast last year, where the totality of disaster in Australia, and I include drought in this, has been over a billion dollars. A dollar a week from every Australian raises a billion dollars in a year. So the capacity to raise money is there, and governments have that opportunity through various levies et cetera. With reference to the Insurance Council in relation to the payouts for disasters et cetera, I think the average annually from 1974 through to the early 2000s was something like $250 million to $300 million in terms of a disaster, with the amount for the odd ones such as the Newcastle disaster obviously of much greater magnitude. But if it is averaging at $200 million, $300 million or $400 million, then in rough terms that is 20c, 30c or 40c a week for insurance against disaster.

I think drought, in very special circumstances, should be considered a natural disaster in a sense. There may be a movement at the margin in relation to people practising agriculture in marginal zones where maybe they should not be, and all those sorts of
things can be discussed in forming policy. But I think there is a real possibility of being able to combine, in a national natural disaster fund, a nonpolitical way of addressing these things when there is money in a fund. We saw many circumstances under the previous government where various areas in various states and electorates would be treated differently in terms of whether they were in exceptional circumstances or not. Whether they were being treated on a political basis or not, it was left open to that interpretation by those who wanted to take a political point or make a political point. That might be all right for those of us in this building, but it is not necessarily good for those people who are out there suffering the stress of the particular pain that they are going through. I will just leave that proposition at this point as something to be considered, in terms of a fund that is available, not coming and going with the electoral cycle and reflecting where the drought is and the marginality of the seats at that particular time.

The minister for agriculture has heard me say some of these things before, but I think I will replay the record in a sense as it applies to drought. In any review of drought policy, and if we have some regard for climate change, we are really going to have to develop a policy mix that encourages a more productive technology in terms of soil health and moisture infiltration. There are a number of techniques out there. In the farm sector, for instance, no-till technology has revolutionised agriculture and has been the biggest adaptation to climate change that I have seen in my lifetime. What it essentially means, Mr Deputy Speaker Slipper, as I am sure you are well aware, in our better soils—our black soils of the Darling Downs, the Liverpool Plains, Emerald and those areas in Queensland—is essentially six to eight inches or 150 to 200 millimetres more rain or moisture available to the cropping system than would have happened under traditional agricultural practices. That is an enormous adaptation to change—so much so that in the lower part of my electorate this year, still in the worst drought in living memory, there have been record sorghum crop yields based on that sort of technology.

There are a few other benefits that that technology has, not the least of which is to do with the so-called carbon debate and the emissions-trading arrangements that we are looking to in the future. I think it relates to drought policy quite specifically. There are also holistic grazing techniques that are adapting our landscape to drought in a far more favourable way than some of the more traditional techniques of the past. And those sorts of techniques are also having an influence on carbon, or humus and organic matter build-up, in our soils because there is a non-disturbance of the mulch or previous crop residue on top of the soil. In some of the grazing systems there is a range of options that are actually encouraging the development of humus and organic matter. As I am sure you are aware, Mr Deputy Speaker, humus and organic matter in a soil are carbon. That is how soils are grown, that is the existence of carbon. There are many potential technologies out there. There are perennial grasses, some of which could be involved in the cellulosic ethanol area, for instance, and that could have a positive impact not only on soil health, the capacity for moisture infiltration of the soil and drought preparedness, but also on the build-up of soil carbon. I know the minister of agriculture is aware that there are some measurement problems with this, but it could have a positive impact on this holistic approach to trying to rein in carbon dioxide.

I mention that in particular because it might be climate change to some people, it
might be carbon to others and it might be emissions trading to some others, but in terms of agriculture it could be drought proofing some of our landscape. I encourage the government to have a very close look at that—and I know there is money in the budget—particularly in terms of some of the soil carbon measurements that are out there. I have an interest in soil health. I have a block of land that has been operating under the no-till system for 31 years—probably one of the longest in Australia—and the microbial and earthworm microclimate in that particular block of land is something to behold, as obviously are the yields that have been coming off it over that period of time. I have not measured the carbon, but others have.

If we are serious about drought policy, climate change and all the interactive factors, whether it be feeding the starving millions or feeding ourselves, we really have to start to measure some of the soil carbon issues that are out there. We should not appoint someone to go and do it but get out there at the cutting edge now, Minister, where real people are actually doing it. There are real people in Western Australia, in Emerald, in Warren and on the Liverpool Plains who are actually measuring these things that are happening in their soils now under new techniques, not old techniques. They need government to go there and prove them wrong. If they are snake oil salesmen, let us prove them wrong. But do not set up another department to spend the next 10 years proving what these people are doing on the ground now. It is a critical issue and it relates very specifically to drought policy as it does to climate change, and the two in my view are very much related.

Mr John Cobb (Calare) (9.08 pm)—I rise to speak on the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008. The coalition supports the bill and we recognise the fact that last September it was supported by the then opposition, the now government, and we appreciate the fact that the bill comes before the House obviously with their support now.

On 25 September last year the government announced the measures in this bill which were to ease the access to EC assistance, broaden the current small business support arrangements, provide enhanced exit assistance and additional community and social support, and provide support specifically for irrigators. These were announced in September of last year and this bill is to ensure that those payments that have been and are being made are done under legislative cover, and, as I have said already, I do appreciate that.

It was very much about lifting the off-farm assets to $750,000. It was very much about broadening ‘drought’ out to recognise the fact that it is not just a farm problem; it is a community problem—the smaller the community, the more the community is obviously affected by it. It also raised the amount of off-farm income that farmers or their spouses or members of their family could earn and still get the household support from $10,000 up to $20,000. It meant that any business in a designated area in a town of less than 10,000 people would qualify to apply for the provisions of the small business assistance, which in effect did not vary very much from that which farmers were able to access.

The farm household support, which I have just mentioned, had additional drought assistance measures. It did change eligibility criteria somewhat but it increased the maximum allowable income exemption and it did the same for small business. It allowed farmers to continue to receive EC if there was a legitimate reason for their being out of the country, which, from memory, was to bring it in line with the way Newstart operates. You
can get Newstart if you are overseas for the correct reasons and so, as it is a very similar thing, it was extended to exceptional circumstances recipients as well.

It also had provisions in it to help the families who had mental health problems. It is one of the very unfortunate side issues—or it is very much to the fore, I suppose. When drought goes on for as long as this one has—there have been six years of drought or six years of designated drought, and I will get to that in a minute—it has an awful effect on families and communities. The truth is we men do not seem to handle it as well as women do. The women have to bear the mental issues that men seem to be more prey to than they are. I do not know why that is but it does seem to be a fact. The women are damn tough. They have a lot to deal with. We men seem to go about our work and bury our heads and quite often not want to face the issues. Somebody in the family has to and it always seems to be the mother or the wife in the family who does that. I think that in this drought more than any other that I have seen—and I have seen a few—the mental health issues have been recognised, and I am very happy to say that the publicity about mental health as an illness rather than a freakish thing has been a very good thing for country people. It has meant that we are much more likely to talk about it and far less likely to hide it and not want to deal with it. Country people are much more exposed than their city cousins. Quite often in the city your neighbour does not know what is happening but, in the bush, the town and everybody else know the situation. If you go broke or something is wrong or your family is in trouble, everybody knows. So you are very exposed and people are very affected by that.

I remember the first time I took the then Prime Minister, John Howard, and the then Deputy Prime Minister, John Anderson, at the start of drought in October 2002 out to Cobar. It was a time when the drought was really starting to bite. In fact the Bourke and Brewarrina rural lands protection boards areas, which were the first two parts of south-eastern Australia to be declared in the drought, were declared some month or so later in November 2002. I remember even then, when it looked as bad as it did just south of Cobar where we were that day, that the Prime Minister became very aware and subsequently—I think it was probably about October 2006 when the Prime Minister came to Forbes or it might have been later than that. 2007, before this new declaration in September of last year—some friends of mine met with the Prime Minister at Forbes and explained to him the instances of suicide and everything else that was happening at that time.

They told him personally of the issues in their own family and of their neighbours. They had lost a son; they had lost a neighbour who had not been able to cope with the issues that five years of drought had brought. The Prime Minister and the Deputy Prime Minister at the time were very affected by it and they extended the mental health provisions and extended the amount of aid that was available to individuals, families and communities. That and extending drought circumstances to a community rather than just to a farmer have been two of the big differences that the longest drought of my lifetime have brought forward from the Parliament of Australia, which obviously approved that and will, I am quite certain, do that again with this bill.

While we are dealing with this bill, I need to speak about where the drought has got to now. This bill will recognise the mental health issues, the physical issues, the family issues and the national issues. The previous Treasurer, the member for Higgins, Peter
Costello, quite often mentioned the effect the drought was having on overall domestic production, particularly on exports.

In eastern Australia, as I mentioned earlier, the first two places where exceptional circumstances were declared were Bourke and Brewarrina. On 15 June—in less than two weeks—that comes to an end. While there has been some summer rain in that area there really has not been anything much since about January. While it might look better than it did 12 months ago, nobody has any money. Brewarrina has about a 55 per cent Indigenous population and is mostly a pretty happy community. The people in that community are very dependent not just on agriculture but on what agriculture does for them, be they mainstream, Indigenous or whatever. If they were to lose the interest rate subsidy and exceptional circumstances on 15 June it would be an incredibly drastic thing for them. It would set a precedent. Yes, as a government it is correct that in the past, particularly along the east coast of Australia or just inland, we did take areas out of EC from 2002, but they were areas that had not been in drought very long. Bourke and Brewarrina have been in solid drought for almost six years. They have not made money in almost six years. They have no money now. Those that may have feed now mostly have probably only 30 per cent of their stocking rate. They need to spend somewhere in the order of $40 to $90 for an ewe to get their stock back up. They need to spend in the order of $500 to $1,000 for a cow and calf. At the very least they are going to have to buy 100 cows or 1,000 ewes to make any difference. So we are talking about up to $100,000 just for 100 cows or 1,000 ewes, and that will probably not come anywhere near to bringing them up to 50 per cent of their stocking rate. As we have already talked about, it is not just about the effect on them individually but the effect on them and on the towns of Bourke, Brewarrina, Louth, Tilpa, Goodooga, Weilmoringle and all those communities that depend upon them so much.

I cannot put too strongly the fact that after six years this drought is a tragic drought in terms of production loss and in terms of the fact that not everyone has or will survive this drought. But it is also a tragic drought because it has caused loss of life, the break-up of families, the break-up of marriages and children leaving home. It has had enormous repercussions not just for those farm families but for the communities around them. As I said earlier, Bourke and Brewarrina have less than two weeks to go and they still do not know their fate. I use the word ‘fate’ not to be melodramatic but that is what it is. They need the interest rate subsidy to carry them forward.

I mention also that most of Queensland, most of the rest of New South Wales and every region in my electorate is under exceptional circumstances. I am quite sure that the rest of the western division, most of western New South Wales, still is. I am sure that the member next to me at the table, the member for Murray, whose electorate will also come up in September, I think, would see this as just as big an issue as I do. I am sure that most of her region will still qualify in the south of the state simply on the physical side of it.

What we are talking about here is the ability of a farmer, a family or a community to get out the other side of this drought. Even if they have had rain they are still destitute. The communities are struggling. When I became the member for what was then the electorate of Parkes, which in land region is not much different, I did not think many more people could leave the region. Agriculture, which is the main employer apart from min-
had got so efficient that it could not really lose many more people. In actual fact the drought has changed that. People just had to struggle on—a man, a wife, a single person or whatever. Their children could not afford to stay with them. Mostly they had to go and seek work. Thank heaven for the mines being around so that sometimes they did not have to go too far to do that. It is one hell of an issue. You talk to the agents, particularly in the west of New South Wales, and they will tell you that exceptional circumstances is keeping—and I repeat keeping—a lot of that community together, particularly out west. As we come further east you then strike the issue of the cost of farming.

As we speak, people are waiting, hoping that after the great summer start we had it will rain again. I am sure that in my region well over half the crop has not gone in and, in relation to that that has, people are looking anxiously skyward. When super reaches $1,400 or $1,500 a tonne, when diesel reaches the $1.92 a litre I paid last week in my electorate, no longer do bulk buyers such as farmers really get a discount for diesel. It just does not happen. What we see at the bowser is pretty much what they have to pay too. So when farmers, let alone graziers, are paying $1.90 for diesel and $1,400 or $1,500 for super then exceptional circumstances is certainly going to give the bank a lot of confidence when it makes a decision about whether it supports putting in this year’s crop. We are fast approaching a very critical stage. Yes, a lot of the crop has gone in, but there is a heck of a lot of it that has not, and that that probably needs a start.

Along with the minister, I commend the bill to the House. I appreciate the fact that his government has gone on with it. It is very necessary. But I must repeat that this drought is not at an end, and just because people have a bit of feed it does not mean they have any money and it does not mean that they or their communities can survive. The interest rate subsidy is probably all that stands between a lot of them not being there next year.

Mr TURNOUR (Leichhardt) (9.24 pm)—It is great to be here tonight to support the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008. Exceptional circumstances were established under the Hawke government, and it is great to be part of a Rudd government supporting that long tradition that we have had in supporting regional and rural Australia. I was lucky enough to be born from farming stock. My parents had a property in the Northern Territory, 60 miles south of Darwin, and ran cattle and grew small crops. I currently live in Cairns and represent rural people in the Cape York Peninsula area. I have also worked extensively in western Queensland.

Having been born in the Territory and coming from tropical North Queensland—and I know the member for Kennedy would understand this—I can tell you we get a lot of rain up there and we are lucky to come from an area that does not necessarily suffer from drought. But, having come from a rural background, I do understand, having worked in the Gulf and areas around Charters Towers and, in part of my earlier career, around Moura and Emerald, that these are some of the areas that have had significant drought problems over the last five to 10 years. This bill is an important one in providing support to those farming communities.

We talk a lot in the Rudd government about working families. There are working families out in rural and regional Australia that this bill is about supporting. It extends exceptional circumstances payments to small business operators in towns or communities of fewer than 10,000 people. Exceptional
circumstances was originally established to support farming families, but there is an increasing recognition that drought not only impacts on farmers and graziers but also impacts very strongly on those communities. There are small businesses in those communities that have been suffering through this drought, and it is great to be here tonight supporting this bill that will extend exceptional circumstances payments to some of those businesses and working families out there in rural Australia who are doing it tough.

The bill also allows those businesses—farming and other small businesses—to earn more off-farm income. Allowing them to increase the amount that they can earn from $10,000 to $20,000 is effectively doubling that. When they are out in rural Australia doing it tough, working people know how to work and they want to get out there and do more to support their families. They are looking to make off-farm income and are looking to get out and make a quid to support their families. They do not like taking welfare.

Rural people do not like receiving welfare but, sadly, under the drought that we have had for an extended period of time, many people who have not previously had to get welfare have had to. It is also sad that the many small businesses that will benefit from the change that this legislation allows and brings into being—the ability for us to continue to make those payments and recognise those that have been made in the past—will be getting welfare for the first time. They want to get out there and work, so allowing them to earn not $10,000 but $20,000 allows them to also get out there and make more money to support their business.

The legislation also provides some concessions under Austudy and youth allowance for means testing. There are plenty of people out in rural and regional Australia who are actually asset rich but cash poor. When you are in drought, you might have a $1 million or $2 million property, but you are not actually making any money. Similarly, if you have a small business in town—whether it is selling groceries, running a tourism enterprise or selling farm machinery or agricultural supplies—when farmers are doing it tough, they do not come through your door and you do not make a quid.

People also may not travel to regional and rural areas because they are concerned about the drought—they have heard about the drought and there is not the incentive to get out there and travel as much. So there are people in all sorts of businesses who, while they may not be working directly as farmers or graziers, will benefit from this because they have previously had income and they may have significant assets but they do not have any cash.

We want to ensure that young people who want to get an education do not have barriers put up. This legislation will allow concessions to be provided in the means testing components so that they can access Austudy and youth allowance. It will also allow those new people with exceptional circumstances to get healthcare cards as well. So it is a tremendous bill in terms of supporting people in rural Australia who are doing it tough. Coming from rural and regional Australia and working there all of my life, I do understand that there are people out there doing it tough.

The history of this long drought has been a very long one, and it was great to hear the member for New England speak tonight about some rain. The drought seems to be an act of God. For those listening to the broadcast tonight, the lights have just gone out in Parliament House, so we are standing here in the semidarkness. But I will continue.
A government member—It’s mood lighting!

Mr TURNOUR—It is mood lighting; that is correct! This has been a very long drought, and there are still 84 areas declared as under exceptional circumstances. Twenty-seven of these have been in continuous declaration for longer than six years.

When I look at maps of the different states in Australia I can see very large areas of Australia that are still declared as under exceptional circumstances. I recognise, as the member for New England has said tonight, that there has been rain falling across the country in places that have not seen it for a long time. The rain in south-east Queensland was great, and dams there have risen to around 40 per cent—that is great news. (Quorum formed) With the lights in the chamber down, I was going to go on and talk about climate change because I think it is a very apt time to talk about it, particularly in terms of talking about drought.

I made the point that there are 84 areas declared as under exceptional circumstances in Australia and 27 of them have been declared for longer than six years. There is no doubt that this drought has been longer and more devastating than many droughts in the past, if not ever. There can be no doubt that climate change has been part of the impact that has brought on this drought. The Australian government’s Bureau of Meteorology statement on its website entitled ‘Long and short-term rainfall deficiencies persist’ says:

The combination of record heat and widespread drought during the past five to ten years over large parts of southern and eastern Australia is without historical precedent and is, at least partly, a result of climate change.

The Bureau of Meteorology is in agreement that climate change has been a major cause of this drought, if not a significant reason that farmers and rural businesses out there are doing it tough. Therefore, it is very important that, although I rise to support this bill tonight and provide support for farmers and small businesses out there in rural Australia, working families doing it tough, we have another look at drought policy. I was pleased that the Minister for Agriculture, Fisheries and Forestry earlier this year announced that the government will be undertaking a comprehensive review of drought policy.

The climate is changing not only in Australia but around the world, and drought is all about the fact that we are not getting enough rain in large parts of Australia. It is extremely important to have another look at the drought policy going forward to make sure that it is providing the support that is needed to rural and regional Australia. I heard the contribution from the member for New England, and I have seen him back in the chamber today talking about zero-till farming and the changes in farming practices that we have seen over the last 10 to 20 years. I support his comments in relation to the need to get more information, more research and more data. There are people out there doing good work in this area in looking at how much carbon is being stored in soils and making sure that is something we can look at in the years ahead as part of any trading scheme. That is certainly something that I have looked to support and to make sure we are getting the right information into the system in relation to, because climate change is real. It is happening.

I know there are some members opposite who are still sceptical about that, but it has been a major reason that we have had an extended period of drought. It is very important that we as the government not only support farmers and small businesses in rural and regional Australia but actually take action to ensure that we are tackling climate change.
and providing farmers with the support to manage and deal with it into the future, I commend this bill to the House. I strongly support it. Coming from a farming and a rural background, I understand how hard people are doing it out there, how tough it is for working families out in regional Australia. I am proud to be part of the Rudd government that continues the tradition of Labor governments supporting rural and regional Australia.

Ms LEY (Farrer) (9.36 pm)—I am pleased to speak to the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008. The member for Calare, the member for New England and others have talked about the measures contained in the bill and the fact that they reflect a decision made by the previous government on 25 September last year to provide an additional $740 million in drought assistance measures. We were very pleased at that stage that, without this legislation actually passing through the House, we could go ahead and changes could take place in our communities and further drought relief could be provided. As the member for Calare put it, it really did take drought relief a step further to an understanding that it does affect not just farmers and agriculturally dependent small businesses but all of the small businesses in a small town. They were able to be provided with relief under this bill.

There were other measures that are actually not reflected in this particular piece of legislation but that were very important at the time. Families benefited from the establishment of 25 family support drought response teams. I think the Minister for Families, Housing, Community Services and Indigenous Affairs has actually announced the additional rollout of those following on from this measure today. Funding for up to 13 additional rural financial counsellors, an additional 10 Centrelink rural support officers and five social workers was also provided at the time. From my point of view, a critical aspect of the package was the grants of up to $20,000 that were made available to irrigators in the Murray-Darling Basin who faced zero water allocations.

The measures we are passing through the House now so many months later certainly remind me, as a local member in the southern Murray-Darling Basin, of the very severe effects that we were facing at the time and that we still continue to face. We find ourselves standing in this place so often talking about drought, and it never really seems to go away. My purpose is not to go over the details of this but to really make an appeal to the Minister for Agriculture, Fisheries and Forestry. He was in the chamber before listening to the earlier part of the debate, and I appreciate that. He is busy, he has a lot of things to do, so it was good that he could be here. But the member for Calare picked up on it when he said that the districts of Bourke and Brewarrina are facing the expiry of their exceptional circumstances declarations in only a couple of weeks and that they have no news about whether those declarations will continue. Although I searched in the budget, I could not find anything that showed an underlying financial commitment to further exceptional circumstances in terms of either relief payments or interest rate subsidies.

But the minister and the government have announced a review of draft policy. My heart sank, I must admit, when I heard about this because I thought, ‘Not another review; not another investigation.’ I do not think this one reports until 2009. The review will include:

- an economic assessment of drought support measures by the Productivity Commission, with terms of reference ...
I think the terms of reference are supposed to be finalised, but I have not seen them anywhere.

- an expert panel, led by an eminent Australian, to assess the social impacts of drought
- the Bureau of Meteorology and CSIRO—Of course, CSIRO has had its funding cut—
- to undertake a detailed scientific examination of likely future climate patterns and the current Exceptional Circumstances standard of a one-in-20-to-25-year-event.

So we have a review of drought policy, but we have no statements in the budget that indicate continuation of exceptional circumstances. I do appreciate that the minister has said that this review is separate from the exceptional circumstances process. Although automatically one might think there is a bit of a link, he has said there is not. But the point is that we do not need another review. Yesterday, 2 June, his media release said there is to be:

... an expert panel to examine the social impact of drought on farm families and rural communities... a seven-member panel, to be chaired by AgForce Queensland President Peter Kenny, that will visit rural communities to hear first-hand how the drought has affected families and communities.

Come on! We know how the drought has affected families and communities. Seven very good people have been put forward. One is our colleague the member for Wakefield. They will all do a fabulous job, but I have the social committee in place, I would like to tell the minister. I have the network and so do all of my rural colleagues, and we have been telling this House for a long time now about the social impacts of the drought.

I have had a note from rural financial counsellors in the Hay area of my electorate. It was not in connection with this bill; it was just in terms of keeping me up to date from time to time. I would like to read for the Hansard record what has been described by one of the financial counsellors as the social impact of the drought on the Hay district. In Hay, the occupancy rate of rental accommodation is normally 95 per cent. It is running at 80 per cent. I would attribute the significant downturn to the drought, stock numbers being so low and there is very little action on the cropping side of things. The local feed lot, which employed a hundred people just five years ago, has now three people employed. Additionally, some of the lettuce industry has shifted its operations to Warrnambool where there is a more reliable water supply. Real estate agents in the area are commenting that there is very little interest in homes and that sellers are having to drop up to 20 per cent of the value of homes to try and move them. Businesses’ running accounts are finding their levels of debt rising, with one local supermarket owed more than $200,000 in outstanding accounts. There are more and more farmers living alone during the week while their wives work in town and try to make ends meet. One farmer 40 kilometres north of Ivanhoe told me that 10 years ago there were 12 families living along the Baden Park Road and now there are only two. Another farmer near Lake Mungo told me that he can count 45 homes within 50 kilometres of his property that are now empty and that had families living in them over the last 15 years.

That is just one paragraph about one regional area of Australia. I repeat my request to the minister: please do not waste any more time studying the social impacts of the drought. We know very well what they are.

I have also had some communications on the effect on producers if exceptional circumstances help were discontinued. The local rural financial counsellors in the Hay area in the Murrumbidgee have approximately 400 producers on their books with an average debt of between $600,000 and $700,000, which has been increasing by approximately $100,000 a year. It is the counsellors’ estimate that up to 50 per cent may be forced off...
the land if the assistance available through EC were to be discontinued.

A report commissioned by the New South Wales opposition shows an increase in the number of bankruptcies in the Riverina:

The report shows there has been a 10 per cent increase in bankruptcies state-wide.

In the Riverina, several towns have also shown an increase.

Berrigan had no bankruptcies last year but eight have been recorded this year.

Yanco has jumped from zero in 2007 to six this year, Temora has increased from one to six, and Lockhart recorded four bankruptcies this year, up from one last year.

Jerilderie recorded three in 2008 after having none the year before and Wyalong had an increase of seven, up from two bankruptcies.

The state government has been challenged for failing to realise the severity and intensity of the problem, and I note that the fair trading minister, Linda Burney, says the New South Wales government is aware of the problem and is boosting the number of financial counsellors available. Well, that is not really what is required. What is required is for this government—and this agriculture minister to persuade his cabinet, if that is what it takes—to continue the exceptional circumstances help that has kept our farming families and our rural communities afloat. I know it has been a long time and I know it has been a drain on taxpayer dollars, but it is extremely necessary because we cannot face a situation where up to half of the people receiving exceptional circumstances help go onto those bankruptcy lists. It is not good enough that the member for Calare has constituents who are now two weeks from the end of their EC declaration and do not know what the future holds. The National Rural Advisory Committee has the task of independently assessing these areas. I would have liked to ask the minister, had he been here: has the committee received any instructions as to changing its guidelines to assess whether areas are entitled to continue to receive EC declarations? If that is the case, that is an escape clause for the government.

I see in the budget a $14 million transition fund directed to the welfare of farmers, and that also worries me because it says that, if we are easing people out of exceptional circumstances, there may need to be a transition fund that can help manage that process. Well, of course, it is hopelessly inadequate, and we do not want to ease people out of receiving exceptional circumstances; we want to support them where they are. We want them to contribute to the food security of the world—a very popular topic at the moment and one that is extremely meaningful for farmers. I thank the House.

Mr CHEESEMAN (Corangamite) (9.46 pm)—The Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008 is important for Australian farmers, for small business operators in rural towns and for my seat of Corangamite. Whilst only a small proportion of my region has been declared to be in exceptional circumstances, it is significant that it is the sort of country Australians normally associate with drought stricken circumstances. In fact, much of the farming country in my electorate has always been particularly productive. It is a measure of climate change, and of the changing circumstances that lie ahead for our farming community, that some of the region is now in this category. This is why it is important. All farmers in the region can see change and they want to know that there is support for them. That is important for our local farmers and small business operators in the regional areas of Corangamite. This bill gives some peace of mind and improved future financial security for a very important group of Australians: the group of Austra-
lians that work so hard to put food and drink
on our tables and to help significantly with
our exports and balance of payments.

The Farm Household Support Amendment
(Additional Drought Assistance Measures)
Bill 2008 provides legal authority for changes
to drought assistance measures
which were introduced in 2007. This bill
broadens eligibility criteria to allow more
small business operators in small rural towns
affected by drought to access exceptional
circumstances relief payments. In this bill,
we are also increasing the maximum allow-
able exempt off-farm non-business income
for exceptional circumstances receipt pay-
ment income test. As well, the bill aligns
payment more closely with mainstream wel-
fare programs. It does this, for example, by
removing the eligibility requirement that
recipients be in Australia in order to receive
the payment, aligning it to that which applies
to recipients of Newstart allowance. This bill
also seeks to amend the Social Security Act
1991 to make sure the new category of small
business operators, as well as newly eligible
farmers, will be able to access concessions
under the youth allowance and Austudy
means tests and to have access to the health-
care card.

This bill has been fully costed and budg-
eted for. Costing of these changes was
agreed to by the former government, with
our bipartisan support, as an $85 million
budget measure. I want to make one thing
clear about this bill, and I am pleased to be
able to say it: this has been a totally biparti-
san initiative, with both major parties agree-
ting to the measures and costings. I think we
are aware of how important the farming sec-
tor is. I think we are all aware that we must
make the farming industry more efficient,
but we must also support it during difficult
times. I do not think there would be one in-
dividual in this parliament who would like to
see Australia lose its food industry. I do not
think even the harshest, flat earth, laissez-
faire free marketeers on the other side of this
chamber would stand by and let Australian
farmers perish and let the industry be
shipped offshore. Well, there might be one or
two over there.

In my electorate of Corangamite, farmers
and the farming industry play a vital role.
Thousands of local people are employed in
farming and agriculture in Corangamite.
Thousands of local families depend on farm-
ing income. And our region has not been
immune to climate change. Recently, Minis-
ter Burke visited my region of Corangamite.
On that trip, we visited some dairy farms.
Despite those farms being viable farms
within the same family for many generations,
many for the first time were accessing gov-
ernment assistance. I know a number of
farmers who were very relieved just a few
weeks ago when some important rain came
at about the right time. They will soon need
more. In our neck of the woods, the rains are
not coming as frequently as they once did or
with the same intensity.

This bill will help protect this industry in
Australia and help many families who de-
pend on it. Targeted safety net income sup-
port and auxiliary benefits will help rural
families in hardship as a result of this ongo-
ing drought. Measures are focused specifi-
cally on drought affected rural and regional
communities and individuals within rural and
regional communities.

Exceptional circumstances assistance
payment remains the government’s primary
mechanism for providing support to drought
affected farmers and dependent small busi-
ness operators in rural areas. The exceptional
circumstances assistance payment is one of
the main assistance measures, providing tar-
geted safety net income support to eligible
farmers and small business operators under
the Farm Household Support Act 1992. Payments are similar to other welfare support arrangements such as Newstart allowance, although some specific eligibility criteria exist for farmers and small business operators to take into account their different circumstances.

Ancillary benefits, such as a healthcare card, are available to recipients of legislated welfare assistance payments, including those in receipt of exceptional circumstances payments. Centrelink automatically issues exceptional circumstances recipients with a healthcare card, in addition to the Austudy and youth allowance payments received by the children of recipients, which I think is a fantastic thing.

I see a couple of aspects in this detail that need some drawing out, as they are very important. Firstly, the issue of healthcare cards. My experience is that farmers are generally a hardy, self-reliant and resilient group of people. In tough times of drought and financial hardship people often go without and are sometimes tempted to run the gauntlet by not getting the healthcare they need. Sometimes they might do it by cutting back on the extras their kids need. Again, this is not an acceptable set of circumstances. A healthcare card in these circumstances can be a huge help. Medicines are often a big cost if someone gets sick and a healthcare card will certainly help with that. It is absolutely essential that farming families’ health is looked after during the hard times. It is essential that the children and dependents of farmers are not punished due to drought and the vagaries of the weather.

We have to look after kids as a priority—whether they are from the city, a regional town or a farm—and nothing is more important than a kid’s education. Providing better access to Austudy and youth allowance is often vital in ensuring farm kids get the education they need. That is a very important benefit which this bill is helping people access.

I am very pleased to speak on this bill. Certainly, it will put in place the legal mechanisms required to support the bipartisan approach taken in September last year, a bipartisan approach which I think is very commendable. It certainly builds on the commitments that the then Hawke government made back in the early nineties to provide real assistance to farming families which were being affected by drought. I commend the bill to the House.

Mr KATTER (Kennedy) (9.55 pm)—I want to pay a very fine tribute to the Minister for Agriculture, Fisheries and Forestry. When I first discussed with him the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008, he said, ‘I’m from the city.’ I said, ‘That’s not a drawback here. To come in with clean paper is probably a good thing not a bad thing.’ In every debate, the minister has been in the House. In the state house in Queensland, the minister was always in the house for his legislation. We could speak to the minister and he could get a perspective on what was going on. It has appalled me in this place that ministers do not come into the House. Rather than condemn ministers for not coming into the House, three people from this side have come over to me tonight and said, ‘Isn’t it good, Burkey being in the House?’ We commend and thank the minister for that.

Minister, a lot of people would tell you that this is the worst drought in Australian history. Reading the history of the honourable member for Maribyrnong’s electorate—he was on the AWU—and reading that very fine book about the AWU, I was surprised to find out the extent of the drought which started in 1884. With one short break, it extended all the way to 1914 and was referred
to as the ‘Federation drought’. This was nothing to do with carbon dioxide. If it was, they must have had terrible carbon dioxide problems back in the 1880s.

Our country is prone to droughts but the northern half of Australia is not. My family live at the headwaters of the Cloncurry River where they have lived for close to 120 years. Even though it is 600 kilometres from the sea, every single year that river has run. In Northern Australia, we have security of supply of water. As a person who owned a quarter of a million acres of Australia and half a million acres on another occasion, I can see that it does not reflect upon us well that we have not used this water up to date as graziers. The reasons for that are not entirely the fault of the cattlemen. For the last 15 years we have, in fact, been told by the Queensland government that we are not allowed to take any water out of these rivers. This is extraordinary legislation. You have a river that runs 400,000 megalitres a year past your doorstep at Cloncurry and six million megalitres a year at Normanton at its mouth, and you are told you are not allowed to take any water out of it!

The whole Murray-Darling system has only 20 million megalitres. The Gilbert River has nearly 10 million megalitres by itself. The Upper Burdekin has 10 million megalitres. There are something like 20 or 30 rivers in the Gulf Country and just two of them have more water than the whole Murray-Darling system. We know that those rivers are going to run every year, so all we are asking for is the right to take some of the water to put it on the ground. Let me explain that to the House.

We went into very great detail on our station property and costed it out, and there are some stations doing that now. If we could take out enough water to do 40 hectares, which was really all we needed, in a good year we would put our weaners onto the 40 hectares and fatten them, which meant a doubling of my net income—not a doubling of my gross income but a doubling of my net income. In a bad year, we would sell the weaners off to somewhere else in Australia and we would put our breeders onto those 40 hectares. It would be better if it were 60 or 100 hectares, but that is all we needed, that tiny amount of water. It may be 10 megalitres a hectare and, let us say, 100 hectares; that is 1,000 megalitres. At Cloncurry, 600 kilometres from the mouth of the Flinders River, we have 400,000 megalitres flowing past. All I wanted for my station was 1,000 megalitres. Almost all of the stations in the gulf can be drought-proofed. One of the reasons that we have not been able to do that is lack of finance. We have to go to a bank and borrow money. In our case we had to borrow money to do something like 300 or 400 kilometres of fencing. We had to put waters in. The best use of money is to put water down so cattle can drink and that area can be brought under production. Cattle can walk only five or 10 kilometres.

The honourable member for Leichhardt and the honourable member for New England mentioned carbon in the soil. I did not realise this until about four months ago. It took me many, many years to understand that Australia has only one-fifth of the carbon levels that we should have. When we have those carbon levels in the soil, we do not need anywhere near as much water. There is something like a 20 per cent retention in the ground, so the grass will grow for a fifth of the year longer. That is very important to us. Whilst we have this massive water supply in Northern Australia, it is only there for three months—hence, the necessity for dams and weirs so that we can extend the flow in the river to enable us to get at it. We can drought proof.
The very famous Freddie Tritton, one of the great pioneers of agriculture in Australia, and his son, Corby Tritton, who was right at his side even as a little kid, built such drought proofing at Richmond. We hope that the minister can come up and visit us at Richmond, where we have a project. You can see what this wonderful pioneering family have done. They have been able to go year in and year out without worrying about droughts, because the Flinders River, similarly at Richmond, runs nearly every year. It is not quite as good as at Cloncurry. They were able to put forage sorghum in the ground and they have been able to have silage to carry them through those years. Sir Graham McCamley—the greatest cattleman the country has ever seen—pioneered the Brahman breed in Australia. If we did not have pure Brahmins on our property the cattle would just die late in the year; we just could not keep them alive. That is the importance of the Brahman breed, particularly to the northern half of Australia.

We will have discussions with the minister for agriculture. We have already had discussions with the Minister for Resources and Energy about the Pentarco project. At Pentland we have a power station proposal that will have zero emissions. It is a front-end technology, but the back-end technology is very relevant to what we are talking about here. They are going to put the carbon dioxide into sugar cane and, ultimately, into ethanol. It is a very big irrigation project because we need a very large area to absorb eight million tonnes of CO2 from a power station. The minister will be interested to know that, when you put bacteria in the ground, it will take that carbon, put it into the ground and resuscitate tired ground. I presume a lot of that carbon deficiency comes from our First Australians who did firestick farming and we later Australians who did firestick mustering on our station properties. That is one of the contributing factors to the very low carbon levels in Australia. As the member for Leichhardt and the member for New England, who are better informed than I, spoke about, restoring those carbon levels makes a hell of a difference to the ability of the soil to hold onto that moisture. It will be able to hold onto that moisture for 20 per cent longer. BHP Billiton has done trials in Townsville. I would have thought the idea of just putting carbon dioxide on the ground and it being absorbed into a plant was Disneyland, but it has already been done. JCU and 15 other sites throughout the world have done it. When they released the carbon dioxide, they had 36 per cent greater production of pasture—just native, natural grasses. At sites in other parts of the world they have had up to a 44 per cent increase.

A very good friend of mine—a lady whom God had made quite handsome, I suppose—is a young mother with three children. During the last drought I asked her to tell me what it was like for her in the mid-west plains country, where I come from—the flat country in north-west Queensland, the rolling black plains. I am sure that when Banjo Paterson coined the phrase ‘the everlasting sameness of the never-ending plain’ he was at Winton, which is on the great inland plain of Queensland that stretches for 1,200 kilometres from Barcaldine—home of the Tree of Knowledge where the Labor Party was founded—all the way up to the Gulf of Carpentaria. On Monday morning, she would get up at 3.30 so that she could be ready to leave with the three kids to drive to Charters Towers—because that was the only place where she could get a job. It was nearly 400 kilometres away. She drove for four hours so that she could get to work at half past eight and have the kids in school. On Friday night she packed up and drove four hours back.
home again with the three kids. Then she worked on the station at the weekend—because it is hard to run a cattle station with only one person. Almost every job requires two people, and they could not afford to employ someone. Her husband chose to stay at home on the station. Some would criticise him for doing that. All of the neighbours worked. One of the neighbours worked in my office. His brother was out driving an old second-hand grader they had on the station, which they hired out to do a bit of work, just to stay alive. Another one of them went fell-tilling on the railways. Another one was out selling Amway. These are not people that sat on their tailbones or stood on their pride or were arrogant. They went out and did fairly humble jobs. Some people would regard selling Amway as a humble job, but they went out and did those things. They did whatever they had to do to survive. So we very much appreciate some relaxation of the income testing.

It is important for me to tell the House that Babinda is one of the very few sugar areas in Australia where there is no debt. They are all little farms. They tell you, ‘If you get big, you’ll be profitable,’ but these are only little fellas. But because they are little fellas they have to get a job, so most of them work in the mills or on haul-out bins. Most of them have union tickets. But they survive because they have the income from the wage working in the sugar mill as well as their income from the farm. When we run into hard times we need this.

Looking back on it, I came from a very wise government. The history books will be very kind to the Bjelke-Petersen government, as was the last Labor Premier. He attributed the existence of the Australian coal industry and the Australian tourism industry to his political opponent Bjelke-Petersen, which was very generous of him but also very truthful. He should have added, of course, the aluminium industry. In our wisdom as a government, we decided to set up a development bank—as the great King O’Malley did, as the great Ted Theodore did and as the great John Curtin and Ben Chifley did. All of them enhanced, developed and established a development bank, as did Premier Playford, Premier Bolte, Western Australian Premier Charles Court and Bjelke-Petersen.

The logic behind a development bank is that, if you have long-term profitability—and we do not want to prop up an industry that does not have long-term profitability—we ask the government to help us through the bad times. What happens in bad times? I use myself as an example. Whilst interest rates were running along at about 16 or 17 per cent, we had added 2½ per cent imposition because we were in the cattle industry. Then we had added another 2½ per cent because we were in an at-risk area, so that was five per cent on top of the 17, and I was up to 22. Then, because I was an at-risk farmer, I had added another three per cent to that—and then there were bank charges. And I do not profess to be a cattleman; I was a businessman who had cattle. In our second-final year on St Francis we paid 29 per cent interest. But what should happen to these people? And I do not mean people like me—I was a businessman with cattle; that is fine for me. My neighbours were people who lived 300 kilometres from the nearest town, which was Croydon, with 120 people in it. For these great pioneers who stand on the ramparts of our country, surely when the bad times come the government can loan them money.

It did not cost the government of Queensland anything. We made indecent profits out of the state bank, which was called the QIDC. I was the primary minister responsible for the QIDC, so I speak with authority. We took $200 million out of an ag bank ac-
count, as it was called, and turned that into a bank. It was sold, I am ashamed to say. The National Party government, I suppose, predictably sold the bank, though not the same government that was there in the Bjelke-Petersen days, I can assure you. The Borbidge government sold the bank for $3.5 thousand million. So we started with $200 million; we sold it for $3.5 thousand million. But when the next drought came along there was no bank there to carry us through.

Mr Deputy Speaker, you understand that, even if we only take $40 million a year in help, if that subsidises an interest rate, it enables the cattle industry to borrow $1,000 million and provide interest rates of about four per cent. In the last sugar crisis that enabled everybody to get through.

But do not think we were without our globalisers and free marketeers. The head of the bank told me as the primary minister responsible that he had to let a third of the sugar industry go. I pointed out to him that our prices were cyclical. I was getting nowhere, so I saw him the next day—I went to him; he did not come to me—and I showed him the graph. I said to him, ‘We’re going to look pretty stupid if we wipe out a third of this industry and we’re at the top of the graph next year.’ He said, ‘Oh, you don’t understand it. It’s beet sugar from Europe.’ I said, ‘Beet sugar collapsed the industry in 1898. Please, don’t tell me about the sugar industry.’ Anyway, within a week we sacked him, which made a lot of waves at the time. Eight months after that conversation took place, the price of sugar had trebled.

But I have to say in all honesty that I would not take that decision today because, whilst the cycle is still there, the cycle is low now because Brazil has ethanol, which means the long-term average price has dropped by about 30 or 40 per cent and Australia cannot live with that long-term average price. Whilst we had long-term viability a development bank would carry a long-term viable industry through that period.

What the minister has to contend with here is that he has inherited the responsibility for agriculture in this country. When they deregulated the dairy industry, I said, ‘Within 10 years this country will be a net importer of food.’ I regretted having said it because I meant 10 years metaphorically. So I went out and faced the music. I very seldom quote a figure, but I did mean a metaphorical figure. But I found out that I was wrong—it was not 10 years; it was nine years. Within nine years this country would be a net importer of food.

I happen to be a Christian believer. The gospel book tells about people who are given talents. One bloke went out and hid the talent under a rock, another bloke was worried that he would lose it and another bloke went out and did what he should with it, used it and multiplied it. We have been given great talents by the good Lord; we have been given 300 million megalitres of water a year in North Queensland. Remember that the Murray-Darling, which produces half our agriculture, only has 20 million megalitres, but we in Northern Australia have 300 million megalitres. We are using about two million megalitres of that—that is all. The great Ted Theodore came down to this place to build dams and railway lines across Northern Australia. He got no sense out of the Australian government, so he said, ‘Damn, I’ll come down here and take it over,’ which is exactly what he did—a great man of Australia and a dominant figure in Australian history.

The other problem we have is that we went and free-traded—a great idea if somebody else was doing it. You can get the OECD Agricultural Outlook document—I have the latest document from the year before last—and it shows the total support es-
timates are 49 per cent. That means that one-third of the income of all the farmers in the world that export is coming from the government via tariffs or subsidies. They get a 49 per cent tariff subsidy and we get six per cent, which is virtually nothing. Most of that was from the dairy and sugar levies. When they are removed, I suppose it will be down to about three or four per cent. We cannot possibly survive giving our competitive farmers that sort of figure.

The Americans pay $172 for their grain; Australians pay $300. They have dried distillers grain from methanol. They can produce cheap food; we cannot. (Time expired)

Dr STONE (Murray) (10.15 pm)—I rise tonight to wholeheartedly support the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008. This bill carries on the work initiated by the Howard government to provide support to Australia’s farm communities as they continue to battle the worst drought on record. I am particularly relieved to hear that the Minister for Agriculture, Fisheries and Forestry is continuing the program of support through exceptional circumstances payments for drought stressed communities. My electorate of Murray has not seen decent rains for some five years now, and an extraordinary degree of family distress and real economic contraction exists right across the electorate.

I was not convinced that this government would continue exceptional circumstances payments. This government has shown a callous disregard for the plight of rural communities. It slashed the funding for critically important programs like Landcare and for the catchment management bodies by 20 per cent and 40 per cent respectively. It cancelled funds for the Howard government’s very important environmental services program, which was designed to give farmers a way to be paid for the environmental work they did as a by-product for sustaining their farmland and producing food and fibre. That program disappeared with the announcement of this year’s Rudd budget. So I was relieved to see the budget contain ongoing support for our drought ravaged farmers through exceptional circumstances. As I say, it was touch and go.

This bill amends the Farm Household Support Act to help more small rural businesses, which are suffering a downturn because of the drought, access relief payments. This supports not only rural business but also the communities that rely on them. The bill will increase the income exemption for the exceptional circumstances relief payments income test from $10,000 to $20,000. This effectively doubles the amount of off-farm or non-business salary and wages that farmers and small business operators can earn without reducing their payment. This recognises that during this prolonged drought many farmers have had to seek some off-farm income to keep their business viable—that is, if there is local employment. The education and welfare of young rural Australians is also vital for the economic prosperity of their own regional economies and for the country as a whole. By amending the Social Security Act 1991, this bill will provide concessions under the Austudy and youth allowance means tests for newly eligible recipients of the exceptional circumstances relief payments. It will also ensure that all newly eligible recipients receive a healthcare card.

The bill will amend the eligibility criteria to extend exceptional circumstances assistance to more small business operators, as I began by saying. These small operators must be located in towns that have a population of 10,000 or less—and there are 52 of these towns in the Murray electorate alone. They of course will get assistance, provided they can demonstrate that they have had a down-
turn in income as a result of the drought. They do not have to be a farm dependent business; they can be a butcher, a baker or a hairdresser. If the town has a population of over 10,000 people then exceptional circumstances may also still be paid if businesses can demonstrate a downturn in business—but they do have to have a dependence on farm related enterprise. I commend the bill. It is a very worthwhile and humane measure which tries to support our drought ravaged farmers.

Today 2,000 people from northern Victoria, the vast majority of them dependent on exceptional circumstances assistance, left their drought ravaged farms and businesses to march on Melbourne. Why, you might ask, given the huge costs of their vehicle fuel and the time and effort involved, would they make this five- to eight-hour return journey to the steps of Parliament House in Melbourne and then turn back again up north as evening fell? They came and they protested and they begged the Brumby government to give them a chance to continue to produce food for the state and for export markets. We know there is a global food shortage bearing down upon many countries right now. Like all farm communities, these marching men and women’s food production capacity depends on their water security. In the past when drought struck, as it often does in Northern Australia and up through the Murray-Darling Basin, these farmers were secured by the Goulburn Murray Irrigation System. It is a century-old masterpiece of engineering that combines the natural waterways with thousands of kilometres of earthen channels. The system moves water from the Eildon Dam across thousands of hectares of farmland to where, finally, the irrigation system empties into the environmental flows of the Murray River. Over $2 billion worth of food annually could be, and usually was, grown out of this system—that is, when the water flowed.

Unfortunately, the Brumby state government is hell-bent on creating a permanently droughted state for the food bowl of northern Victoria. The Victorian government aims to pipe the water away, out of the Murray-Darling Basin, across the divide to Melbourne and Geelong and also to Bendigo and Ballarat. The pipes to Ballarat and Bendigo are already in place. There was a great celebration the other day about the water pouring out into Ballarat, a region of 42-inch rainfall. Of course, the water had come from an area of 15-inch rainfall. How extraordinary! The water had come out of the last dregs of Eildon Dam, which is reduced to less than 13 per cent storage. It was water that otherwise would have been piped to the farms of northern Victoria to produce dairy product, fruit, prime meat and crops for consumption. Now another even bigger pipe is to be pushed through to supply Melbourne and Geelong. Why do Melbourne and Geelong need this water out of the failing Eildon Dam from the food producers of northern Victoria? It is because the cities of Melbourne and Geelong do not recycle and do not harvest their stormwater, unlike other great cities of the world. They have been failed by generations of state governments.

To drought proof Melbourne, Geelong, Bendigo and Ballarat, a permanent artificial drought is to be created in what was the food bowl for Australia: northern Victoria. How can Premier Brumby get away with this? This advertisement that I am holding says it all. It was placed in the major Melbourne papers today to coincide with the farmers’ march. It says, ‘We the Victorian government are going to put about $1 billion into fixing up the irrigation infrastructure we own as the government in northern Victoria. We will find that a lot of water will be saved through
this process, and that water can go to Melbourne, or a big proportion of it.’ The trouble is, this claim is based on false information and, as well, the wrong values and principles.

It is claimed that there will be a modernisation of the irrigation system and over 400 billion litres—that is, 400 gigalitres of water a year—will be saved and found. The government in Victoria has claimed that 900 gigalitres are lost out of this irrigation system each year. This has been the claim all along from the Premier, but their own Department of Sustainability and Environment published a lower figure of only 650 gigalitres lost. This year, the measured losses of the Goulburn-Murray system were only 450 gigalitres. Let’s pretend we could have saved half of that with a miraculous re-engineering of the system—and no system could ever be expected to save half of the losses—and these savings were redistributed to Melbourne. That would have taken 30 per cent of all water available to irrigators to Melbourne—30 per cent of all water, which otherwise would have led to food production, being flushed down the toilets of Melbourne. This is an absolute obscenity.

We are a country that must make sure that our cities are not climate dependent when it comes to their water supplies. We must not fudge the figures and pretend that you can make new water from simply re-metering—changing from dethridge wheels to a different device. All that does is change the measurement of water from one person’s ledger to another. You cannot pretend to save an enormous amount of water for the environment by total channel control. What that does is collect up water that had once escaped to the environment and turn it into some other purpose. The only way you can really make sure you have additional water for the environment is to have on farm water use efficiency combined with something like piping and the sealing of things like earthen channels.

Unfortunately the Rudd government has decided to disappear—at least the $2 billion that the Howard government put on the table through the Murray-Darling Basin $10 billion, 10-point plan for on farm water use efficiency. That fund has disappeared. Instead, we have been given, first of all, $50 million to buy back water from people like my northern Victorian irrigators, who have the banks leaning on them saying, ‘It is sell your water, or else.’ That is not a willing seller.

We are now told that there is an extra $2 billion to $3 billion to buy more water off these drought ravaged farmers, who are so stressed they cannot say ‘no’ to their banks. Under our $10 billion, 10-point plan—the coalition’s plan—we said, ‘Yes, we will target buy-back from the overallocated systems, which are largely in New South Wales.’ That way we would have sorted out a very serious problem, in particular for their rivers and streams, created by the New South Wales government overallocating water several generations ago.

Today we have a situation where a permanent drought will be created—in terms of water security—in northern Victoria by the Victorian Labor government, which has a callous disregard for food production for this nation. It has alternatives in Melbourne with recycling, with harvesting stormwater, with a desalination plant or indeed it can look to new dams in Gippsland, which regularly suffers the ravages of flood. They have to be looked at as alternatives. Geelong has close by one of the most prolific groundwater systems in Australia. All of that is ignored because of the cheap, technologically simple task of pushing a pipeline from the failing Eildon Dam across the range to Mel-
bourne—because it can be done by the next election.

I am so concerned about the future of food production right across Australia, but particularly in northern Victoria. There is a simple solution to the dilemma we have right now. That is, improve on farm water use efficiency, with government support. We had the measures in place. I ask the Rudd government to bring back those measures. Please do that, because the future for all of us is dependent on water security and on being able to feed ourselves. It is about a fair go for all.

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (10.27 pm)—in reply—May I thank all members who contributed to the debate. I think it is important to acknowledge, as I acknowledged in my remarks on Thursday when I moved that the bill be read a second time, that the idea of the Farm Household Support Amendment (Additional Drought Assistance Measures) Bill 2008 is one that began before the change of government, and it was given bipartisan support by us when we were in opposition. The payments have already commenced being made to the people affected, but the legislative basis for those payments is yet to be made, although hopefully in a few moments we will be a little bit further along that path.

Some very serious issues were raised by the member for Calare while I was here in the chamber, and by the member for Farrer—I was outside of the chamber but managed to catch a good deal of her speech from my office. They each referred to some of the EC areas that are coming up for renewal. They are right to raise the concern about the genuine need of people to be given certainty as early as possible. That has been taken on board. In private conversations with the member for Calare I have explained to him my determination to act as quickly as possible on that.

I should inform the House that the process for all renewals and reassessment of EC areas is unchanged from what happened under the previous government. The members of the National Rural Advisory Council who make the recommendations to me are all people who were appointees of the previous government, doing the same work that was being done under the previous government. There is always a tension here, I would remind the House, between the desire to make sure that we give people certainty as early as possible and to leave the NRAC assessment to late enough in the piece so that they can make as accurate an assessment as possible. I would hate to think that we had NRAC do their surveys so early that people were then recommended to come out of exceptional circumstances assistance when, by the time the date has actually ticked over, had the assessment been made later they would have been made eligible. So there is a tension there in sorting that out, but I want to assure the House that within those parameters we are acting to give certainty to people at the earliest possible opportunity. With that in mind, I commend the bill to the House.

Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Third Reading

Mr BURKE (Watson—Minister for Agriculture, Fisheries and Forestry) (10.31 pm)—by leave—I move:

That this bill be now read a third time.

Question agreed to.
Bill read a third time.
(Quorum formed)
WHEAT EXPORT MARKETING BILL 2008

Cognate bills:

WHEAT EXPORT MARKETING (REPEAL AND CONSEQUENTIAL AMENDMENTS) BILL 2008

Second Reading
Debate resumed from 29 May, on motion by Mr Burke:

That this bill be now read a second time.

Dr NELSON (Bradfield—Leader of the Opposition) (10.34 pm)—The Liberal Party will not be opposing the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008. We will, however, move a small number of amendments in the Senate to the Wheat Export Marketing Bill 2008 which will improve the proposed system. Wheat growers have always been our first priority and focus throughout this process and in our policy making. This is not a simple issue. Among wheat growers there is a considerable diversity of opinion about the best arrangements for wheat marketing. I would like to recognise and thank the many individual growers who took the time to contact their local members and my office, in writing, by telephone and in person, to offer their views. Some will be very happy with the changes in this legislation. Others will not be supportive. We have weighed these views very carefully in arriving at what we believe is the right decision.

The Australian Wheat Board was first established in 1915 as a wartime measure to ensure equitable returns and that limited wartime shipping capacity was allotted efficiently. Similar arrangements were instituted in 1939, with powers including a marketing monopoly for both domestic and export consumption, encompassing the concept of ‘orderly marketing’. This was considered the best way of countering the market power of private grain merchants who were judged to be operating cartels and profiting through the control of storage, transport and access to market information at the expense of struggling producers. After the war, the Wheat Stabilisation Act 1948, backed by complementary state legislation, established AWB as a statutory authority and provided it with powers for ‘single desk’ export and domestic marketing.

Over the last quarter of a century wheat marketing arrangements have undergone changes. In 1984 a permit system was introduced for direct trade between producers and consumers of stockfeed wheat. In 1989 the AWB monopoly on the domestic market was removed following a royal commission into grain handling and storage and the Industries Assistance Commission review of the wheat industry. The Wheat Marketing Amendment Act 1998 transferred the former statutory AWB’s regulatory export control functions to a new agency, the Wheat Export Authority, while terminating control over AWB Ltd and its subsidiaries and transferring the ownership and control of AWB Ltd to growers.

In recent decades the Commonwealth and state governments have deregulated single desk style arrangements for sugar, rice, barley, oats, cotton, dried fruits, eggs, oilseeds, sorghum, beans, peanuts, honey, potatoes, milk and wool. However, until now the single desk for wheat exports has remained with the support of many growers who believe it has helped manage risk and provided supply chain efficiencies and marketing expertise along with strength in numbers and a sense of control. This arrangement generally enjoyed bipartisan support until recently.

In 2001 the Labor Party election campaign policy stated:
Labor is committed to leave the single desk for wheat in place, with a review in three years time.
In 2004 Labor’s election policy stated:
Labor has always been a strong supporter of the single desk and has no plans to conduct further reviews ...

Following the exposure of AWB’s operating activities through the Cole inquiry, the coalition in government acted decisively to address the situation and removed the ability of AWB International to solely sell bulk exports. The then government also agreed that the 2007-08 wheat harvest would be the final wheat harvest to be managed and marketed by AWB International. In a statement to this House on 22 May last year, then Prime Minister Howard said:
If growers are not able to establish the new entity by 1 March next year, the government will propose other marketing arrangements for wheat exports. Let me make this clear to the House. The options available would include further deregulation of the wheat export market.

The then Prime Minister also said:
If this country is at some time in the future to move away from a single desk operation, it will need in order to justify that decision to get something decent in return from the corrupted international wheat markets that have worked so heavily against the interests of Australia.

It is unfortunate that Labor has moved to end the single desk without any concurrent requirement that such changes be linked to free trade concessions for Australian wheat growers. As a consequence, Australia has now lost a significant bargaining chip and an opportunity to extract concessions from either the WTO Doha Round or other negotiations.

It is unfortunate also that Labor was not clearer about its intentions in its last-minute election policy. In that policy, Labor said:
A Rudd Labor Government will introduce major new reforms to wheat export marketing.
Labor proposes a new model for exporting wheat which retains a single desk for the control of wheat exports and at the same time increases choice for growers by allowing a number of selling options.
This led many growers to expect that Labor would retain the single desk, which, as the exposure draft bills indicated, was certainly not the case.

We respect and uphold the right of our coalition partner to have a different position from the Liberal Party on this matter. However, the Liberal Party will support the bills with amendments that will enhance their operation. They reflect our philosophical belief in individual freedom and freedom of choice.

Wheat growing is very different today from 60 years ago in the postwar environment that saw the single desk established. Modern wheat growing is far removed from the old picture of simply ploughing a paddock, planting your wheat, spraying some weeds along the way and harvesting it when and if it rained enough to do so. Modern wheat growing is characterised by practices such as ‘no till’ farming that aims to disturb the soil as little as possible and, more recently, through ‘precision agriculture’, described by the Grains Research and Development Corporation in the following terms:
Information-rich agriculture. The use of yield maps, other spatial information and input-control technologies to better match agronomy to paddock variability. The aims are to increase profit and improve environmental management.

These technologies provide detailed information about geographic location and spatial variability in soils or crops. This information can be used by growers and advisers to improve cropping decisions, crop agronomy and the efficiency of farming operations.

...some growers may use GPS only when establishing raised beds or controlled traffic systems or for sowing into the previous year’s inter-row, or just to reduce overlap when spraying or seeding. Others use yield maps to check the performance of different varieties or the impact of a pesticide. Others again are establishing paddock manage-
ment zones and using variable rate application to better match expensive inputs with potential yield.

In the same way growers have access to better information and technology when it comes to growing wheat, they also have access to better information and technology— including modern transport, storage and communication—when it comes to the marketing of wheat. The new possibilities and options presented through better information and technology, combined with the emergence of new and niche markets, make the case for change clearer. Growers now need to be able to have the choice as to how they grow and how they will market their grain.

With an end to the single desk, the export wheat business will move towards similar arrangements that apply to the domestic wheat industry, other grains and bagged and containerised wheat. They will also move towards the same deregulated system as operates for virtually every other commodity— including those that are often produced on the same farms. We believe this will bring benefits from competition, with more players giving growers a greater choice for selling their grain. This is particularly important for wheat growers in Western Australia and South Australia who are predominantly export focused and who have small or distant domestic markets. New entrants could be expected to compete, seeking out new markets, customers and the most efficient storage, handling and transport services, thereby reducing costs.

In considering our position on this issue, we carefully considered the views of the majority of stakeholder groups who either supported or did not oppose the changes. These include but are not limited to: the PGA Western Grain Growers; the South Australian Farmers Federation; Eastern Wheat Growers; the Grain Growers Association; the West Australian Grain Growers; the Grains Council of Australia, representing AgForce Queensland; the Victorian Farmers Federation; the South Australian Farmers Federation; a number of individual growers; the Australian Grain Exporters Association; the bulk handling companies, CBH, GrainCorp and ABB; and wheat marketers including Emerald Group, Southern Quality Produce Cooperative and significantly the AWB itself.

In the words of the AWB Managing Director, Gordon Davis:

... the proposed wheat export accreditation scheme provided the opportunity to introduce competition and choice with appropriate regulatory protections into wheat marketing and to lower the cost of AWB’s services to wheat growers.

Wheat growers should be comforted by the fact that key elements of the old wheat marketing arrangements will continue in the new marketplace including pools and estimated pool returns which will enable them to plan with confidence, secure finance and sell their wheat in a competitive environment.

To quote the PGA Western Grain Growers in their submission to the Senate inquiry:

Competition [is] the key to the new wheat marketing arrangements.

The change proposed under the new Wheat Marketing legislation will bring significant benefits to the grains industry of WA. For the first time in 70 years, export wheat growers will regain control of their own business decisions, and not be dictated to by a centralised marketing entity.

Yes, there are other groups and growers who are opposed to change, and we respect their views. Change is never easy, and the single desk for export wheat is the only system most growers will have ever known. Many groups and growers believe that the current system has served them well and could continue to do so. But the hard, economic and
political reality is that it will not, and my responsibility as the Leader of the Liberal Party is to tell it as it is. I again recognise and appreciate the efforts they have made to communicate their views. As I have said, we respect them, we understand them but we respectfully do not agree with a number of them.

Yet it now seems that many of those who have been very strong supporters of the single desk are acknowledging the momentum towards change and are being very constructive in making sure the new arrangements will work. To quote WAFarmers for example:

WAFarmers in accepting that changes are inevitable has taken steps to assist our members with the transition to the new marketing arrangements and has commenced negotiations with Australia’s leading independent grains manager, Emerald, to develop a specialist wheat pooling product. This action reflects WAFarmers commitment to representing the interests of Western Australian wheat growers under the new industry structure.

Under a deregulated system, new opportunities will be available from the innovation and diversification that will arise. We believe the time has come to introduce competition and choice into the wheat export market. We will seek to give all growers and stakeholders what they seek above all else, and that is clarity and certainty.

I foreshadow that the Liberal Party will be moving several amendments to the bill in the Senate. To ensure the new arrangements promote a vibrant and competitive bulk wheat export-marketing environment, individual growers must be provided with maximum flexibility and minimum red tape through unnecessary regulation. That is why we will be moving an amendment to allow individual wheat growers who wish to directly bulk export their wheat to an international purchaser to be exempt from the system. There will be growers who have already established such relationships with overseas traders.

The Labor Party has argued that such growers would probably be incorporated and thus could seek accreditation. But the issue is not incorporation. It is the accreditation. Why should an individual wheat grower wanting to directly sell his or her own wheat have to undergo extensive accreditation and reporting requirements, given that they alone are assuming risk? If we are to truly encourage those who take calculated risks, we should make an amendment for the benefit of these growers.

We will also be moving amendments relating to bulk-handling companies. In the proposed bill, bulk-handling companies will be subject to one form of regulation for the next 16 months, but then be subject to a more onerous, heavy-handed form of regulation after October 2009. Prior to October 2009, accredited exporters who are also the providers of port terminals will simply need to publish a statement on their website outlining the terms and conditions on which they will allow other accredited exporters access to their port terminal facilities. From October 2009, accredited exporters will be required to have a formal access undertaking accepted by the ACCC. The access undertaking is, for the purposes of this clause, in force as of the date the ACCC publishes its decision to accept it. Where the ACCC has not published a decision to accept an access undertaking by 1 October 2009, the accredited exporter will have its accreditation cancelled under clause 19 or, where the accredited exporter has not yet received accreditation, be refused accreditation under clause 13.

As the legislation stands, bulk-handling companies will operate entirely under their own terms for a period of 16 months in rela-
tion to port access. Why should the bulk-handling companies then be subjected to heavy-handed regulation under part IIIA of the Trade Practices Act if no problems have arisen with the system? It is estimated that the requirement for access undertakings under part IIIA of the Trade Practices Act will, from 1 October 2009, cost bulk-handling companies between $1 million and $2.5 million per year in compliance costs, effectively a tax on business which will in turn, of course, adversely impact growers. This is a significant cost that will undoubtedly be passed back to growers, with the effect of reducing grower profits. It will also lead to a disincentive for bulk-handling companies to invest in the improvement and maintenance of infrastructure.

The bulk-handling companies should be given the opportunity to prove themselves in the new bulk wheat-exporting environment. If no problems arise then there is no need to impose heavy-handed regulation upon them, and I ask the government to seriously consider the broad merit of the amendment which I foreshadow. If problems do arise, the minister must be provided with the ability to act decisively, including with the imposition of a part IIIA access undertaking. We believe the new system should be reviewed after two seasons to ensure that any changes can be implemented well before plantings begin in 2011. The review should begin by 1 January 2010 and be completed by 30 June 2010. While changes would not be able to be implemented for the 2010 season, they would be well and truly in place for 2011, providing growers with more security. I also foreshadow that we may move some minor amendments relating to the objects of the act and transport issues arising from previous legislation.

Those of us who live in capital cities must understand and never forget that, the further you go from the Opera House or the Melbourne Entertainment Centre to the regions and rural Australia, there are millions of Australians, and more than 20,000 wheat farmers, who feel at times that they live in a different kind of Australia. It is important we appreciate the resilience of our farmers, who are the best in the world. They have done it tough in recent years. In fact, they have done it bloody tough. Wheat production is expected to be up 23 per cent in the 2007-08 growing season to 13.1 million tonnes. This is still 39 per cent below the five-year average. Looking to the 2008-09 season, ABARE predicts a bumper harvest of 25.9 million tonnes. We will all keep our fingers crossed and hope that they are right.

Australian farmers also face price fluctuations, rapid increases in input costs—especially fuel, fertiliser and chemical costs, which are currently crippling. And they face unfair competition in the form of trade barriers and subsidies for their overseas competitors. Australian farmers face challenges and live a life many of us could not to provide us with food we literally could not live without. The coalition is proud to represent the majority of electorates based predominantly in rural and regional Australia. We understand that not only our economy but our values and our beliefs as a nation have been shaped largely by the labour and land intensive industries in agriculture, fishing and forestry and mining and a rural lifestyle that has given this generation a legacy that we too often take for granted.

We understand the critical importance of ensuring the viability of rural Australia for our ongoing economic prosperity, the viability of essential industries, the preservation of our heritage and down-to-earth Australian values, minimising the growing pains on our biggest cities and, arguably, our national security. We are proud of the more than $30
billion which we in government spent on specific programs that have supported regional Australia since 1996. We are also proud of the economic prosperity and stability we provided to our farmers and their communities throughout our time in government, including in the worst drought in 100 years. We are also immensely proud of the work achieved by the coalition in securing important free trade agreements and progressing WTO reforms. We will keep working to ensure Australia continues to stand up for the interests of our farmers and those in critical negotiations.

Australia’s farmers have endured fire, flood, drought, economic adversity, unfair trade barriers and Labor governments. Hard though it may be to accept change, these reforms, with some amendments to wheat marketing, will be to the overall benefit of Australia’s wheat growers. If it is good for them, it is good for Australia. I know that this will be neither universally accepted nor supported by all of Australia’s wheat growers. Change is never easy. This change is very hard and will be very hard for many wheat growers and marketers in this country. But this is all about certainty, it is about clarity and it is about a future which is vastly different from the world in which the single desk was created and which served Australia’s wheat growers and marketers for much of the 20th century. It is now time for change. We respect those who do not support it, but we do not agree with them.

Mr TRUSS (Wide Bay—Leader of the Nationals) (10.57 pm)—Single desk marketing arrangements for wheat began almost 70 years ago and have served the Australian grain industry well. Over a period of several decades, single desk marketing arrangements were put in place for many commodities by governments of all political persuasions to provide some support for farmers desperate to find a way to obtain a fair value for their production. Farms were small and did not have access to sophisticated market intelligence or any dispute settlement arrangements. The farmers were completely at the mercy of local town merchants, who often grew rich while they remained poor. The establishment of single desks put some marketing power in the hands of farmers. Industries prospered, handling facilities, rail lines and storages were built and export markets were established. Organised marketing helped to build Australian agriculture and established our international reputation as a reliable supplier of quality products.

These arrangements have never been supported by the multinational traders or the capital city academics. But those people have never laboured to produce a crop only to have it sold at prices way below its worth. Over the years, key elements of the single desk have been stripped away. There has been a separation of storage and handling functions from marketing, the domestic single desk was scrapped and other sellers have been allowed increased access to the export market, especially in bags and containers. Declining grower control and the corporatisation of the Australian Wheat Board dramatically changed the operations of the marketer, and I doubt all these changes were in the best interests of the industry.

Farmers still support the single desk. Surveys show that more than 70 per cent of wheat farmers support a single desk, and support is highest in areas where the wheat industry is most dominant. Many are resigned to the fact that this government is going to take away their single desk, but they still believe in the single desk as the best way to maximise returns for the national crop, for
them and for their country—and the facts support them. All the properly conducted reviews of the marketing arrangements, including those under the National Competition Policy, found that the single desk had delivered higher returns to growers. There are variations in the calculated size of these benefits. I have seen figures ranging from $5 to $70 a tonne, but they all show a net benefit.

In letters to wheat growers last year the then opposition leader, Kevin Rudd, wrote:

A study by Econtech of the premium attributed to the single desk indicates that on the benchmark of Australian premium white grade of wheat, the single desk captures a premium of between $15 and $30 a tonne. The total annual value to Australian growers of this premium on Australian premium white is $80 million. On all grades the average premium attributed to the single desk is $13 a tonne and the total annual value of the premium on all grades is $200 million.

So only last year the Leader of the Opposition was not only, as he said, supportive of the single desk; he was arguing with growers that it delivered substantial financial benefits to them.

It is not that farmers are satisfied with the performance of the current managers of the single desk, AWB and AWBI. AWB under its previous management let Australia and its grain growers down. The behaviour of some of the AWB staff in Iraq was unacceptable and offensive. Some of these people will now rightly face the legal consequences of their actions.

But it is not necessary to abolish the single desk because the current managers betrayed their trust. We do not abolish pensions because some people wrongly claimed or someone in Centrelink acted fraudulently. We should fix the problems of the single desk, not cast it aside when it has been good and beneficial to growers.

Let us make it absolutely clear. This bill does not create a new single desk. It is the end of the single desk. The new arrangements merely create a licensing scheme for prospective exporters. While the WEA will vet applications, the government will not be standing behind or underwriting the decisions of this government agency. In an incredible precedent the new minister has already given an export permit to Glencorp, a company which has been named as corrupt for its rorting of the oil for food program and a number of other United Nations programs.

Farmers will have no assurance that their wheat will be marketed well or that their payments will be assured. Our crop marketing will not be coordinated or managed. There will be no-one to sustain long-term contracts with our international customers, no-one to manage essential carryovers to secure the nation’s food supply and no receiver of last resort for farmers if the market were to collapse. There will be no-one committed to the interests of the Australian industry in the world markets.

In Kevin Rudd’s letter to growers he also said:

Labor’s policy is to continue to support the single desk while we are convinced that there is strong economic value in the single desk for growers and the Australian economy and it retains the support of growers and the community.

While Labor gives lip service to single desks before elections, Labor state governments have systematically dismantled every single desk marketing arrangement under their jurisdiction, usually immediately after the state election. Now it is federal Labor’s turn to dismantle the marketing arrangement that has served this nation well. Labor advocates collective bargaining for workers but battling farmers have to fend for themselves.

Those who are applauding Labor tonight are not the farmers or the country towns de-
pendent on the wheat industry who know their incomes and security are being put at risk. The winners are the multinational grain traders, some of those who buy Australian wheat, and our grain-growing competitors. Should it not ring alarm bells that the people who are most critical of the single desk are our competitors, those trying to sell against us in a seriously subsidised and distorted world market?

Australia is not a large producer of grain but, because of our small domestic market, we are a major exporter. Australian wheat growers are more dependent, more exposed to the export market than other national industries. We grow a high-quality product that can bring a premium on the world market or allow us to make sales in glut times when lower quality producers are unable to place their crop. The single desk has helped to develop and retain our crop quality and consistency. It has enabled the profits from blending to meet delivery specifications to be returned to farmers, not the marketers or the handling companies. It has ensured that available premiums are harvested for growers and not traded off in competition or to make poor-quality overseas produced wheats more saleable.

Australia needs a single desk for wheat because most of our customers are single desk buyers—Egypt, India, Pakistan, China, Japan, Iraq and effectively also dominant customer countries such as Indonesia. If we have a dozen companies seeking to sell our wheat to a single desk buyer, the buyer will choose the supplier offering the lowest price, and the lowest price will then be passed back to Australian farmers. No-one will be able to demand a premium for Australian farmers, as a competitor will simply undercut his bid. The price will spiral downward because there will always be farmers who cannot store their own crop or who urgently need a cash flow.

Growers’ returns will be lower as a result of the abolition of the single desk and the profitability of the industry will decline. Most of the world’s grain is traded by a small number of giant multinational companies. Many are privately and family owned, but they are all foreign owned. None of these corporations have ever demonstrated any primary commitment to Australia. Only the AWB had the international network, the market contacts and the volumes to be a genuine international trader in its own right. I have no confidence that any other Australian company, including the ambitious domestic grain-handling monopolies, can match the global marketers on the world stage. They are already teaming up with multinationals in relationships that will grow increasingly uneven.

GrainCorp, which has virtual monopoly control of the grain storage and handling system in New South Wales, Victoria and Queensland, including the ports, has already ditched its ties to growers and exposed itself to takeover. The world’s biggest trader, Cargill, already has a share of ownership. Cargill is the company which bought up most of Australia’s oil seed-crushing capacity and then progressively closed it down. Instead of being a significant exporter of oil seeds, Australia now imports vegetable oils from the US, South America and other countries where companies like Cargill are active. I fear for the future of Australia’s grain growers if—or is it when?—Cargill acquires ownership of the entire eastern states grain network. CBH in WA will also be a foreign acquisition prize, and I note moves from some of the state producers in Western Australia to change its structures in a way that would make it easier to be taken over. The bill being debated tonight is a significant step to-
wards the loss of Australian control over our grain industry.

Internationally, most of the critics of our single desk marketing arrangements come from the United States and Europe. Most of our major customers actually support a single desk because they have had confidence in the professionalism and reliability of their Australian suppliers. US and EU farmers acknowledge that their own marketing arrangements are a shambles. However, they enjoy the luxury of almost unlimited price support and other subsidies which make them immune to the impact of marketing decisions. The latest US farm bill, which passed just a week or two ago, boosts subsidies to $260 billion, including for wheat, and ensures that US farmers pay little price for poor marketing decisions. Australian farmers have no such support and will bear the full price of any reductions in their return that might arise from this legislation.

The Nationals have been long-term supporters of the wheat single desk. It has been a fundamental tenet of our party. The industry, through the Wheat Export Marketing Alliance, was working to put together an alternative manager of the single desk, as they were invited to do so by the previous government. The new minister was initially reluctant to meet with them and, when he finally did meet with them, he told WEMA that he would not even countenance their proposal, as the government had made a pre-election commitment to abolish the single desk. So the efforts of the growers to put together an alternative to the AWB were thwarted. They were not given an opportunity to bring this idea to fruition.

This new proposal fails to address key concerns of the industry. I am concerned that the new legislation will not ensure that returns to growers are maximised in every season. I am concerned that the premiums for quality Australian wheat will not be preserved and returned to growers. I am concerned that Australian wheat stocks cannot be managed and moved on time to port when there are many buyers and exporters. I am concerned that profits from blending will be dissipated and lost to growers. I am concerned that the industry good benefits formerly required of the single desk manager will not be able to be sustained. I am concerned that a multitude of licensed exporters will not be able to compete effectively against subsidised US and EU growers, especially the single desk buyers. I am concerned that, in the absence of a national pool, long-term contracts which Australia has had for many years and which have underpinned our industry, especially in times when there was high production, will not be able to be honoured. I am concerned that there will be no buyer of last resort and no-one to fund crop carryovers to ensure that we can be a regular supplier month in and month out.

My objective in looking at the best options for wheat marketing is to maximise the returns to growers and to our nation from our wheat crop. I want those returns to go to growers and to Australia, not to multinational grain traders. I am not convinced that this legislation will deliver on those objectives, and for that reason the Nationals will be opposing the bill.

Mr IAN MACFARLANE (Groom) (11.12 pm)—I thank the House for this opportunity to speak about something which is very close to my heart and even closer to my heritage. I look around the House tonight and I see on this side of the House—and this is not a reflection on the government side—people who spent a long time in their previous lives, and have continued that support for the industry, representing the interests of wheat growers: the member for Wide Bay, who has just spoken; the member for Calare,
who will speak shortly; the member for New England, who was on the coarse grains committee of the Grains Council of Australia with me; the member for Maranoa, who got onto this list by sheer lobbying and who represented the United Graziers Association, but, to be fair to him, represented graziers who grew wheat as well; and I could not leave off the member for O’Connor, who I do not think ever had a life in agripolitics but was the bane of every agripolitician’s life.

Tonight is an opportunity to talk about the future. I have a limited understanding of the history of the wheat industry. I did at one stage of my life grow wheat. I in fact held shares in the Australian Wheat Board. I was President of the Grains Council of Australia. I actually sold to growers the new model for the Australian Wheat Board. I sold it on the basis that Australia needed a new system to market wheat, but it was not my preferred model. My preferred model was cast by the wayside. It was a model where all grower assets were combined into one marketing and handling group that did not rely on the whim and wishes of government but actually put the power in the hands of the growers through that one thing that speaks all languages, and that is financial empowerment. That was a model that the growers turned down in 1992, and time moves on and growers’ ambitions change. What we should do tonight and tomorrow with the Wheat Export Marketing Bill 2008 and the related bill is decide what is best for the wheat growers of Australia. It is for that reason that I will not be opposing the bill and the Liberal Party will not be opposing the bill as proposed by the government. We on this side of the House do believe in freedom and individual choice. We do believe in the opportunity being provided to those who grow wheat to market their wheat in the way that they see fit. There are systems that have been in place in this country for a very long time that have assisted growers during the transition to the current era. As the Leader of the Opposition mentioned, we live in an age where satellites guide tractors to within 2½ centimetres and where market information is downloaded into the cabs. This sure as hell beats listening to the ABC all day, which was the only option I had when I was a farmer, or before that, when tractor radios did not even exist, relying on information that was sometimes a week or two weeks old to market your crop. These days, growers can access the most up-to-date information instantaneously over their mobile phones, PDAs, laptops and home computers.

This is a new beginning for the wheat growers of Australia. It is a beginning that this side of the House is looking forward to ensuring is done in a way which provides the maximum opportunity for the wheat growers of Australia. I do have to express some disappointment that the single desk was traded away in the international trade arena by the now government without the opportunity for some recompense. Where I come from, when I do business, if I give then I get. If I give something away which I hold dear and that is valuable not only to me but also to my competitors in the international marketplace then I would expect a concession. The indiscriminate haste of the now Labor government caused this opportunity to pass. I am not going to lament it but I am going to highlight it. The Liberal Party supports this bill. The wheat growers of Australia will benefit from
this bill, assuming the right amendments are put in place, and I look forward to seeing the future of the Australian wheat industry go forward from here—God willing—with rain, but also with the right marketing mechanisms.

Mr JOHN COBB (Calare) (11.18 pm)—I want to deal with one furphy straight off, and that is that all the large growers favour deregulation. That is totally untrue. The large growers are just not as frightened of deregulation as small growers, who have probably not had a lot of experience in marketing their own grain and certainly not in doing those things which bodies like the AWB, GrainCorp and others are not doing now—hedging or forward selling. I think the one thing that is beyond dispute—despite what some, including the current Minister for Agriculture, Fisheries and Forestry, claim—is that the vast majority of Australia’s wheat growers do not favour deregulation and do want a single desk for the export of their wheat from Australia’s shores. I think the most surprising feature of what the Labor Party are putting to the parliament tonight is that they are favouring, without doubt, neither farmers nor growers. It does not matter which way you put it and whether you say you are trying to protect them from various forces. Once you do this, you cannot. Once you take this step of taking away the single desk, there is no regulation and there is no protection. It is a total furphy to suggest that there is. But why would a party who purport to speak on behalf of working families, who purport to speak on behalf of the small against the big, not be favouring farmers, who are in this case the ‘small’? Why are the Labor Party favouring big business over small business? Why are they favouring corporate entities over small family farms, the hardest-working families in Australia? Why? I stop and wonder, but that is something I am yet to work out. Perhaps one day they will tell us.

Farmers recognise that perhaps the current situation is not perfect, but it does take away the necessity for them to hedge. It does take away the necessity for them to sell forward. Anyone who wonders what that means should have been in the central west of New South Wales this time last year, when people were trying to finance for the coming year. Because they were borrowing money due to the ongoing drought, of some five or six years at that stage, from banks or whoever else their particular financial entity might be, they were selling forward on a price of about $200 a tonne. Come harvest, not only did they not have a crop but the price of wheat had doubled to $400 a tonne. Your average small grower who ventured into hedging, which obviously deregulation is going to force quite a lot to do, took a bath. It certainly has put some of them out of business. Simply, their first exploration into dealing with hedging or forward selling was an absolute disaster for them. Really, the size of the operation was not the issue. The issue was that it doubled in price in the meantime. That means some of them had to buy out those contracts for upwards of $400 per tonne for wheat that they did not have and could not procure.

I am talking about eastern Australia where you have, as you do in the west, one entity with pretty much total control of the wheat-handling facilities. In the case of eastern Australia it is GrainCorp, which pretty much controls Queensland—it certainly controls New South Wales and Victoria. They have a very serious link with Cargill and, as I think we heard the Leader of the National Party say earlier, that is a potential partnership—it is actually one already—which has the abil-
ity to pretty much control the export, if not the movement, of all grain in eastern Australia. I tell you what: as a wheat grower for much of my life and possibly in the future, I would much rather have the AWB owning my soul than Cargill. I do not think I need to say too much about why that might be.

CBH is almost the only entity with any export facilities. I notice that to keep CBH happy the legislation had to be changed to include co-ops; otherwise the minister would have been in severe trouble from one of those large corporations or entities that I referred to earlier. Why in heaven’s name would the Labor Party favour big business over small and favour corporations over ordinary small working families, which they talk about day after day? Why have you given them the big A tonight?

It is not in dispute by anyone who has seriously looked at this that 75 to 80 per cent of farmers wish for a single desk to be retained. It has worked for them in the past and it gives security. It hedges for the farmer because some years you come out somewhat in front of world markets; some years you might come out slightly behind. But it takes out the troughs and the highs and it gives farmers security in marketing, security in their future. Once again, why is the Labor Party favouring big business over small, favouring corporations over the hardest-working families in Australia?

Mr CHAMPION (Wakefield) (11.25 pm)—I am pleased to be speaking in favour of the Wheat Export Marketing Bill 2008 and I think this bill delivers on a key commitment to reform and improves the exporting arrangements for Australia’s $4.7 billion wheat export industry. The most important thing this bill does is provide growers with some certainty about their future. It is important to acknowledge the background to this bill. First of all, we had many reports which cast doubt on the value of the single desk over the years. We have had a deregulated domestic market since 1989, we had the Volcker report and the Cole commission and then we had the timid half-hearted response of the previous government. All of this left wheat growers with a great deal of uncertainty, and it has been left to the new government to make a decisive response, a decisive legislative framework, to govern our wheat exports.

The farmers I have grown up with and dealt with over the years tend to run dynamic, competent, resourceful businesses and they do not need a monopoly to protect them in the marketplace. They do not need a monopoly in the domestic marketplace, so I cannot see why they would need a monopoly in the international marketplace. Indeed, after the Cole commission and the Volcker report, a monopoly has been proved to be detrimental to our national interest.

That said, we can rely on a couple of things in this bill. First of all, it has the Wheat Industry Expert Group, which will give advice to the government about the delivery of industry development functions that were previously supplied by AWB. The recommendations of this group in relation to the provision of market information to growers is particularly important. The government is providing some support to the industry: $2.5 million over three years to assist with the collection of market information for growers; $1.15 million for information sessions for growers to adjust to the new system; $600,000 to help new marketers deliver technical market support to customers; and we are also going to assist—and I would like to strongly support this—in the creation of an industry code of conduct, which is being developed by the National Agriculture Commodities and Market Association, which will provide standards and transport-pricing
practices at silos and include fees and charges, marketing rates and net return figures that will assist growers in going about their business. This has been raised with me by growers and wheat farmers in my electorate as being a key part of the export industry, so I think it is great that the government is committing some financial support to develop that code. It is critical to growers being able to operate in the new system.

Another thing that is critical to wheat farmers being able to operate in the new system is Wheat Exports Australia being able to accredit companies of good standing, which have the financial resources, the risk management systems and a record of obeying both Australian law, international law and United Nations resolutions. I think it is critical that wheat growers deal with companies that are reputable and that have a capacity to trade in the international environment.

Mr Windsor interjecting—

Mr CHAMPION—We do not know who is going to be accredited yet. So I think that will be a critical part of the bill. The other critical part of bill is the prevention of regional monopolies, and the role of the ACCC is going to be essential in this area. I note that the Leader of the Opposition says, ‘Why do you need two forms of regulation?’ But I think that the prospect of the ACCC’s involvement after 1 October 2009 will help to ensure that regional monopolies are not created, because the small number of operators of bulk grain facilities will know that strong regulation and strong oversight is waiting there in the future. They will also know that the bill will be reviewed by the Productivity Commission in 2010.

Given the short amount of time that I have had to speak, I do not want to unduly take up the time of the House, but the government is committed to open, transparent and competitive markets, and this bill is a perfect expression of that belief. I have every reason to believe and expect that our farming and wheat export businesses will compete, flourish and prosper under the new arrangements. I commend the bill to the House.

Ms LEY (Farrer) (11.30 pm)—Everyone interested in this debate on the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 should read the conclusions and recommendations of the Senate Standing Committee on Rural and Regional Affairs and Transport at chapter 4 of their report on the bills. My position on this legislation comes from my representation of wheat growers in the electorate of Farrer, but it is also strongly reflective of the committee’s conclusions. In speaking about my electorate and the views of the wheat growers I represent, I think it is fair to say that many who were once passionate supporters of the single desk are now ambivalent about the rationale for its existence. Many farmers have accepted that the days of the single desk are over. Some are impatient for the new arrangements to begin, believing that a contestable and competitive market gives them the best opportunity to realise the maximum return for their wheat.

Many farmers have moved away from the wheat-marketing models of the past. However, many have not. The group of farmers that passionately support single-desk marketing arrangements for wheat are facing a difficult time. I accept that they hold their views with great conviction and they fear for the future of their family businesses, for their livelihoods and indeed for the very fabric of their rural communities. In meeting and speaking with them and reading their letters and emails, I am touched by their passion, which is in no way ordinary. We should treat their views with dignity and respect. Unfortunately, I cannot agree with those views. I
cannot agree to requests from constituents that I support the restoration of single-desk wheat-marketing arrangements. I do not agree that such a restoration would be in the interests of Australian wheat growers, even if it were possible. I am sorry that in this instance I am unable to support the views of a section of my constituency held honestly and with conviction.

My own views, held with equal honesty and conviction, are that the best interests of wheat growers for the future lie in implementing the arrangements contained in this legislation. The Leader of the Opposition went over the time line of wheat-marketing arrangements, and I think that history very well demonstrated that over the course of the last 20 or so years there have been gradual changes to the way both domestic and export wheat are marketed. The current legislation represents a logical and sane progression through a succession of inquiries, responses and restructures as well as legislative and administrative changes, which brings us to the present situation—seeing the final dismantling of the single desk for export wheat.

AWB, for so long the operators of the single desk, appear to me to have completely lost interest in continuing with it. Their evidence to the Senate committee proved this when they said:

The reality is that Australia’s wheat export marketing arrangements have fundamentally changed over the last 18 months and there is no longer a single desk in place.

I would like to just touch on a couple of arguments put forward by supporters of the single desk. Concern has been expressed about multiple sellers competing against each other for a fixed share of the international market. I disagree. In a more competitive market, buyers will drive up the price. Multiple buyers will compete with each other to get sellers to deal with them. Although there can be no national pool under the proposed arrangement, there will still be regional pools. The current AWB pool is a series of pools that open and close in response to world grain prices. I expect reform and innovation to happen in the area of pools, allowing growers to commit early if that is what they want, with a relatively small wash-out price. In fact, AWB has already announced it will offer pools for the forthcoming harvest and has said that harvest loans, payments, regular pool distributions and incentives—in fact, all of the selling and financial features growers are familiar with—will be in place for the upcoming harvest. Banks have announced that properly accredited and licensed marketers will not mean less security of finance for farmers, who will have access to finance under the new arrangement.

There is every indication the grains industry is getting ready for the future in terms of the formation of market alliances and cooperatives that allow members to take greater control of the sale of their wheat. The ‘buyer of last resort’ argument is often made, but what does that really mean? In practice, there is no buyer of last resort because, although the Wheat Marketing Act says that the holder of the export licence must receive all grain presented to the exporter, the exporter does not have to accept it—and there is evidence to the Senate inquiry demonstrating that.

We need this legislation to pass so we can all get on with life in the wheat industry. I have listened to a great deal about this issue over the last few years. Increasingly, I find the arguments for a single desk in today’s world do not pass the common-sense test, evoking a strong emotional attachment but not much more. I am not convinced, and never have been, that AWB delivered the best returns to farmers. A number of studies have demonstrated this. Competition through
the supply chain must drive benefits, particularly as a number of different marketers will be competing for wheat. AWB did not have to be an aggressive seeker of the best price in the market because they already had ownership of the wheat. In a more deregulated market, exporters will have to be aggressive in getting the best price so they can accumulate grain against the competition. Multiple sellers will compete with each other to provide the best possible service to customers, and this competition to provide the best possible service from the local grower to the overseas consumer should produce a price premium for growers.

Farmers need representative bodies that sit down at the table with key industry and government stakeholders and decide how to make the new set of arrangements work as much as possible in their own interest. The government has provided significant sums of money to carry out the industry good functions, technical support and education. I urge our farmers and their representatives to grab this opportunity with both hands, secure your share of this money and have your say about the future of the wheat industry, which I know is very bright.

Wheat farmers should not be any different from cattle farmers, horticulturalists, wool and lamb producers or indeed producers of other grains, such as barley and canola. They all operate in corrupt world markets, and returns from all would be higher if we did not have the subsidies and tariffs of our European and American competitors. But having a single desk for selling wheat will not militate against these subsidies and tariffs.

It has been argued that changes to the wheat market will disadvantage small family farmers. I believe exactly the opposite is true. In fact, I was approached by a farm adviser who explained how his clients, having made their domestic arrangements to sell wheat on a regular, possibly handshake, basis year after year were suddenly told not to send their wheat. AWB had gazumped their sale to fill a domestic contract of its own.

There are opportunities for small family farmers in this legislation. Remember the biggest export from Australia at the moment is empty containers. Not everyone will want to make their own arrangements, but nothing in this legislation prevents those who want to use pools from using pools and delivering to the same receival point they always have. The grain handlers have announced they will provide a service which essentially aggregates a crop, probably on a geographic basis, and keeps the supply line from farm to port working well and operating to capacity.

The Leader of the Opposition has foreshadowed amendments we will move in the Senate, and I seek those. Much has been made of supposed levels of support for the single desk of 80 per cent. I assume this comes from the survey from the member for New England, but I do not believe that a survey that represents 10.8 per cent of the total number of wheat growers can be used to prove this point. I submit that this legislation does act in the interests of wheat growers and a strong, competitive and secure domestic wheat industry.

Mrs HULL (Riverina) (11.37 pm)—I rise this evening to support the comments of the leader of the Nationals, the Hon. Warren Truss, because I believe if you want the facts and the truth of the issue you read the Hansard of the speeches by the leader of the Nationals—quite simply because there lie the facts for this great industry of Australia. I would like to use my five minutes to clear the record. There have been many assertions and many accusations and claims made that the proposal that the growers tried to put forward, for a grower owned and controlled...
company, failed or fell over. In fact, that is clearly not the case. Can I categorically state in this House that the business plan for AusWheat was not a failure. It had the support of the financial institutions. It was not given an opportunity to succeed on behalf of the growers. The policy that the coalition went to the election with last year would have been delivered through AusWheat, but it was not given an opportunity by this government as a result of the fact that the previous government lost the election.

Because the real facts have been put in Hansard, I would now like to take the opportunity to thank Graham Blight, John Ridley, Bob Iffla and all of those people who gave their time, their energy, their effort and their emotion to try to save the industry that has served them so well for so many years. In doing so, I would also like to thank my growers. They have had the worst seven years in their history but they are young and resilient. They have tried and they have risen to the cause. Every time that I have asked them to come back and fight the fight, they have stood and fought the fight, even though many of them have not a dollar to fight with. They have been backwards and forwards in many, many trips—five, six or seven trips to Canberra at their own cost—to try to save the industry that they not only love so dearly but also operate so well in.

There are around 2,800 growers in the Riverina who will have their lives dramatically and forever changed by the legislation that is being introduced into this House and that will be voted on in this House—the Wheat Export Marketing Bill 2008 and a related bill. Even today the action group that has been formed only recently—again, out of a multitude of growers right across New South Wales—has been in the House with me, desperately trying to salvage their livelihoods and the lives of the communities from whence they came, recognising that their plight is so significant that their uncertainties and insecurities will now lead to the demise of many communities.

What we have at this point in time is the demolition of Work Choices by the current government and the demolition and the removal of AWAs. The explanation for that given to us was that we were pitting the most vulnerable, the weakest and those least likely to be able to fend for themselves against the most powerful—that being so-called unscrupulous employers who would erode conditions and remove rights from workers. But what we clearly have here in this legislation is an AWA imposed on the growers of Australia, and there is no Fair Pay Commission; there is nobody to watch for the interests of our growers. We have the most vulnerable people in the most vulnerable position after a seven-year long drought now having to barter and work their way through these new rules with multinational traders who have at heart not the interests of the growers but most certainly the interests of their shareholders. I believe any allusion that the ACCC will protect the rights of the growers that all of the rural members in this House represent is an absolute furphy.

This is a sorry day. It is a sorry day for the industry. It is a sorry day for the history of Australia and a day when this government has turned its back on a class of working families that it simply will not recognise—the working families of rural and regional industry, which has competed in a corrupt world market for so long and is still competing, as Mr Truss said, in a distorted world market with subsidies in the US and the EU. There will be no supply chain efficiencies. They will be lost because we will have regional monopolies and they will stifle competition.
Could I finish by saying the Senate inquiry saw people with no knowledge and no history of growing wheat making decisions on the future of thousands of growers. I am very critical of the Senate inquiry process, one that I stayed very closely attuned to and watched with great interest and great passion. Could I thank the growers for their incredible resilience, their ability to fight and their absolute dedication to an industry that is now lost to the Australian people forever.

Mr TUCKEY (O’Connor) (11.43 pm)—I support the Wheat Export Marketing Bill 2008 and the related bill. I congratulate the government for its introduction, but I do say to the minister, for whom I have a high respect, that I hope he will look very closely at the technical amendments we have brought forward. We do not think they should be dealt with in any other way than a practical way. My opinion of you will stay high if you can accommodate us in that regard. I had to send a message to Martin the other day on that issue.

There are no prohibitions in this legislation to prevent wheat growers from collectively bargaining. Those who choose to can do exactly what they have done for the last 50 years. There is also no prohibition in this legislation which requires wheat growers to collectively bargain. They have a right, which is fundamental to me and my commitment to the Liberal Party, to do as they wish. They are not required to do anything; they are given the opportunity to do as they please.

It is an interesting fact that when this government in coalition introduced the measures to corporatise the old AWB—if anybody wishes to turn to the Hansard of 2 October 1997 or in fact 1 June 1998—both my speeches raised the issues and predicted the outcome. As I said in my closing remarks in 1998:

But we will just have to wait and see how all this goes. I repeat: I am not opposing the legislation but I am not at all happy with it.

And on the previous occasion, in 1997, I said:

This is a grower model, yet as they presently propose, the structures are totally unworkable. The problem is that the proposal is to create a company that is run by its customers but which seeks over time to attract non-customer share capital. This creates a massive conflict of interest that will, at least, probably deny existing WIF contributors any chance of recovering their forced contributions through the sale of the proposed B class shares.

That is what I said when our government tried to change a well-established statutory operation. We know who did it, and I am not pointing fingers.

The reality is that, from that moment on, the single desk was dead because the corporate model could not accommodate a process of maximising grower returns. I congratulate the government again for putting some serious money up, amongst other things, to give growers a clear indication of their opportunities. I have corresponded with the trade commission to try and get a process of direct marketing, and hence one of the amendments we want. The person who came representing CBH the other day, the newly elected chairman, had once been a sharefarmer in South Australia. He told us that in the last three years his average production has been 35,000 tonnes of wheat. He, or maybe he and his neighbour, may just want to export in bulk—and I do not think they need to be protected from themselves. That just gives you an example of how that will work.

The reality is that there are clear opportunities in this modern marketplace, this international marketplace, for growers. I hope the government through Austrade and others will assist them—point out the pitfalls and point out the opportunities whereby there will be
no middleman; there will be no Cargills breathing down their neck, the foreign devils. I mean, they do not have to be there. But let me repeat: if certain push polling is correct, 80 per cent of all growers are going to stay with AWB. They are going to pull up this coming season, hopefully, with a lot of wheat, have it tested in the manner that it has been tested for the last 20 years, get a receipt that tells them what that is and what weight of grain they have got, back over the grating and pull the lever. Having consigned it to the AWB pool, they can drive away and forget all about it—over a period of time someone will pay them something.

As it has been since the corporatisation of AWB, they gift their wheat to that pool. Since the corporatisation they were never even secured creditors. We hear all this rubbish about buyer of last resort, but as a grower you gave your wheat to that pool. In fact, you had no guarantee of getting your money back. I have been there and done that. One year the best offer I could get from the corporatised pool was $90 a tonne, so I fed it to cattle. That got me $200 a tonne. So do not tell me about their generosity and their capacity to get good markets. From the minute they got going—forget about Iraq—they got a Geneva desk. That was owned by AWB Limited, not the pool. They went out and chartered shipping and then turned round and charged that shipping to the pool by the tonne. The Wheat Export Authority did an exercise, and a rather brief one at that, and said that they clipped about $40 million out of the pool and out of the pockets of the growers in one year. I mean, who can stand in this place and endorse that sort of thing? Those on this side, when we were over there on that side in government, created the monster; the monster destroyed the single desk; and the government now is applying the last rites, and good on you.

Mr FORREST (Mallee) (11.50 pm)—I cannot say that I am pleased to rise tonight to speak on the Wheat Export Marketing Bill 2008. I would like to take a different tack to everybody else and remind the House about the human element: the 3,166 registered wheat growers in the constituency I represent. This debate is being broadcast. They are currently out there on their tractors with their lights on taking their last chance. It has not rained, and you have just got to admire their courage and their faith. They are out there and they are listening to this debate. I think it is a great tragedy in all of this that, despite their desire to retain it, the single desk is being abolished in this legislation. I have heard the minister say in this House and other places that wheat growers accept the legislation. He, like the member for O' Connor, happens to be a man whom I do have some regard for. But I plead for the minister not to interpret acquiescence from burnt-out, sabbatical, seventh-year drought-stricken grain growers that acceptance of this legislation is right for them.

I regularly spend a lot of time with my wheat growers. It is not uncommon for the member for Mallee, when he is driving past, to pull up on the side of the road, walk into the paddock and do a few rounds with them while they are out there spraying herbicides or whatever—and latterly, when they are with their crops—even late at night, because I have that sort of admiration for them. But not one speaker tonight has focused on the human element of this. I take very seriously my role as a member of the House of Representatives, and I do not come here with some ideological view on whether there should be a free market or total regulation. I take seriously my job as a member of the House of Representatives. In fact, I like to hyphenate the word to make it ‘a member of the House of Re-presentatives’, which gives me the
obligation to re-present the views of the people out there. Now, in an electorate that has 93,000 in it I suppose you might say that 3,166 wheat growers is not a large number. But if you regard each of those entities as a family—mum, dad and two or three children—we are probably talking about 10,000 people. I know, without polling them, that 75 per cent to 80 per cent of them wanted to keep the single desk. The leader of the National Party has made reference to the tragedy of what happened with the wheat for weapons scandal and the whole program in Iraq. That is a tragedy, but an enormous amount of water has gone under the bridge since then. But one of the growers in my electorate, Geoff Nalder, who does not live far from where I live, led the wheat-growing industry with a model. His group said, ‘We recognise the challenge here,’ and they put forward a model which I supported very strongly at the last election. I said to my constituents, ‘I now have to look you in the eye and say, “Send me back to Canberra; I will argue a case and work to achieve for you a grower owned entity that will take custodianship of the single desk.”’ This would have removed all of the corporate complications we have had with the former model. And if there is any commercial benefit associated with the single desk, through a grower owned entity it would automatically go to growers.

That is what I supported at the last election, and I am determined to maintain that integrity. So that is what I am speaking about tonight. That is what I told the growers I would try and achieve. This bill is so far from that that I simply cannot support it. I say to the minister that the growers, with their big tractors, are not out the front of the parliament protesting, as they normally would have been had they had successive good years. They are just punch drunk and beside themselves. They are confronted with the uncertainty of what is going to happen with the exceptional circumstances program, which for some of my regions closes down in four months time. But the growers are out there and borrowing heaps of money to take one more chance, hoping that we will get significant rain for them to grow a crop.

So I am not supporting the bill. I am opposed to it. I want on the record my fears for the future. The nation and this parliament will rue the day it has destroyed a marketing entity that other countries envied. I have spent a lot of time with the enemies of the single desk, particularly the United States, who used what happened in Iraq to their own advantage to encourage us to abandon something they deeply envied. A huge number of wheat growers said to me, years back, ‘I wish we had the orderly marketing arrangement Australia has.’ It just gives our farmers that extra edge. In an extremely corrupted export market it gives them the edge and the capacity to deliver real quality, which is what Australian wheat growers have achieved. So I am opposed to the bill and I say, on the record, that the parliament will rue the day this bill was passed.

Mr KATTER (Kennedy) (11.56 pm)—I rise to speak on the Wheat Export Marketing Bill 2008. It is curious to me. I find it so extraordinary after coming into this House to go home to my electorate to try to explain what happens here. Here was a government elected on the issue of collective bargaining. And I worked hard for them. I spoke at trade union meetings all over the place. I carried, on my ports, workers rights stickers. I felt passionately that the worker had the right to collectively bargain, and I felt that way because I had watched what had happened to the farmers when they were deregulated.

It is an exercise in hypocrisy for the National Party in this place. I have here the
memorandum of understanding entered into by the National Party, clause 8—the agreement with the ALP government of Queensland to deregulate the sugar industry. How can members of the National Party come into this place with a straight face and say they are so passionate about this—some people in that party were nearly crying tonight—after they have deregulated every one of our industries? I watched the maize silos being torn down at Atherton after they deregulated the Maize Board. I watched the tobacco industry close down. Half the main street of the city of Mareeba closed down. We had 1,500 farmers; now we have none. I watched the peanut farmers, at the Woolworths-Coles inquiry, say that they were getting the same price as they were getting 40 years ago, thanks to deregulation.

The first industry to be deregulated was the greatest industry this country had. It carried this country from its foundation, and in 1990 one-tenth of the nation’s entire export earnings came from wool. As a young man I left university and I went home. I did economics at university and I was told that if you had one person selling and hundreds buying then it was a sellers market; on the other hand, if you had two people buying—like Woolworths and Coles—and you had 10,000 sellers, it was a buyers market. That was what I was taught when I went to university. But here we are saying that we will be better off with thousands of sellers of grain. Don’t any of you people ever read an economics book? Doesn’t anybody here ever bother to think about what they are doing in this place?

I say with great passion that in the wool industry I watched a great man. I have not seen many great men in my lifetime, but Doug Anthony was one of them. He took that silly, stupid, dumb, squattocracy leadership of the UGA and told them to—well, I will not tell you exactly what he told them to do! Doug Anthony introduced, under another great man, Sir William Gunn—a man with a tonne of courage and a tonne of intelligence—the wool scheme. When they did that the price of wool was 65c; within four years they were getting $1.84.

We were told that Mr Keating was the greatest genius Treasurer in the world. That was what the OECD told us. He deregulated this industry—and the price dropped. From 1988, which was effectively the year before deregulation, it had dropped by 1995 to $3.95. So when you had collective bargaining you tripled the price; when you took it away it halved. I was at a very impressionable age. I had gone to university and been told free markets were marvellous. I began to realise that this was not correct.

Mr Tuckey interjecting—

Mr KATTER—No, this country was earning 10 per cent of its income, $6,000 million, from wool. I heard Alan Jones say that we deregulated the industry and now we only have half a wool industry. I thought that could not be right. It’s right, all right! We had 174 million sheep; now we have got only 103 million sheep. They will not be coming back; it is gone for ever. That industry was completely wrecked by Mr Keating.

We saw what happened when you deregulated a rural industry—and you would have thought that we got the message. Did we get the message? No way, Jose! We went on and deregulated the egg industry. We were going to help the consumers. Well, the price went up to the consumers: 108c a dozen. The price went down to the farmers: 12c a dozen. And there was $288 million extra profit made principally by Woolworths and Coles. So that was a great success story! You would have thought we would have woken up to ourselves then but, no, sugar was next off the rank. We deregulated sugar on the home
market, removing the protection on the home market. The price went up to the consumers, at $160 a tonne, and came down to the producers, at $219 a tonne. So Woolworths and Coles picked up $385 million of extra profit a year.

You would have thought then we would have stopped deregulating rural industries. No way, Jose! There was the big one: dairying. As I have said in this place before, I can vividly remember Julian McGauran going in and saying, 'If you deregulate this industry, this will be the worst crash in Australian agricultural history.' It was the only time I have ever been affected psychologically by a decision in parliament. I lay in bed the next morning and I just could not get up, I just stared at the ceiling, because I knew what was going to happen. I had 240 farmers and now I have got 80, and all of the ancillary industries in those towns closed down and crashed around our ears. In milk, did we help the consumers? No, the price went up 41c. Did we help the farmers? No, the price came down 19c. So if you multiply that 60c difference by 1,884 million litres a year you come up with a figure of $1,130 million extra profit made.

I suppose the Liberals have been consistent—consistently stupid. You people believe in deregulation, and those are the results of it. Have a look at your handiwork with deregulation. You in the Labor Party are terribly hypocritical and inconsistent. The people gave you the government of Australia on the basis of collective bargaining, and your first major decision is to abolish it. We have a very good minister, and I do not know what pressures have worked upon him in this issue. All I can do is plead with you to issue a licence only to one person, or maybe two at the very outside. You can still get out of jail on this, and I plead with you to consider doing that. To the Nats: I just cannot believe that you deregulated all of these industries when you were in government, but now that you have become an opposition you are suddenly regulators. Nobody is going to believe that. Come in here and cry crocodile tears, but do not be hypocrites.

I just say to all the members in parliament here that you have seen the result of your handiwork. There are the figures, anyone can get them, yet we are going to deregulate another industry in Australia. All I can say is I fought for the workers for the right to collectively bargain and I hope till the day I am pushing up daisies that I will push for the restoration of the regulation of farming. John Curtin said, ‘I did it.’ Ben Chifley said, ‘I did it.’ But Jack McEwen in fact did it and he would roll in his grave if he saw what was happening here tonight, and so would Chifley and so would Curtin.

Debate (on motion by Mr Albanese) adjourned.

Ordered that the debate be made an order of the day for the next sitting.

House adjourned at 12.05 am

(Wednesday)

NOTICES

The following notices were given:

Mr Debus to present a Bill for an Act to make minor amendments to various Acts, and for related purposes. (Crimes Legislation Amendment (Miscellaneous Matters) Bill 2008)

Mr Bowen to present a Bill for an Act to amend the law in relation to Commonwealth borrowing, and Commonwealth securities and investments, and for related purposes. (Commonwealth Securities and Investment Legislation Amendment Bill 2008)

Fran Bailey to move:

That the House:
(1) recognises the unapproved recipients of hormone treatments, including young men and boys who received human growth hormone, between 1960 and the mid 1980s;

(2) acknowledges that the report it commissioned in 1993, known as the Allars Inquiry, found that approved female patients receiving the same treatment for infertility suffered negative effects and as a result of that report, received compensation from the Commonwealth; and

(3) recognises the male recipients—both approved and unapproved—who received the same hormone treatment for growth purposes and provides similar compensation.
The DEPUTY SPEAKER (Ms AE Burke) took the chair at 4.02 pm.

STATEMENTS BY MEMBERS

Investing in Our Schools Program

Mr NEVILLE (Hinkler) (4.03 pm)—A recent state government department report identified almost $100 million worth of urgent repairs needed in Queensland state schools, and most of that before the middle of next year. Some of the schools do not meet the basic workplace, health and safety regulations. Eighteen schools need at least $500,000 worth of work, and one school needs $1½ million worth of work, to bring them up to scratch. This is a shocking state of affairs and leaves me even more bemused that this Labor government has axed the Investing in Our Schools Program—one of the most popular and successful programs ever implemented by the former, coalition government. It put an extra $1 billion into capital works for schools around Australia, with $700 million of those funds especially set aside for state schools. That was in the first tranche; there were subsequent tranches. Of that original $700 million, $138 million went into state schools in Queensland alone.

I recently attended the opening of an Investing in Our Schools Program project in my electorate, in the small rural primary school of Coalstoun Lakes. The school received $123,000 under the program and used the money to install reverse-cycle air conditioning, build an outdoor learning area and purchase and install playground equipment. These projects had been discussed for many years by the staff and the P&C but had been beyond their capacity financially. But today the students are learning in air-conditioned comfort, playing on equipment which sparks greater learning and physical development and enjoying the new multipurpose learning area, which can be used for classes, recreation, a wet-weather play area and assemblies. It is terribly hard for little schools like Coalstoun Lakes to gather enough funding to carry out major projects like this, and that is why Investing in Our Schools was so popular. On the day of the opening, the P&C President, Sue Sutcliffe, said:

It gives us all pleasure and excitement that a school of this size has the capacity to obtain funding to make it such a great school and learning Centre.

Direct funding for capital projects in government and non-government schools by the former coalition government cut red tape and guaranteed that the recipients received every dollar of what was allocated. It is sad that this government and its education revolution are equivocating. The education revolution does not involve primary schools like Coalstoun Lakes, but even in secondary schools there will be problems. It will now only be for grades 10, 11 and 12. It is not a computer for every child but a computer for every desk, and now it is being watered down even further.

When we come back to Investing in Our Schools, we can see it made a tangible difference, and I commend that program. (Time expired)

Ms Manal Saroufim

Mr MELHAM (Banks) (4.06 pm)—Today I want to inform the parliament of a remarkable young woman who lives in my electorate, Manal Saroufim. I met with Manal and her father last Friday, 30 May. Manal is 20 years old. She was a delegate to the 2020 Youth Summit, held in Canberra on 12 and 13 April. Manal participated in the discussion group on cli-
mate change, sustainability and rural Australia. She is currently studying international politics and law at Sydney university. Manal is a member of the executive of AIESEC—the Association Internationale des Etudiants en Sciences Economiques et Commerciales—at the university. Manal attended St Jerome’s school at Punchbowl and then MLC at Burwood. Manal won one of the 2006 undergraduate scholarships from the Australian Lebanese Foundation. She is active in the Arabic Council and she has worked specifically with disadvantaged youth in local schools. She visited India in the past few years.

I spoke with Manal and her father for some time. We had a cup of tea and some cakes in the electorate office last Friday, and she displayed to me a strong values system. She impressed me very much as a woman of integrity. She had an enthusiasm that is rarely seen in young people. That is not to say that young people do not have enthusiasm, but the level of enthusiasm and the wisdom that she displayed were amazing for someone of her age. In my view, she is someone who will be a future leader for her community and she will make a great contribution to this nation.

There is something that strikes me about people like Manal, and about Manal in particular. I have been in this place for some 18 years and I think it is fair to say that over that time I have become a little bit cynical. I do not really draw a lot of inspiration from some of my colleagues on either side of the House or in the state or territory parliaments. But I do draw inspiration and I get enthusiasm when I meet people like Manal, who display all of the qualities of decency, who have enthusiasm and who have integrity, all of which means that we are secure, I think, in our future as a nation. I think the youth summit was a good thing. She was only one of a number of delegates. I am sure we will hear a lot about this young woman in the future, and it will all be good. (Time expired)

Child Slavery

Mr HUNT (Flinders) (4.09 pm)—I recently met with two fine young members of the Mornington Peninsula community, Sacha Skinner and Matthew Brincat. They are young human rights campaigners, and their concern is the global issue of child slavery and how we can deal with it in Australia through the actions of this parliament and through our actions as individuals. The issue is this: child slavery globally represents about 8.4 million young people who are held without recourse to escape, who are held against their will and who are forced to participate in acts of physical coercion which ultimately, in many cases, shorten their lives; which, in all cases, are against their will; and which, in the vast majority of cases, are oppressive and difficult. The problem of child slavery is exploitation on a grand scale in the 21st century, a problem which should be an issue related to the 19th century. It is a sad fact that it exists and continues today.

The campaign that Sacha and Matthew brought to my attention is the Oaktree Foundation’s End Child Slavery campaign, which is about young people acting to help young people abroad. Whilst they are two people, they represent a group of young people from the Mornington Peninsula, who represent a group of people throughout Australia who are part of the Oaktree Foundation’s End Child Slavery campaign.

The facts are these: there are 8.4 million child slaves throughout the world; approximately 300,000 of these children are currently forced child soldiers; 30 per cent of these children are active in areas of conflict; about 700,000 people annually are trafficking to other countries for a life of slavery; and about one million of these children, mostly girls, are sold into the sex
industry as slaves and are forced into prostitution and pornography. That is the scope of the problem.

One element of the problem is the cocoa industry, which the End Child Slavery campaign wishes to address. It is something which we in Australia can have an impact on. I am advised that the cocoa industry represents about 100,000 children in the Ivory Coast who are in forced conditions, contributing to confectionary products. The message is very simple: we must act responsibly in the way in which we consume confectionary products—and we will have more to say on that later—and we must campaign to have international standards enforced. We can do that. I want to give credit to Sacha and Matthew and to the End Child Slavery campaign.

(Time expired)

Moreton Electorate: Griffith Islamic Research Unit

Mr PERRETT (Moreton) (4.12 pm)—I rise on this day, the 16th anniversary of the Mabo decision—a decision that restored justice and ended the farce of terra nullius—to talk about an institution in my electorate, Griffith University’s Islamic Research Unit, GIRU, which promotes social inclusion and racial and religious harmony in Australia. GIRU was set up to organise, participate in and assist with educational activities that seek to bridge the gap between Islam and the west. Among its stated aims is the provision of scholarships for research aimed at examining the condition of Islam and Muslims in Australia, research that strives for understanding in order to bring positive and lasting change in our communities.

Griffith University’s Islamic Research Unit is overseen by its director, Professor Mohamad Abdalla. He is highly regarded in Queensland for his efforts to build cultural and religious bridges and is a man I highly commend and admire. Professor Abdalla was invited to the Prime Minister’s Australia 2020 Summit in April. That is why the Australian newspaper’s assault on the good reputation of GIRU last month was so damaging to the Islamic community, not only in my electorate but also throughout Australia. The attack was based on nothing more than gossip and innuendo. A series of reports in the Australian alleged that a secret $100,000 grant made by Saudi Arabia to Griffith University’s Islamic Research Unit was to promote Wahhabism, or extreme hardline Islamic ideology. The report even went as far as to link GIRU to al-Qaeda. This kind of irresponsible fear mongering by the Australian is a kick in the guts for Queensland’s Islamic community, who have been working so hard to strengthen their reputation and promote tolerance.

To correct the public record: Griffith University did not request the funding and the cheque was not presented in secret. Instead, it was presented at a public function attended by dozens of academic staff, students and invited community members. In doing so, the Saudi embassy expressed support for GIRU’s moderate and progressive approach to the study of Islamic and Muslim issues. Far from being an agent of extreme Islam, Griffith University’s Islamic Research Unit was established to help create social inclusion. Griffith University is just one of many institutions throughout the world to receive funding from the Saudi government. The Saudi authorities are actively seeking more positive relations with the west and want to build bridges with western academic institutions—for example, other ‘dubious’ institutions such as Harvard, MIT, Georgetown, Berkeley, John Hopkins, Cambridge, Oxford and the University of London’s School of Oriental and African Studies.

It is not just universities that have been the beneficiaries of Saudi investment and benevolence. I was very interested to learn that Saudi Prince Alwaleed bin Talal has a 5.5 per cent
stake in News Corporation. However, we have not seen any reports about that appearing in the Australian. But my concern is for the Islamic people in Australia, especially in Moreton. These latest reports have created tension, concern and feelings of hopelessness among our Muslim community. I hope that they have the strength to rise above it. GIRU promotes harmony and understanding every day and I hope its endeavours will long continue. (Time expired)

McEwen Electorate: Respite Care

FRAN BAILEY (McEwen) (4.15 pm)—I rise in our national parliament today to bring to the attention of all honourable members the plight of increasing numbers of families in the Macedon Ranges. For the past 25 years, an increasing number of families have been working very hard to secure respite services in the Macedon Ranges. If I ask honourable members present to reflect on their own constituencies, they will know that there is always a shortage of respite places. But there is not one respite place in the whole of the Macedon Ranges, and a group of parents with profoundly intellectually and physically disabled children have been working tirelessly to raise much needed funds to secure these respite services. They, together with Golden City Support Services, a service provider which is based in Bendigo, have raised $735,000 of funding.

They had a shortfall of around $560,000 to construct and run a respite service that would provide them with at least an iota of the respite which is so needed. So they applied under the Regional Partnerships program. They had the backing of the area consultative committee and the local Labor state MP, Joanne Duncan, and I commend her for taking such a strong bipartisan stance on this very worthwhile project. All of the community groups supported them. The tradespeople within the Macedon Ranges pledged more than $100,000 worth of services to help in the construction of this service. Earlier today, in the House, I got to my feet and asked the Minister for Infrastructure, Transport, Regional Development and Local Government, ‘Tell us: what is the current status of this?’ because I know that this project passed every stage of the process of the Regional Partnerships program.

The minister, very sadly, belittled the project and decided that he would respond to my question by personally attacking me. That is disgraceful. I have already, while walking back to my office and coming up here to the Main Committee, taken a phone call from my electorate, because people were watching this and could not understand why the minister was laughing and belittling such a project. This is an utter disgrace, and I know that the hearts of all members here would go out to all of the parents who have been denied this project. (Time expired)

Education Funding

Mr MARLES (Corio) (4.18 pm)—I rise to advise the House of how Geelong and the greater south-west Victorian region stand to benefit from the Rudd government’s focus on rectifying the decade of inequality and ineptitude that was the former government’s approach to tertiary education in this country.

One month ago, the Minister for Education invited universities across the nation to apply for the first round of funding under the new Diversity and Structural Adjustment Fund. The fund, which forms part of this government’s commitment to an education revolution, has allocated $206 million over four years to encourage higher education institutions to offer greater
tertiary access to rural and remote regions, be more responsive to labour market need when formulating course content, develop increased dual sector initiatives and diversify academic focus while encouraging specialisation. During a meeting two weeks ago with Professor Sally Walker, the Vice-Chancellor of Deakin University, the professor advised me that the university would be applying for resources from the Diversity and Structural Adjustment Fund to develop a project known as Deakin @ Your Doorstep. The project has been designed to address the sometimes dramatic differences between metropolitan and regional access and retention rates in secondary and post secondary education environments.

Between 1998 and 2007 the difference in metropolitan and regional retention rates of years 10 to 12 students in Victorian government schools went from nine per cent to 11.9 per cent. Current statistics indicate that university retention rates for rural areas are between three per cent and nine per cent lower than those of metropolitan areas and between 10 per cent and 16 per cent lower for isolated students. Similarly, access rates for isolated students dropped a staggering 31 per cent between 1996 and 2005. Deakin @ Your Doorstep would augment the role of Deakin University’s Warrnambool campus to become the focal point of service delivery of a suite of newly created courses orientated towards greater community engagement, addressing localised skills shortages and increasing retention rates and would be devised in consultation with local government and regional employers.

To drive the program the university would establish localised access points, building on dual sector initiatives with regional TAFEs and other institutions, thus providing the resources required to undertake tertiary education at a local level, including access to adequate data bandwidth, which may not yet be readily available. Deakin @ Your Doorstep will also target students in isolated and disadvantaged socioeconomic areas by offering associate degree programs that are formulated to entice potential students who do not already meet the entrance requirements for tertiary courses and will also operate as a bridging program for students who upon completion may then seek further studies at the undergraduate level. The program is planned to commence with an initial focus on communities around Warrnambool, Colac and in my electorate, including Geelong. It is hoped that later it will stretch across regional Victoria and beyond. There is great potential—(Time expired)

Gold Coast: Road Funding

Mr CIOBO (Moncrieff) (4.21 pm)—I rise to speak on behalf of my constituents, especially those who live in the suburbs of Nerang, Highland Park, Carrara, Worongary and Tallai, on the urgent need for direction from this Rudd Labor government on the outcome of $455 million in funding that the coalition announced prior to the last federal election. As a member of the former coalition government I was pleased, together with my colleague the member for Fadden, who joins me in the chamber today, and the member for McPherson, Margaret May, to announce the coalition’s ongoing commitment to the people of the Gold Coast through $455 million in funding to upgrade the M1 from Nerang to Tugun.

I have been alarmed that over the last six months the state Labor government and the Rudd Labor government have both been working in a conspiracy of silence to refuse to determine what will actually happen with the money. Recently I noted media comment in the Gold Coast Sun, as well as some informed sources from Brisbane, indicating that the Queensland Labor government intended to use—or perhaps the more appropriate phrase would be ‘to misuse’—that $455 million to upgrade the M1 in the Logan district rather than on the Gold
Coast, where it is so desperately needed. Regrettably, I put a question directly to the minister for infrastructure and some 60 days later received two short sentences of reply, neither of which in any way brought me any confidence or joy that the Rudd Labor government had any regard for the urgent, desperate need that the people in the suburbs of Highland Park, Nerang, Carrara, Worongary and Tallai have to see the M1 widened between Nerang and Tugun. This builds off the weekend’s opening of the Tugun bypass, another project that was funded, to the tune of $120 million, by the Howard government.

Let me make it very clear for all of those in the chamber that the coalition takes its commitment to the Gold Coast, a city of 600,000 people, very seriously. I will continue to be an advocate for those people who live in the western suburbs of my electorate, who so desperately need this road to be widened between Nerang and Tugun, because the state government has walked away from its responsibilities to upgrade arterial roads in the vicinity. I absolutely condemn the infrastructure minister for refusing to honour the coalition’s commitment and for not making sure that this money is not siphoned off and used up the road in Brisbane. A city of 600,000 people deserves investment in infrastructure. The coalition was providing that investment. Now the state Labor government and the Rudd Labor government are turning their backs on the people of the Gold Coast and on the need our city has for infrastructure upgrades and, instead of being open, transparent and honest, are engaged in a conspiracy of silence. (Time expired)

Drag-Racing

Mr BUTLER (Port Adelaide) (4.24 pm)—On a hot Sunday in March, around 10,000 people attended a display in Port Adelaide of Adelaide based drag-racing vehicles. This remarkable turnout to a display of these cars when they were not even moving shows how desperate we in Adelaide are to get a national drag-racing facility built in our city. The sad fact is that the many thousands of drag-racing enthusiasts in Adelaide have been unable to attend live drag-racing of any significance for almost a decade. At the same time, we have seen drag-racing go from strength to strength in Western Sydney, in Perth and in Ipswich in Brisbane, as well as in some smaller centres such as the Hidden Valley drag strip in Darwin, which is strongly supported by my colleague the member for Solomon.

I speak today on this issue to pay tribute to the persistence of the Australian National Drag-Racing Association, ANDRA, in their campaign to get a national drag strip in Adelaide. It is a campaign that I strongly support and one that has been driven by some committed businessmen and drag-racing enthusiasts, otherwise known as petrolheads. ANDRA is delegated by CAMS, the Confederation of Australian Motor Sport, to control drag-racing in Australia. In order to attract the best teams to national events held in Adelaide, it seems to me fairly obvious that a drag strip in Adelaide should have its sanction.

A new ANDRA venue in Adelaide would be able to offer up to 70 organised events each year. Those events could include six national open events, at least four of which would have national significance, and one of which would be a major national championship event, attracting the major teams from all around Australia. In between those events, ANDRA would be able to hold lower level competition racing and regular off-street legal drag-racing to cater for local youth.

Experience from other states is that these events provide local youth with the opportunity to race in a safe and secure environment rather than engaging in illegal drags on our public

MAIN COMMITTEE
That has been the experience in Darwin, with the Beat the Heat off-street program at Hidden Valley. It is an experience advocated strongly by the police in Western Sydney. I have received correspondence from the sergeant of the Blacktown traffic services, based in that area, where he says:

With the introduction of the Wednesday off street meets at Western Sydney International Dragway, the instances of illegal street racing within the Blacktown LGA has been non existent for the reason that the participants of these illegal street meets have a place to attend and participate safely in their chosen sport ...

It is also clear that the establishment of a national drag strip in Adelaide would have significant economic and tourism benefits for our state. On average, attendance at ANDRA national championships ranges around Australia from 25,000 to 35,000—and these extend to up to three to four days. The time has come to bring off-street drag-racing back to Adelaide. I have read the blogs on the internet that show thousands of South Australians queuing up to fill a national drag strip. I will do all that I can to support them and the thousands of South Australians who love the smell of burning rubber. *(Time expired)*

**Montevideo Maru**

Mr ROBERT (Fadden) (4.27 pm)—Madam Deputy Speaker Burke, what a pleasure it is to be in the same chamber as you. I rise to ask the government to commit the necessary funds to find *Montevideo Maru*, which lies about 100 kilometres west of Cape Luzon in the Philippines and is the largest maritime disaster in Australian history. I know that Steve Ciobo, the member for Moncrieff, joins me in my call. By way of history, in January 1942 the Japanese army invaded Rabaul on the island of New Britain and quickly defeated the small Australian garrison, Lark Force. About 160 Australian soldiers who surrendered were massacred. On 22 June, the Japanese ordered 845 Australian POWs and 208 civilian internees to board the Japanese ship the *Montevideo Maru* for transport to Japan. The ship bore no markings to indicate it was a prisoner-of-war vessel.

On 1 July 1942 an American submarine, the USS *Sturgeon*, attacked and sank the *Montevideo Maru*, unaware that more than 1,000 prisoners of war were locked in the hull. The submarine commander, Lieutenant William ‘Bull’ Wright, had no way of knowing the ship was carrying Allied troops and civilians. There were no apparent survivors; nor was the tragic loss of life given any credence by the Japanese government at the time. At the end of the war, most of the families of the missing POWs expected them to be liberated in Rabaul. However, on arrival of the Australian troops in Rabaul, other than four civilian survivors and the missionaries, no trace could be found of the military and civilian prisoners who were in Rabaul three years earlier.

When investigations started in Rabaul, prisoners such as Gordon Thomas and Bishop Scharmach told of the sailing of the Japanese ship *Montevideo Maru*. Scharmach’s book, *This Crowd Beat Us All*, states he was informed by Japanese officers in 1942 that the men were on the *Montevideo Maru*. As the investigations in Rabaul were beginning, a Japanese-speaking Australian officer, Major Williams, was ordered to investigate the overall casualties, movement and disposal. The history we know was basically written by Major Williams. He arrived in Japan and found a document from the Prisoner of War Information Bureau—a letter sent on 6 January 1945, stating that 845 prisoners of war and civilians were sunk with the *Montevideo Maru*.
But there is still uncertainty. Many believe there were two ships. Many believe that the prisoners were massacred in Rabaul or massacred with Lark Force. Many believe they died in prisoner-of-war camps. Twice as many Australians died in this single incident as in the entire Vietnam War. Four hundred more died than on the HMAS Sydney. It is the greatest disaster at sea suffered by Australians.

We need to find the ship to verify that indeed it went down with the loss of so many lives. We need to provide comfort and certainty to the now thousands of family and extended family members who still live with the great uncertainty of what happened to their loved ones. The lone survivor detailed the wrenching cries as trapped Australians went down and others sang Auld Lang Syne. We need to find the ship.

**Fuel Prices**

**Mr GEORGANAS** (Hindmarsh) (4.30 pm)—I rise to speak today on an issue that affects everyone in my electorate and in fact everyone in Australia, and that is fuel. My electorate of Hindmarsh stretches from the city of Adelaide to the sea, and the disparity in petrol prices can be enormous. As I drive from my residence in Mile End to the other end of the electorate, to Glenelg, where the electorate office is, I pass up to five or six service stations, and the prices vary sometimes by 5c, 10c and even up to 20c or 25c. That is why the government has introduced Fuelwatch, a comprehensive fuel monitoring and reporting service.

We know that under Fuelwatch petrol stations will be required to notify the ACCC of their next day’s fuel prices by around 2 pm each day. The ACCC will make these prices for the next day publicly available on its website, via email or SMS. Petrol stations will then be required to make a commitment not to change their prices for a fixed 24-hour period. FuelWatch in WA has been a successful and popular consumer tool there since its introduction in 2001 by the then Liberal Premier Richard Court. Motorists find it useful and believe they can save money by using the tool.

There is a continual difference in fuel prices in Hindmarsh on any given day, and what the residents have been saying to me is that they normally do shop around to find this disparity in prices between petrol stations and that Fuelwatch will assist them in knowing exactly where to go to get the cheapest price on the day. Fuelwatch has removed the angst from prices that fluctuate daily, giving consumers choice and certainty. The WA FuelWatch website receives roughly 200,000 hits per month, and over 30,000 people subscribe to the email. Motorists in Hindmarsh and across Australia now have a government that is on their side when it comes to petrol prices and that is ensuring that they have the adequate tool in their hands to know where to purchase the cheapest petrol.

Fuelwatch promotes transparency and competition in the retail petrol industry. Currently, petrol companies can lodge a new petrol price every 15 minutes, as they please and as they respond to their competitors. If they drop their prices and no-one else around them drops their prices, up they go again. With the Fuelwatch scenario, they will have to put their best price on offer from the beginning.

I know that the members on this side, the member for Shortland and the member for Moreton, support Fuelwatch, and I would like to see the opposition support it as well to ensure that residents in my electorate can get a good deal on fuel. *(Time expired)*
The DEPUTY SPEAKER (Ms AE Burke)—Order! In accordance with standing order 193 the time for members’ statements has concluded.

APPROPRIATION BILL (NO. 1) 2008-2009

Cognate bills:

APPROPRIATION BILL (NO. 2) 2008-2009
APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (NO. 1) 2008-2009
APPROPRIATION BILL (NO. 5) 2007-2008
APPROPRIATION BILL (NO. 6) 2007-2008

Second Reading

Debate resumed from 2 June, on motion by Mr Swan:

Mr PERRETT (Moreton) (4.34 pm)—In continuing my speech from last night, can I say that this is a brand-new day. As I said earlier, it is appropriate that I acknowledge that it is the anniversary of the Mabo decision and especially acknowledge the endeavours of Eddie Koiki Mabo in bringing justice to the fabrication that was terra nullius. When I was interrupted last night I was talking about my involvement in the mining industry and I commended the Rudd government for its approach to stopping workers from being trapped in traffic gridlock, stopping goods being stranded on rail and abolishing port bottlenecks.

Coming from Queensland, the same place that Eddie Mabo came from, we especially appreciate the endeavours to ensure that the economy is given every help that it can be. There are lots of kinds of inefficiencies that cripple productivity. In my electorate, where we are working on the intersection at the corner of Kessels and Mains roads, I know how important it is to have a solution to something that should have been done 15 years ago, 12 years ago, six years ago and three years ago. Now we have a funding commitment from the Rudd government and Minister Albanese and we will be sorting out that intersection.

The Rudd government’s $20 billion Building Australia Fund is critical to infrastructure. It shows that this government is serious about addressing transport and communications infrastructure. I suspect that this fund will help us finance projects like the Kessels and Mains roads intersection, and I welcome the commitment of $75 million in 2007-08 for immediate feasibility studies on high-priority transport projects across Australia. I am sure that members opposite will be supportive of such infrastructure projects.

The budget also finances our commitment to providing leadership in the global fight against—and it is not a four-letter word; it is two words—climate change. Members are well aware of the Howard government’s ignorance on this issue and we will not make the same mistake, not for the sake of our children and our children’s children. Two hundred and fifty million dollars over six years for the Water for the Future program will help secure our most precious resource for the long term. It is amazing that how we talk and think about water has changed so much, certainly in Brisbane, in the last three or four years. Once upon a time you just turned on the tap and did not think about it; now we are having showers with buckets, we have timers and we understand the language of water and how our approach to it has changed. In the next couple of years there will be a similar change in thinking about carbon. It should have happened 10 years ago, when Kyoto should have been ratified by the Howard govern-
ment, but that is a journey that we will take the Australian people on as well. We are certainly behind the pack, but it only took us 11 minutes to ratify Kyoto once the Rudd government was sworn in.

Some of the other programs announced in the budget include the national rainwater and grey water initiative to provide $500 rebates for households to install tanks or new piping for grey water. We are investing $1 billion in the National Urban Water and Desalination Plan for water recycling, desalination and stormwater harvesting projects, including $20 million for a water recycling centre of excellence in Brisbane—a great location—and $254.8 million over five years for the National Water Security Plan for cities and towns to help local water authorities with practical measures to conserve water and minimise waste. This budget also brings forward $400 million to accelerate investment in water-saving infrastructure and purchased water entitlements adjustments.

These measures, along with our $2.3 billion plan to reduce greenhouse gas emissions, ensure that we will show global leadership on climate change. We are investing $500 million for clean coal technology, $500 million for renewable energy and $150 million over four years for energy innovation. Countries like the United States are now turning to Australia for answers to climate change, as will many other countries around the world. These will be the great economic opportunities if we take the lead in climate change. As I said, we are starting from behind the pack but I am sure Australian know-how and innovation will get us to the front again.

The United States is turning to Australia for something as simple as the Hills hoist clothes line. One of Queensland’s online newspapers, the Brisbane Times, recently reported that demand is building in the USA for our backyard icon the Hills hoist. After the refrigerator, the electric dryer is the biggest user of household electricity in the US. According to the United States Association of Home Appliance Manufacturers, there were 88 million dryers in the US in 2005. Each dryer consumes about 1,079 kilowatt hours of energy, which is equivalent to about 1,008 kilograms of carbon dioxide. Something as simple as exporting our Hills hoist to the US is not only good for our exports; it is promoting more sustainable practices in the world’s biggest economy—the economy with the largest carbon footprint. This is a simple example but it shows how we can make a difference in the global struggle against climate change and make a dollar for Australian businesses.

Sadly, this example also highlights the economic opportunities wasted by the Howard government. Their failure and refusal to advance research into clean coal and solar technologies left Australia behind the ball and, as a result, we have lost many experts overseas. Too often we hear of solar experts and others like them travelling to China, where renewable energies are embraced rather than, as with the previous government, ignored. As I said previously, after 11 minutes in office the Rudd government has signalled its intention to catch up and to drive real solutions on climate change.

I also welcome the allocation of an additional $500 million to Australian universities towards capital investments. This is a welcome change of attitude as our tertiary education sector was punished for too long by the Howard government. I am particularly pleased that $16.2 million will go to Griffith University. I understand these dollars will go towards ICT labs, libraries, student study places, teaching spaces and student amenities. The budget also funds additional elective surgery in public hospitals—$75 million in 2007-08 and up to $600 million
over four years for states and territories to deliver more than 25,000 additional surgical procedures.

Lastly, I wish to highlight a number of budget funding initiatives in my electorate where the Rudd government has delivered: up to $7 million to construct a GP superclinic; nearly $3 million to improve local roads; $200,000 for the two-road bike path at Tarragindi; $300,000 towards a new multipurpose hall at the Moorooka State School, which was a victim of arson; and $40,000 for rainwater tanks and lighting at the Kyabra Community Association. This is a responsible budget and in many ways it heralds a new era of financial management for the country. No longer is the budget a shameless vote-buying exercise. Rather, the funding measures contained in this budget are responsible and backed up by considerable savings elsewhere. I commend the bills to the House.

Mr HAASE (Kalgoorlie) (4.42 pm)—I have heard a great deal so far in this debate on the appropriation bills, especially from government members championing the decisions made by their government on the funding that has gone into their electorates. So many of them, I note, are metropolitan electorates. Conversely, I represent a very regional and remote electorate—about a third of Australia and 1/150th of its population. I am amazed that I am hearing so many glowing reports about this budget, because my people are despairing; they have been gutted. They have had snatched away so many good programs, programs which had been introduced by the previous government.

There is something that amazes me even more. I have been listening incessantly to the chorus, the chortling, that goes on behind Minister Albanese as he talks about the ‘rorting’ that went on by the ‘dastardly’ Howard government in having a program that selected chairmen from regional areas to head up area consultative committees and that channelled funds into regional areas where they were desperately required—to improve the ambience, to improve service delivery and to improve job opportunities and the general liveability of those towns. We have been repeatedly told by Minister Albanese how all of this funding was nothing but pork-barrelling. Every time the Regional Partnerships fund was mentioned, you would hear the chortling of the now government members in unison about what a dreadful act it was to be involved in pork-barrelling. Well, me smells pork right now!

We have just heard much in the main chamber about how this new government has decided to honour all of its election promises. It has created a funding program called Better Regions, which is going to provide $176 million to fund all of the promises made during the election campaign. It is going to, amongst other things, fund a project in Mandurah, in Western Australia. Mandurah, coincidentally, is a marginal seat headed up by the member for Brand, Gary Gray, who also is the Parliamentary Secretary for Regional Development and Northern Australia and heads up the Office of Northern Australia. Miraculously, his Better Regions program—the only one funded in Western Australia—has got a guernsey. There is no smell of pork there!

Apart from that, of course, there is Fort Street High School in Petersham, which happens to be in Minister Albanese’s electorate. It was outside the area designated for funding for acoustic insulation when we were trying to combat the excessive noise in the vicinity of Sydney airport. Fort Street High School was not in the area that justified funding—it missed out, as did its neighbours and other similar institutions in the area that were not in the area designated appropriate for funding. The school had repeatedly called for funding, but that did not get it
into the area. The simple fact is that if you are not in the area for funding you do not get the funding—under a reasonable government. Yet—hello!—suddenly the government have found $14 million to put in acoustic insulation in a school that was not justified in receiving it because it was not in the area that justified funding for a project such as reducing aircraft noise. People involved in the project have confessed they could have built a couple of schools for that $14 million. But Minister Albanese is bold and loud in his approval of such funding being granted. I dare say he feels quite justified. It is, after all, his electorate.

One thing appals me most in this budget—that is, apart from the destruction of the very fine program Investing in Our Schools and an AusIndustry program called Commercial Ready, which allowed product manufacturers with an idea who wanted to move into an overseas market to develop that product and receive some assistance from the federal taxpayer. Those good ideas are gone. But what offended me as much as anything else was that, on the night of the budget, Treasurer Swan removed the exemption for excise on condensate from natural gas. Many of the members of this place will have no understanding of the ramifications of that move at all, but they voted the legislation through. They passed the Excise Tariff Amendment (Condensate) Bill 2008. In doing so, they put at risk investment in Australia’s petroleum industry. Right now there are multiple billions of dollars waiting for investment off the Western Australian coast and off the Northern Territory coast. Somewhere in the vicinity of $50 billion is waiting to be invested. This move on the night the budget was handed down by Treasurer Swan put that at risk.

One of the main attractions that investors find in investment in Australia is the very, very low sovereign risk. When treasurers overnight make decisions that can in the forward estimates period, the five years, take $2.5 billion out of Woodside Petroleum’s bottom line, that is unforgivable. What is it that this Rudd government has against the investors in Western Australia? What does he hate about Woodside shareholders that he would make such a move? This was an unforgivable move, but a move that the member for Oxley nevertheless said was simply ‘the stopping of a tax loophole; a loophole that needed to be plugged’—a loophole, I might add, that has been going on very satisfactorily, attracting industry investment in Western Australia and Australia at large, since the handing down of the 1977-78 budget, when Phillip Lynch handed down the budget because of the very necessary and delicate negotiations between the Woodside partners, the Western Australian government and the federal government to get underway what was then the largest ever infrastructure investment in Australia.

For Woodside and their partners to make a positive decision to develop the North West Shelf gas fields, they needed some sort of contribution from the taxpayers of Australia. The then Premier of Western Australia, Sir Charles Court, was prepared to make the negotiation. He was prepared to have vision. He was, I grant you, criticised at the time but he entered into a deal that saw a take or pay contract for domestic gas entered into. Those sorts of financial arrangements allowed this mammoth project—at the time worth some $13 billion—to get underway. It advanced the Western Australian economy like no financial decision ever made before.

The exemption from excise on condensate was one of the key financial planks in the decision to go ahead—and it was simply struck down in the dark of night by a Prime Minister-Treasurer combination that obviously does not care about working families if they happen to be shareholders of Woodside. This Prime Minister constantly rabbits on about working fami-
lies—forgetting about pensioner families or families who are unable to work through some degree of incapacity—but then does in the eye overnight Woodside shareholders to the tune of $2.5 billion over five years. One can only presume that it is going to have an effect of $500 million on the bottom line of Woodside each and every year.

One of the vital aspects that is raised by such a decision is: what impact is this decision going to have on the price of a litre of LPG on the streets? When motorists took the decision to convert to LPG as a result of the very generous $2,000 contribution that the previous government made for a conversion from unleaded fuel to LPG, do you believe that they thought that they would run the risk of being duded in a couple of years time by excise being placed on LPG, putting it through the roof by another 25c a litre? I do not think they did. When they voted for this Rudd government to come in and dominate politics in Australia, I wonder if they thought that the Rudd government would put at risk the future of motorists using LPG. They took that decision in good faith. They supposedly elected this ratbag government on the basis of the promises made in the lead-up to the election but they did not expect to be duded on the night of the budget with a decision that will have such a disastrous impact.

The Prime Minister has thus far not been able to make any commitment that the price of LPG will not rise as a result of this decision. And I put this government on notice that, if as a result of the decision by the Treasurer announced on budget night to impose the excise to the tune of $2.5 billion—which impacts directly on Woodside shareholders—the taxation department now collects excise on LPG, this government deserves to be brought crashing down by a public who know that they deserve better treatment.

So much disappointed me in this budget. I am pleased to say that the tenacity of the opposition has now brought Minister Albanese to his knees. He has now decided to backflip on 86 projects that, remember, he previously condemned as pork-barrelling.

Mr Anthony Smith—But he did not look at them.

Mr HAASE—That is right: he had not bothered to actually observe them. He had made a blanket decision that anything approved by the Howard government to actually improve life in the bush rather than make it more expensive must be pork-barrelling. So, rather than bother to look at these projects to determine whether or not they were worthy of funding, he condemned them all out of hand as being pork-barrelling. But, because of the tenacity of this coalition opposition, he has had to backflip. And isn’t that such a good thing, when you consider that it is the public, the voters of Australia, who are going to benefit from such a backflip? He has finally seen sense. He got a bit of heat. He was under the blowtorch on the Sunrise program and he caved in because he had not read his brief. He did not know what he was talking about.

So many of the ministers in this Rudd government are not prepared to take advice from the departments. We understand that already. But one would have thought that Minister Albanese, having had so much to say about how dreadful the act of pork-barrelling was and how undeserving these Regional Partnerships projects were, would have at least had the opportunity to look at them before going on air and having to finally declare that there were in fact some very deserving projects amongst them. We knew that all along. Because of our tenacity, he has now backflipped and is talking about funding the 86 that had been promised funding but which this rotten government took the funding away from.
So we have a situation whereby we have a government on the ropes, prepared to backflip. We will keep the government under the blowtorch of public scrutiny and we will well and truly make sure that when we find fault we expose it to the public. I am very confident that when we keep the blowtorch of attention on this government it will cave in. We will find the fault. We will make sure that public pressure is maintained and we will make sure—mark my words—that the public know about it and ministers have to think twice about the decisions they take that will impact negatively on regional Australia.

We have so many issues to pick up on when we want to bring some focus on the actions of this government. The question has been asked of me on numerous occasions by people in my electorate: what is it that makes an ALP government so metropolitan focused? We have heard so often from those who are well informed that this budget was an old-fashioned, high-taxing, high-spending budget. Many have compared it to the Whitlam years. The suggestion is: ‘Here we go again! What will be the next Khemlani affair?’ But I suggest to those who ask this question that it is not surprising. We have a cultural divide—almost. Members of the Labor Party are primarily those who have not worked for a living. They have held down a job in a union position, in the main, and they have always wanted to work on and maintain the divide between ‘the bosses and us’. They do not realise, of course, that what they are supposed to do is represent the public at large. The public at large deserve better. What is more, they expect better. So when people say to me, ‘Why is it that the Rudd Labor government hate the people in the bush?’ I simply explain to them: ‘They don’t do it out of malice; they do it out of ignorance because they do not understand the bush. They never have.’ You have to go back as far as the days of the great unionists—Mick Young comes to mind—to find Labor politicians in this place who really understood the bush.

I come from the bush. I know what bush people think. You only have to look at a political map of Australia that is coloured blue, green or red and, apart from one seat of the Northern Territory, you are hard pressed to find the red patches representing rural seats held by the Labor Party. My mob think that the Labor Party ought to be left in the cities that they understand. The sad reality in Australian politics is that, because of the lack of even distribution of the Australian population, you find governments like the Rudd Labor government being elected. You find them handing down budgets that deal out dirt to regional communities. You find good projects like Investing in Our Schools and the Commercial Ready projects of Aus-Industry ditched because the Rudd Labor government simply does not understand the bush.

I say to members that we have a lot to realise as far as truth is concerned when dealing with this new government. We have much to focus upon. In the lead-up to the election we heard so much about how we were going to reduce grocery prices, reduce fuel prices, reduce interest rates and therefore create greater housing affordability. So many of the Australian public were obviously convinced that they were going to see practical change that would reduce the costs of their day-to-day living. Instead of that, we have discovered that this government is intent on the upward process of watching. We know about ‘foolwatch’. That has been heralded with great fanfare. We are now hearing about ‘grocery watch’, and the next thing will of course be ‘child care watch’. Methinks that the coalition have a case to introduce ‘spin watch’. We know that the Australian taxpayers, the voters, are sick of this watching brief. They want some action. They want to know why it is they were fooled into voting for a group of people who are capable only of watching, not actually of getting on with the job of doing something
about fulfilling their election promises. Collectively, Australian voters feel absolutely dudled by this Rudd government.

Mr BRADBURY (Lindsay) (5.02 pm)—I rise in support of Appropriation Bill (No. 1) 2008-2009 and the cognate bills that form the basis of the Rudd Labor government’s first budget, which was delivered some weeks ago by the Treasurer. This is a good budget. It is a budget that reflects strong Labor values and delivers on the commitments that we made prior to the last election. Most importantly, though, it is a responsible budget. It is a responsible budget that on the one hand delivers much-needed support to working families, to working people and to those under financial pressure but on the other hand delivers a massive investment in our future—an investment in Australia’s long-term prosperity. That is why this budget is a good budget and a budget that stands in stark contrast to those of the immediately preceding years.

Delivering a $21.7 billion surplus at 1.8 per cent of GDP exceeds the target of 1.5 per cent that the government had set. We had always said that in order to take pressure off inflation and to take pressure off interest rates we needed to deliver a budget surplus in excess of 1.5 per cent of GDP. That has been achieved. We must, of course, remember that this budget was handed down in the context of an economy that was experiencing the highest inflation in 16 years. Principally, one of the biggest contributing factors to that high level of inflation was the failure of the previous government to rein in government expenditure. But government expenditure and the fact that it had got out of control under the previous government was not the only reason why pressure was placed on interest rates, why pressure was placed on inflation in this country. It was because those on the other side had chosen to ignore the more than 20 warnings that had come forward from the Reserve Bank, warnings that covered a vast array of red light issues, if you like.

There was the issue of skill shortages and the failure of the former government to address the skill shortages. There was the issue of infrastructure bottlenecks and the complete absence of genuine investment in Australia’s long-term infrastructure needs. But most significant, as I indicated before, was the failure to rein in government expenditure. The Expenditure Review Committee and indeed the Minister for Finance and Deregulation deserve to be congratulated because they have done what the finance minister and the Expenditure Review Committee have not been required to do for some years now—that is, to make some hard decisions. Those hard decisions have been taken in the broader interests of the Australian community and, in particular, of those people that are currently doing it tough and have been doing it tough for some time now.

We do not have to go all that far back to recall the former Prime Minister, the then member for Bennelong, telling us that Australian working families had never been better off. That was never the case. It was not the case at the time that he said it and it has not been the case since. The reality is that many people—and many people in my community—are doing it tough. That is why this budget, in delivering much needed relief to those people, is a step in the right direction. The challenge for this government always was to deliver that relief but to do it in an economically responsible way. I think that is where this budget deserves the greatest accolades. Not only have we delivered the Working Families Support Package, in the order of $55 billion, but we have done that whilst retaining a strong budget surplus—almost $22 billion.
In order to do that, we have had to make some cuts. We have had to increase taxes and close some tax loopholes in various respects—we have done that. These were areas where the former government had failed to act. We have all heard a lot of discussion about the alcopops tax. We are not really sure exactly where the opposition stand on that at this point in time. But the reality is that, had they introduced the tax in an equitable way back when they made changes to the tax system with the introduction of the GST, there would have been no philosophical or policy rationale for distinguishing between premixed drinks and those that are mixed later. There is no argument on this—there is no argument from health professionals; there is no argument from anyone who is a serious contributor to public policy debate. But once again we find that those on the other side are in the corner of big business, in the corner of the distillers. They are the only people that are suggesting that some relief in this budget should be directed towards those particular individuals and entities.

When working families in places like Western Sydney are doing it tough, we say that we need to find savings and raise additional revenue in other parts of the economy to ensure that we can deliver the relief that our Working Families Support Package delivers and, at the same time, do so in an economically responsible way. We said that we had a five-point plan, and that five-point plan is well and truly a nucleus of this budget. I have already indicated that we have delivered on the 1.5 per cent of GDP surplus. In addition to that, we have said that we need greater investment in education and skills. This budget delivers that with the $2.5 billion investment in Trades Training Centres in Schools, along with the 630,000 additional training places. In addition to that, we have the $11 billion Education Investment Fund. Some of those funds were released immediately, and we have already started to see the benefit of that being handed over to the University of Western Sydney, in my local community, with some $16 million being made available out of that fund. After over a decade of underinvestment—a lost opportunity, a failure to invest in our nation’s productive capacity—we are now moving towards redressing some of those policy failures.

In addition to that, we have our investment in early childhood education, which ties in nicely with one of the other elements of our five-point plan—that is, workforce participation. By providing a greater benefit to parents with children in child care, increasing the rebate from 30 per cent to 50 per cent, we are able to deliver more money back into the pockets of working families and, in particular, those families who are doing it tough, who are trying to manage dual incomes—both parents in the workforce, with the obvious need that that brings for child care. In addition to that, for single-parent families, child care, in some senses, becomes even more critical, and that is why the childcare tax rebate and the increase in that rebate to 50 per cent will deliver real benefits in a part of the economy where that benefit is needed most.

We have said that workforce participation is important and we have made significant tax cuts. This is the No. 1 means by which we are delivering that relief to working families and to those working Australians who are doing it tough—with significant tax cuts. In particular, the first tranche of those tax cuts delivers real relief to low- and middle-income earners. And not only do we have tax cuts skewed in favour of low- and middle-income earners to redress the fact that successive tax cut decisions that have been taken over the last decade have been skewed in favour of higher income earners; we also have the introduction of the low-income tax offset, which is a policy that is unabashedly directed towards encouraging more people
back into the workforce, to take away some of those disincentives that discourage people from moving back into the workforce or earning more income. These policies will make a difference, and they will make a difference in the areas where we have said we need to make that difference in order to take pressure off inflation and to keep interest rates low.

The final point in the five-point plan is to boost national savings. One of the initiatives—and only one of the initiatives that falls within this category—is the first home saver accounts. Of course, the first home saver accounts form a small part of a larger package of policies addressing the important challenge of housing affordability, which I must say is a particular challenge in electorates such as mine and that of the member for Parramatta, who is a fellow member in Western Sydney.

This budget, in taking into account all of those considerations, will deliver relief to the people who need it most and, at the same time, will do so in an economically responsible way. This is the most economically responsible budget this country has seen for many years. Economic commentators confirm that, and the response we have seen from the opposition only confirms our belief that, had they won the election at the end of last year, unfortunately the hard decisions that have been taken in this budget would not have been taken. We have already seen that, while those people had a great capacity to spend taxpayers’ money when they were in power, they seem to have an even greater capacity to do it from opposition. They have already blown billions of dollars of the surplus; they have raided the surplus for a range of policies that will be here today and gone tomorrow. Our policies, on the other hand, are about long-term investment in our nation’s future.

I just wish to briefly record some of the local commitments that the government have delivered in my electorate—in particular, the $15 million contribution towards the establishment of a Cumberland conservation corridor; $5 million towards the upgrade of the CUA stadium; $2.7 million for a recycled water network; $933,000 for the upgrade of the St Marys Memorial Hall; $350,000 to the Penrith Valley BEC, or business enterprise centre; and $160,000 towards the construction of a homework facility at Barnardos in Cranebrook. We have also delivered on our commitment to a $500,000 weed harvester to keep our great Nepean River the clean river that we all remember it to be and the clean river that it deserves to be. In addition to that, we have confirmed our commitments to the upgrade of the intersection at Sheringham Road and the Northern Road and the delivery of the first stage of the Werrington arterial. These are but the local dimension of an overall platform and policy framework that the government are intent on delivering because we are about investing in our nation’s long-term future but doing it in a responsible way. We are doing it in a way that recognises the challenges that working Australians, working families and people doing it tough are facing and we are going out of our way to deliver relief to those people who need it most, at the time when they need it most.

Mr ANTHONY SMITH (Casey) (5.15 pm)—I rise to speak on Appropriation Bill (No. 1) 2008-2009 and the related bills and, in doing so, at the outset will make a few observations about the budget itself before dealing in some detail with some of the measures contained in it. It is often said—and it is certainly the case—that a budget tells a story of a government’s priorities. The first budget of a new government, in particular, tells the story and sets the tone for that government. What we have seen in this budget has been illuminating, to say the least. The first observation I would make is that this new government, in preparing this budget, has
faced the best budget position in living memory. As it prepared the budget, it faced no net government debt because the previous government left it none. It was left with a huge surplus because the previous government left it one.

As the government have gone about producing the budget, we have seen a number of important things. The first, over the last six months, has been a new Treasurer totally out of his depth. It has been quite obvious—as he has prepared the budget and as he has tried to reconcile what was pledged before the election with what Labor believes in, as well as get across the detail of managing an economy of more than $1 trillion and all the associated complex decisions that affect people’s lives—that he has grappled with all of that with great difficulty. To put not too fine a point on it, at times he has looked like an elephant on ice skates. At times he has looked like someone—and we have all experienced this in our day-to-day lives—who has bought a package of furniture from Ikea, got it home, started to lay out all the pieces on the floor, found the allen key and all of the bits to get it together and, after grabbing the instructions, has found they are in the wrong language but has tried to put it together anyway and has become more and more frustrated. When he is doing the job of the Treasurer of the country, that affects everyone’s day-to-day lives.

When it came to budget night, when we actually saw the product of the federal Treasurer’s work of the last six months, it was quite obvious that in this budget there were cobbled together a number of competing and inconsistent priorities. You could almost divide it into thirds. One-third of the budget dealt with the things Wayne Swan, the Treasurer, and Kevin Rudd, the Prime Minister, copied from the previous government. The most obvious of those was the tax cuts. The previous speaker spoke of them as ‘our tax cuts’, meaning the new government’s tax cuts. I hope he does not really believe that, but the fact that those tax cuts were copied is a good thing. That is one of the few good things about the budget. What worries members on this side and what worries so many Australian families and small businesses is not the things the Treasurer copied from the previous government but the things he is copying now from his colleagues. Another big aspect of the budget was a whole range of decisions, announcements and measures that had not been mentioned prior to the election. The alcopops tax is just one. The increase in the Medicare surcharge is another. Fuelwatch is another that I mention by way of illustration. I will come back to those in some detail in a moment.

The third aspect of the budget contained a number of pre-election promises that the Labor Party had made in the lead-up to last year’s election. Of course, it is quite right and proper that they meet those commitments, but what is alarming, as you examine the detail of some of those commitments—and the story is the same as you go through page after page of the federal budget—is that the election promises were designed to survive until election day only. As this new government has come to grapple with actually implementing a promise, converting it into a policy that is operational and that will work and that will be sustainable, it has been quite clear over the months leading up to the budget, and even more starkly clear since budget night, that this government has a chaotic policy implementation strategy. I will come back to those aspects a bit later in the course of this debate.

But first of all are those items that were not mentioned before the election. The government has decided that the Medicare levy surcharge should be raised—in fact, doubled. What that will do, on the government’s own figures, will be to force nearly 500,000 people out of private health insurance. The private health industry itself has varying estimates of around dou-
ble that amount, but for the purposes of this debate let us just stick with the government’s own budget figures, a costed Treasury policy outcome that says that as a result of the government’s decision 485,000 people currently holding private health insurance will cease paying their premiums, will join public hospital queues and will leave those with private health insurance facing higher premiums. At a policy level this is a recipe to increase the private health insurance premiums of every single Australian holding private health insurance. At the same time, it is a recipe to increase the pressure massively on public hospitals.

In my electorate of Casey, an outer suburban Melbourne electorate—and I know my friend and colleague next to me, the member for Fadden, has an electorate in the outer suburbs of Brisbane—around half my electors have private health insurance. Many of them, particularly older Australians—who barely scored a mention in the budget I must say—have been paying those premiums not just for years but for decades. And, now that they are faced with not a possible premium rise but a certain premium rise of some magnitude over the next few years, it will make it harder and harder for them to make their weekly budgets add up.

This decision also goes to the motives of the government. We are now told by the Treasurer, the health minister and the Prime Minister that this policy decision was an obvious one that needed to be taken. There is only one problem: it was so obvious that it was never mentioned by those opposite before the election. That of course nails the point: it was not thought of after the election; it was, by their own admission now, something that they thought of prior to the election but concealed from every Australian voter before the election. It is classic Labor agenda: first, an attack on private health insurance. An attack on private education is sure to follow, because so much of what Labor said in the 12 months leading up to the election denied so many things they had publicly stood up for in the 11 years of opposition before their final year. And now in this first budget we see the beginnings of some of the true Labor agenda that was concealed from the Australian people. That will not be forgotten as those premium rises come in.

We have seen populist decisions like the alcopop tax, which is designed to raise $3 billion more, yet of course just a fraction of that is planned to be spent on health campaigns, with no thought whatsoever given to a wider strategy dealing with the switching to other products that we are seeing already. It is a policy conceived in a rush after the election and a policy without substance to back it up.

Most spectacularly, over the last week and the days since budget night, we have seen the true decision-making priorities and processes of the government with respect to Fuelwatch. Hasn’t it been illuminating? We all know what happened prior to the election. The Prime Minister and the Treasurer ran around the country saying the price of petrol was too high and that they were going to do something about it. Then, after the election, it became quite clear that they thought, ‘We need some sort of response—petrol prices are high; we said we’d do something about it.’ And they grabbed the discredited FuelWatch system from Western Australia, thinking it would be a fig leaf to cover the fact that they had thought of nothing and had no plan. And when they sent that plan down for analysis by four senior departments— independent departments with hardworking public servants who have just one role: to serve the Australian people and give an impartial appraisal of any policy proposal—and the advice came back, the fig leaf turned out to be a gum leaf and they were terribly exposed. On hearing the news that Fuelwatch would not only not result in reductions in petrol prices at the bowser...
but actually force up the price of petrol, what did the new government do? They did not say, ‘Now that we have that advice we can’t possibly go ahead with it.’ No. What the government did was to deliberately and callously decide to go ahead with the policy in the full knowledge that not only would it not bring down petrol prices but it would put up prices for the very people they piously pretend to care about. That is what the government decided to do.

All over Australia there are motoring organisations, like the RACV in my home state of Victoria, that have pointed out that FuelWatch has not worked in Western Australia. In Melbourne, on average, there have been lower prices. The discounting that occurs between Sunday and Tuesday gives motorists wanting to get petrol at a cheaper price that opportunity. Thousands queue up for it. The RACV is an independent motoring organisation. It was quite happy to criticise the previous government. It will be quite happy to criticise this government. It has one interest—that of motorists. If the RACV and all the other motoring organisations had thought Fuelwatch would work, they would have advocated it. This Prime Minister and Treasurer got advice from their most senior public servants and when it came in, saying, ‘Don’t do it,’ they thought, ‘We’ll do it anyway; we don’t have a care for the motorists; we care more about the stunt.’ So we have Fuelwatch. What we really need for this government—and it is starting to happen so early—is ‘spin watch’ and ‘stunt watch’. That has been the enduring message out of the last week.

A sensible Prime Minister and Treasurer would admit that they had got it wrong. But this Prime Minister, we have learnt, cannot be wrong. He can never be wrong. Instead, he should embrace a 5c cut in excise. It is a sensible policy. It is a policy that disproportionately helps those in outer suburban areas, in electorates like Casey and Fadden, where working families have to drive longer distances and so often need two cars. They are paying, in some cases, family petrol bills of hundreds of dollars a week.

The other aspects of the budget I mentioned earlier were those that deal with policy promises made by those opposite prior to the last election. Even with them we can see that it was the stunt and the spin that was in mind, never the worth of the policy. In the few minutes left available I will mention two in the area of education. The first example is the notorious computers-in-schools policy. We all remember the Prime Minister saying he would put a computer on the desk of every secondary student in years 9, 10, 11 and 12. As the months have gone on, it has become increasingly clear that no thought was given to how these computers could actually be made to work. There was no thought about the maintenance costs, let alone the power upgrades that are needed, the cabling upgrades and all the other on-costs—no thought whatsoever. One principal said to me, ‘I have 25 students in a portable classroom with one power point.’ The computers will turn up in the boxes. I am sure Labor MPs will turn up and smile for the photo opportunity, then wave and disappear. And it will be left to the school communities to get these computers to work.

The Minister for Education has been on notice about this problem since December and, like her Prime Minister, she can never be wrong! In December, state premiers and state ministers informed this new government that there had been no costing to actually make the computers work—that is, the promise was to deliver them; there was no interest in getting them working. Western Australian Premier Carpenter has since put the cost at $3 billion. There has been another COAG meeting and a monumental decision from this new minister, which was: ‘We’ll think about it and we’ll tell you in November.’ That will be exactly, and quite fittingly, a year
after that policy was announced—announced with just one day in mind, election day 2007, and no school in mind and no school student in mind.

The other central education policy was Trades Training Centres in Schools. This was announced by the now Prime Minister in his budget reply in 2007. The promise, which of course sounds great, was to provide a trade training centre to all 2,650 secondary schools around Australia. It sounds great, until you actually look at the figures and what they mean. Each school will get a grant sometime in the next 10 years—between now and 2018—of a minimum of $500,000, a maximum of $1.5 million and an average of $900,000. It will be a trade training centre only because a Labor member will turn up and put a sign on the woodwork room, the metalwork room or the hospitality unit and say it is a trade training centre. But that spread of money and that scale will not create a trade training centre. This policy is destined for chaos. The minister knows it and those opposite know it—and if they do not know it then they will experience it. A student at a school that is doing hospitality might want to do automotive training. Where does that student do the automotive training? The sensible policy response was the Australian technical colleges.

In my final few minutes I want to address this point, because this is one opportunity for those opposite in their party room to say: ‘I think we got this wrong. This might’ve been a very popular policy for the election, but when you think it through this policy will not have scale.’ Delivering a grant of that magnitude sometime in the next 10 years will not create a trade training centre and will not make the students job ready. Critically, there will not be business involvement at the board level to provide some of those great pathways into local jobs in the very communities where the students live. I say this in the final minute: in their heart of hearts, those opposite know that Australian technical colleges are a better option. They provide scale, they centre the funding, they have local business involvement—which those opposite scoff about, although that does not surprise me—and they can work. If those opposite backflipped on this, we would not criticise them; we would applaud them. But if they do not then they will see that this will not work—it will not work for a second. Like the computers in schools, it will be left to them to explain how it actually works and left to them to explain to school communities why they are doing fundraising events to pay for the costs the Minister for Education did not think of.

Ms HALL (Shortland) (5.35 pm)—Before I go to the substance of my debate, the member for Casey may like to hear about the experience of the Australian technical college in the Hunter. It was announced last year and became operational. Students were recruited for the courses at the Australian technical college that was in the Hunter, but there were a few little problems: (1) there were no tools, (2) there was no workbench and (3) no work experience had been organised. Finally, they were able to organise donations of tools, the parents went in and built the workbenches, and half the students dropped out because they could not arrange work placements. I am sure that the Australian public knows that what Kevin Rudd and the Labor Party took to the election—the Trade Training Centres in Schools Program—is the way to go.

Appropriation Bill (No. 1) 2008-2009 and the cognate bills that were introduced into the parliament by the Treasurer on 13 May 2008 deliver to the Australian people. This is a budget for all Australians. It delivers tax cuts whilst maintaining responsible economic management
and delivering a budget surplus of $22 billion. It is a budget for the future, investing over $40 billion in infrastructure, health and education funds.

The $20 billion for the Building Australia Fund will pay for ongoing improvements to our roads, ports, railways and telecommunications. In the last parliament I was on the House of Representatives Standing Committee on Transport and Regional Services. We held an inquiry into the blockages to ports and the infrastructure that was needed to allow our ports to function effectively. I see the Building Australia Fund as a fund that will be able to act on some of the recommendations that were in the inquiry’s report—and that was a fine report. A lot of outstanding contributions were made to the committee, and I know that that is the type of thing that will be considered.

There has been an allocation of $11 billion for the Education Investment Fund, which will pay for ongoing improvements to our TAFEs. While I am talking about TAFEs, one of the first acts of the Howard government in 1996 was to rip money out of the TAFE system, and they never restored those funds. The fund will also improve our universities, as part of the education revolution, because we on this side of the House understand just how important education is for the future of our nation. The budget also puts $10 billion into the Health and Hospitals Fund, which will ensure that we have better hospitals and, importantly, money for medical research.

These are funds that are needed; these are funds for the future. This is a planned approach to delivering to the Australian people, rather than just throwing money at people and projects that will deliver to the government, not to the people. That is what the Howard government did—they threw money at projects that they could see would deliver to them. There is no finer example of that than some of the projects that were funded under the Regional Partnerships program.

As I was saying, these funds are investments for the future. They are investments to address the chronic skills shortage that the Howard government allowed to develop. That government was more interested in punishing the unemployed than in giving them the skills they needed to move from unemployment to work. We have a very different approach to solving the skills shortage. The Howard government last year like drunken sailors threw around the surplus in the lead-up to the election. The Rudd government has just brought down a budget that will deliver to the Australian people a $55 billion Working Families Support Package and at the same time address inflation. It is making the hard decisions that the Howard government refused to make. This is a budget to address the challenges of high inflation, which places pressure on interest rates and which in turn places pressure on our pensioners, retirees and working families.

Unfortunately, high inflation leads to high prices. We have seen a 10 per cent increase in the price of groceries and petrol. There has been a 14 per cent increase in the price of fruit and vegetables, which are staples that we should all be eating. The people that inflation has the greatest impact on are those on a fixed income—people like pensioners, veterans and retirees. Their standard of living has been badly affected. That is why we have invested so much in pensioners and retirees this year. We have increased the utilities allowance from $107.20 to $500, and it will be paid not just twice a year but quarterly. In addition to that, we are looking at the way the pension is calculated. We are looking at the types of things that a pensioner...
actually buys—that is, groceries and essentials. The Rudd government also recognised pensioners and carers by paying them bonuses in this budget.

It is important to mention that this budget introduces a means test for the baby bonus at $150,000. That is something I wholeheartedly support, and it is something that is wholeheartedly supported by the number of women I have spoken to with incomes above that. There is also a means test at $150,000 for family tax benefit B. There has been much talk about the Medicare surcharge. The budget delivers a tax cut to people earning between $50,000 and $100,000. When members on that side of the House talk about the Medicare surcharge, they fail to mention the impact that the 30 per cent rebate had on people taking out health insurance. They also fail to mention what I think had the greatest impact on people taking out health insurance: the community rating. They oppose the tax on luxury cars, they oppose the tax on alcopops and they oppose Fuelwatch. This says to me that nothing has changed in the way those on that side of the House look at things. They are in parliament for the big end of town. They represent the private health insurance companies, they represent the luxury car companies, they represent the distillery and alcohol companies and they represent the big fuel companies. That is very disappointing.

In the time that I have left, I will quickly—

Mr Ian Macfarlane—You’ve got plenty of time, Jill.

Ms HALL—No, I haven’t.

The DEPUTY SPEAKER (Mr S Georganas)—Order! Your remarks will be made through the chair.

Ms HALL—In the interests of other members, I am truncating my speech so that everybody has a chance to speak and, as such, I have limited time. The point I would like to make is that this budget has delivered for the people of Shortland, who have a median income of $1,046 per week. I understand why people like the member for North Sydney stand up and argue against some of the things in this budget, when in his electorate there is a median income of $2,412 per week. I understand that he represents the big end of town, but I have to say that for the people I represent in this parliament this budget recognises the importance of controlling inflation and delivering to them.

If you look at all the indicators that came out in the census, you can see why this budget will be good for the people of Shortland. It is an electorate where over 56 per cent of people completed only year 10 or less as far as education is concerned. It is really important that we create educational opportunities for the children of those people. In addition to that, the majority of students in Shortland electorate attend public schools and have been disadvantaged. This budget recognises that children should have the choice of attending public or private schools and, as such, should have equal opportunities.

In this budget, the government has delivered $750,000 to upgrade Fernleigh Track. Fernleigh Track was initially to be funded under the Regional Partnerships program but will now be funded under the Better Regions program. It is a fine example of the types of programs that should be funded. Fernleigh Track recently won a highly commended award at the Parks and Leisure Australia awards in the category of management of open space development. It is something that has community support and is the type of project that should be funded.
Money went through the Black Spot Program. I have that detailed here but I have already spoken too long. There is money from the Roads to Recovery program to Lake Macquarie City Council and Wyong Shire Council. Rather than pork-barrelling and putting resources into marginal communities, this government recognises that, no matter where a person lives, no matter what region they are in, they should get their share of resources.

There has been $10 million given to the upgrade of EnergyAustralia Stadium. The PET scan at the Calvary Mater hospital has been funded. They are both things that the Howard government refused to do. The Newcastle university has had $13.7 million directed towards it. The superclinic in the northern part of the Wyong shire will benefit the people of Shortland electorate. This budget delivers to the people of Shortland and to the people of Australia. It is a budget for all Australians and not just for the big end of town.

Mr IAN MACFARLANE (Groom) (5.48 pm)—I am pleased to hear the member for Shortland say that this budget delivered for the people of Shortland, because it sure as hell did not deliver for the people of Groom nor the people of regional Australia. I am comforted that at least the member for Shortland thinks her members have done well. I am sure she has nobody who buys four-wheel drive cars to do their business and no-one who, after work, decides that the easiest way to have a drink would be to have a premix drink rather than have to buy a bottle of something and be inexact in the way they mix it. I am pleased that all the people in Shortland, as the Treasurer said, are happy. I am very pleased about that.

Since the Rudd Labor government’s budget was handed down I have had time to digest it and reread it many times, but what was in it for regional Australia and particularly for my electorate of Groom has not changed. This is a budget of betrayal and let-down to the people of rural and regional Australia, people whom I have had the great honour of representing for over nine years in this parliament and, prior to that, probably another 10 years in various forums.

It is a glaring feature of this budget that there has been a glaring absence of anything of substance for regional and rural Australia, the people I represent. The budget is a blatant failure of this government to live up to the expectations it cultivated, particularly the Prime Minister’s claim to govern for all Australians. This is not a budget for all Australians. This may be a budget for the people of Shortland, and I would actually take the opportunity if it comes my way to go down and ask some of those people in the good member’s electorate if they think it is a good budget for them, because I am sure we would find there that there are people who know enough about the importance of rural and regional Australia to say that if this budget is not good for all of Australia then it is not a good budget.

This budget favours some at the expense of others. It is a budget that this government has used to drive its own ideological purposes at the price of breaking faith with the people in regional Australia. Instead of governing for all Australians, this government has actually delivered a budget that rips apart a number of key programs that have been ensuring positive outcomes for regional areas and, in the process, it rips the heart and soul out of regional Australia.

Much like the government itself, this budget is trumped up for the sake of appearances but, if you look a little deeper, the tightly spun image begins to unravel. Take infrastructure, an area in which this government truly let down the people I represent and the people who are near and dear to me, the people of regional Australia. The budget is talking up the govern-
ment’s Building Australia Fund, which has been given the broad objective of covering transport and communications infrastructure. But other than a sweeping announcement there is no evidence to back that up. The government has given no indication of what projects will fall under this fund, nor has it given any guidelines for how the money will be allocated and administered and accounted for. The fund actually swipes $2 billion from the Communications Fund, which existed expressly to ensure a high-speed standard of rural and regional telecommunications, which seemingly undermines at least half of the stated purpose of the fund. In doing that, it has also condemned the people of regional Australia to a poor internet access regime and a long wait for whatever broadband internet they receive.

In referring to communications infrastructure, this government seems to be confining its focus to city infrastructure—again, at the expense of more regional parts of Australia. Add to this the government’s own admission that its only action on delivering the Building Australia Fund was to conduct feasibility studies and the gloss does start to fade substantially. How long do the people of Australia have to wait before this government actually decides to govern rather than to commission more reviews and hang out with celebrities?

All the while, the Rudd government is remaining equally as secret about the future of the previous government’s forward-thinking roads and rail program, AusLink 2, and how that fund is to be allocated. This is an issue of vital importance to my electorate of Groom, because the people of this electorate are entitled to the $700 million allocated in the May 2007 budget to start building the second range crossing, a critical highway. But the Rudd Labor government seems determined to renege on this fully funded budget commitment as well. It seems that it is not enough for this government to operate on a blanket freeze frame mode that prevents business and whole sectors from moving forward; the government is now applying its obsession with reviews retrospectively and claiming that a firm decision to build the Toowoomba second range crossing under AusLink 2 must now be subject—and yes, you have probably guessed it—to another review. It is a nonsensical claim, given that the previous Howard government had already decided to build this road. The Rudd government cannot hide under the cover of its reviews and summits forever.

It is not just highway users who are feeling let down by this government and the budget which it has delivered; it is also the many primary schools across my electorate and across Australia. They have real reason to feel betrayed by the Rudd Labor government’s decision to abolish the highly successful Investing in Our Schools Program. That was a program that allocated local schools the opportunity to take control of their own destiny—and, in my electorate, more than $8 million worth of their own destiny. It gave them the power to choose projects they wanted to develop or new equipment they wanted to purchase, based on their own day-to-day experience in that school and the needs of their own students. The program did not rely on state Labor governments to make up their minds as to whether or not a school in Cambooya or Bowenville or Toowoomba should receive funds for things like air conditioning, computers or a whole range of facilities and amenities which they simply would not get under the slow-moving and city-centric Queensland Labor government.

It is particularly galling, given that the Rudd government speak incessantly about the so-called education revolution. As primary schools in my electorate are discovering, the Rudd government have no place to promise these schools an education revolution. If they do, as they are, then the schools in my electorate will find that there is no place for them in this edu-
ication revolution. In fact, this so-called revolution is nothing more than a deceptive political exercise. In the meantime, it is high schools that are finding out that if they are to be part of this so-called revolution then it will come at a substantial cost, because this government is short-changing them on the laptop policy and leaving local schools to meet fundamental costs like connections and electricity. Some revolution! I think it is fairly revolting, to be quite honest.

This budget is also a tale of woe in the area of water because projects like the Community Water Grants program have also felt the sharp edge of the government’s razor gang. It is hard to determine what is driving this government to slash a program that has empowered residents to address one of the biggest issues facing their own communities and others right across Australia. I have had the pleasure of inspecting most of the programs that have been allocated funds in the electorate of Groom. They are high-quality programs and, most importantly, they work, saving hundreds of millions of litres of water every year. While the many local schools, sporting clubs and community groups in my electorate and across the entire country may be relieved they took the chance to receive support for their endeavours while they could, it is a slap in the face to see those efforts devalued and their example unable to be followed by other community groups who want to do their part to save this valuable resource—the water that they need every day. It is inconceivable that this government would slash this effective program without so much as a whisper of it in the budget and without any plans to replace this program—or none that we can find, but perhaps that, too, will be subject to another review.

This is all part of the broader picture that shows that this is a government that has no plans for regional Australia and is intent on punishing those sections of the Australian community who do not vote for it. We hear words from those who sit on the government benches about conspicuous consumption. If you buy a vehicle worth more than a certain amount of money—and I am not sure why those who decide on conspicuous consumption only target motor vehicles, but let us hope they go no further—and if you are guilty, as was said in the other place earlier this week, of conspicuous consumption then you can be sure that the Labor Party will tax you for it.

If I can move to the Regional Partnerships program, there is even more evidence here that the Rudd Labor government is not interested in helping regional Australia. We can see the ultimate crystallisation of this government’s modus operandi. It is a government based on spin and image control. This is the very program that the Labor Party and the Minister for Infrastructure, Transport, Regional Development and Local Government have been denouncing as a slush fund and a pork-barrelling exercise. Mind you, the minister’s cries took on more of a hypocritical hue after I read this morning in the newspaper that Labor had poured 90 per cent of its own regional grants funding into electorates it already held or intended to win—90 per cent of $150 million went into those electorates. Notwithstanding this, the minister has repeatedly tarnished the reputation of programs and projects that have received funding under the Regional Partnerships program as being part of some sort of rort.

Last week the minister for infrastructure had to come clean, though, and concede that he had not even bothered to look into the program or into which specific projects had been funded. While the minister was out talking down the projects, and refusing to fight for the budget funds that were needed for them, the truth came out on television. It was only then that we saw some action—and are we surprised by that? Certainly not. Maybe we should get Ko-
chie to ring the minister more often. It did not matter that the livelihoods of local businesses and communities were on the line. It did not matter that other communities had pledged their very own money and fundraised for these projects on the understanding that these grants had been secured. It did not matter that the blood, sweat and tears of local communities had been put into these projects. It did not matter to the minister until Kochie rang him. And then the minister thought, ‘The media are interested’—and we know how obsessed the government is with the media cycle—‘so perhaps I should go and have another look at them.’ The only thing that then mattered was how the storyline played out in the media. So, after a bit of bad PR, the government decided to do the right thing at long last and honour the funding for local community projects under the Regional Partnerships program.

Regardless of the motivation behind it, I welcome the government’s backflip on this issue. But now it has the responsibility to take the matter more seriously as it revives negotiations with affected community groups. Unfortunately, the signs that this is more than a token gesture are sparse, given that Labor has slashed more than $1 billion from regional Australia. Other than saving face on this issue, the Rudd government has distinguished itself only as a government that simply does not understand—either that or it does not care—about regional Australia and its people.

This budget is all about appearances and about the Labor Party’s longstanding ideological vendettas. This budget sets in motion the conditions to undermine the private health insurance sector, as we always knew it would, and place fatal pressure on the already overburdened public health system. It is a budget that divides the community along the lines of what this government defines as being rich. It is a budget that punishes larger families that live in rural areas who need to buy a four-wheel drive vehicle worth more than $57,000—those conspicuous consumers, those people guilty of conspicuous consumption, to use the words of the Labor Party. It is a budget that locks out the hardworking families who want to install solar energy panels but who earn more than $100,000 in combined incomes. This is a real slap in the face from a government that talks up its environmental credentials but makes a determined effort to stand in the way of those who want to switch to solar power, both for environmental and necessity reasons. The environment minister himself should be ashamed. It is a budget that talks big and delivers nothing for seniors and carers. It is a budget that shows in a devastating fashion that the reality of the Rudd government is not what it promised before the election.

In the short time I have left can I touch on the area of my portfolio responsibility. Again, we see a situation where a minister did not stand up for his portfolio and did not do what was promised prior to the election. The trade minister spun some sort of deception that he was going to not only expand the EMDG Scheme but make sure that that expansion was funded. But, when the budget was handed down, we found two things. The first was that there is going to be another review—and we knew that was coming!—so whatever is done now may be reviewed and changed. Also, this much vaunted extra money only goes for one year. So you expand the scheme, you get all these people in, you get the momentum up and you pay that year. In the following year, what is going to fund those applications? We do not know the answer to that. The minister is unable to explain it, and we have to wonder whether or not he went to the ERC process to ensure that his portfolio needs were met. It is just another example of a promise not delivered, a promise that has been glossed in spin and a promise which I
know will come back and not only hurt the exporters of Australia but show just how shallow this government is in its commitments.

Let me conclude by saying that the evidence is quite clear and yet, at the same time, disturbing and distressing. This budget is vintage Labor. It is a high-taxing, high-spending budget that rewards those the Labor Party favour and punishes those they do not. It is a budget that lets down the people of regional and rural Australia and exposes the truth behind Labor’s claim to govern for all Australians. It is a budget that encapsulates the hidden ethos of the Rudd Labor government, because it is a budget dedicated more to maintaining appearances and manipulating an image than to delivering on the ground.

Ms BURKE (Chisholm) (6.07 pm)—I rise to speak on the Appropriation Bill (No. 1) 2008-2009 and related bills. I am delighted to have this opportunity to speak in support of Labor’s first federal budget in more than 11 years and the first that Labor have delivered during my 10-year parliamentary career. I am proud of this budget. It delivers on all of our election promises. It is a responsible budget considering the economic circumstances of high inflation and high interest rates and yet it makes good on all our election promises, delivering for working families. Finally, low- to middle-income earners are back in the picture. What a relief after all those years of Howard government budget handouts for high-income earners who did not really need them. For once the people who actually carry this country are being acknowledged and provided for to the tune of a $55 billion Working Families Support Package. But this budget is also good for Australia’s future. It is a vision. It puts the people in my electorate of Chisholm at the centre of our commitment to tackle inflation and lays the building blocks for a stronger, more modern Australia.

The Rudd government has delivered a tight fiscal policy to bear down on inflation while investing in sustainable productivity and growth, dealing with the issues of skill shortages. Strong economic management is the key. A surplus of $22 billion will ensure a strong budget at a time of global financial turbulence, with every dollar of new spending matched by spending cuts. The government is right to avoid wasteful spending that puts unnecessary pressure on the economy and makes the Reserve Bank’s job of controlling inflation harder. Thanks to years of Howard government neglect and inaction, productivity growth has fallen to its lowest rate in over 17 years. Government spending needs to be more firmly focused on measures that boost the economy’s productivity potential. This reinforces the economy’s ability to deliver strong and sustainable growth without triggering inflationary pressures. This budget focuses on the supply side; the Howard government allowed demand side pressures to build up and push prices up.

It is a good budget in the tradition of great, visionary, nation-building Labor budgets. We have reprioritised spending towards education, health and infrastructure, to invest in Australia’s future while giving working families the tax relief—$46.7 billion in personal income tax cuts—they need at a time when the family budget is severely stretched. I applaud these measures. They address many of the concerns of my constituents, who saw education, health care, child care, aged care, investment in infrastructure and the environment go backwards under the Howard government. They felt short-changed and rightly so. If governments do not invest in the wellbeing of the nation, who else will?

Education is a key concern for many of my constituents. Many of them are university students, graduates, lecturers and teachers, parents of students or just people who are concerned...
about the skills shortages and the creativity of our nation—and the previous government’s lack of investment in education. I am delighted to say that the two universities in my electorate—Monash University, with the largest campus at Clayton, and Deakin University, with the city campus at Burwood—have received large funding boosts in this budget for urgent capital investment works. Monash University received $29.6 million and Deakin University received $13.8 million. That is money that is desperately needed by both those campuses and universities. That money is a one-off payment to those universities, under the Better Universities Renewal Fund, to renew and upgrade information and communications technology systems, laboratories, libraries, student study spaces, teaching spaces and student amenities. The money will make those universities a better place to work and study and it will take the strain off the universities’ budgets. It will go some way towards addressing the neglect and decline in university facilities that we saw under the Howard government, particularly thanks to Peter Costello, who was, of course, a Monash graduate and who should have treated his old alma mater better. The not-so-voluntary voluntary student unionism was a nasty piece of regressive ideology.

I am also pleased to say that Box Hill TAFE’s business enterprise centre received $350,000 in funding to support small businesses in the area. This funding was promised during the election campaign last year by the Minister for Small Business, Independent Contractors and the Service Economy when he visited Box Hill Institute of TAFE with me. I am pleased to say that the government has delivered on that promise. I have been a long supporter of this centre, which is a one-stop shop for local businesses in the eastern suburbs of Melbourne, providing invaluable support and advice to small business people who want to improve their business. It is a terrific centre, as Box Hill TAFE is a great institute, and I am pleased that the money is going to such a worthwhile institution. The funding is part of a fantastic $42 million program to fund small business advisory centres across Australia.

No-one can say that the ALP does not support small business, and this initiative was most welcomed by the small business community. Indeed, Labor’s education revolution will provide $5.9 billion for the education of all Australians, from our youngest citizens to university students. It will invest $534 million over four years to provide universal access to preschool years for 15 hours a week, 40 weeks annually, by 2013—a terrific initiative. It will invest $1.2 billion over five years for the digital education revolution to deliver information and communications technology to all year 9 to 12 students, $2.5 billion over 10 years for the trade training centres in schools, $578 million to improve literacy and numeracy and $662 million for the National Asian Languages and Studies in Schools Program. Asian language study is a big issue in my electorate of Chisholm, which has a very large Asian population. They have been quite disappointed over the years that the study of Asian languages has faltered, particularly through the school system, as not many Asian languages are offered at school level. Hopefully, this will encourage the take-up of Asian language studies at school level, as opposed to the numerous Saturday and Sunday classes that operate quite extensively in my electorate.

We will lift the year 12 or equivalent retention rate to 90 per cent by 2020. There will be $500 million invested this year to assist universities with capital funding and a $626 million funding injection will reduce the cost of studying maths and science at university. An extra 630 training places will be provided, at a cost of $1.9 billion, which is great news for Box Hill
TAFE students. The budget has also put aside a further $11 billion into a special fund to be drawn on for Australia’s long-term educational needs.

Child care is also a major priority issue in my electorate. It is expensive bringing up kids, especially when you are on a limited budget. I have had many emails and phone calls from parents who cannot get their kids into a childcare centre because there are not enough places, or they just cannot afford child care, or they are very concerned about their inability to get child care with their impending return-to-work date fast approaching. In response to these problems, the Rudd government have raised the childcare tax rebate from 30 per cent to 50 per cent. That will ensure that, in addition to any childcare benefit payment, half of a family’s total out-of-pocket childcare costs will be met every year. We have also made applying for and getting this payment much easier, because at the moment it is a minefield to apply for and get. In addition, the cap on the maximum out-of-pocket expenses claimable each year will rise from $4,354 to $7,500, and 50 per cent of the childcare tax rebate will be paid every three months instead of just once a year. This initiative will be greatly appreciated by many families in my electorate as providing welcome relief to the family budget.

A bigger initiative in this budget is aimed at seniors. I have an ageing population within my electorate. The phone calls coming into my electorate office showed that seniors were very grateful for the measures within the budget. I did not have one pensioner ring and complain. Actually, I had quite a few ring to ask why all the pensioners were complaining! The increase to the concessions allowance in the budget was welcomed with huge relief. One of the issues that many in my electorate are looking forward to is the provision for senior card holders to have access to travel concession across Australia. Victorians cannot understand that, when they go to Queensland, they are suddenly no longer considered a senior. I know that many are looking forward to that issue being resolved.

In respect of private health cover and the changes to the private health surcharge, it is interesting to note the claims from the opposition about how this will put massive pressure back on the public sector, and at the same time they claim that a whole lot of young individuals will come out of private health insurance. We cannot have it both ways. If it is the young, healthy people who will be leaving, why will they suddenly be going to hospitals? It is a ridiculous argument and eventually somebody will point out the anomaly in this argument. People currently have to go to public hospitals for a range of matters, whether they have private health insurance or not. They present to these places because they are involved in accidents or serious issues. The bulk of the private sector does not cover these. Those people will be the ones who present and have always presented. The people who will leave because of this change, if they choose to leave—many will probably stay—are not the people who will be actually going to hospitals, because they are healthy; they are young, they are healthy and they do not need hospital care.

Finally I want to again address the issue of health care. The Rudd government is committed to improving the health system in this country. We have committed $32 billion for the National Health and Hospitals Reform Plan as well as many other healthcare initiatives which will go a long way to helping solve the public health crisis. I know many people in my electorate are concerned about the lack of funding and the current state of Box Hill Hospital. Box Hill Hospital is in need of an urgent upgrade. The facilities are old, out of date and not meeting patient demands. In 2006 the state government promised a $185 million upgrade to re-
build the hospital. In this year’s state budget $8.5 million was provided for infrastructure upgrades at Box Hill Hospital, including theatre, electrical and mechanical service works. While this is a patch-up job for an institution that desperately needs a complete overhaul, it will ensure the hospital continues to function effectively while a new state-of-the-art hospital is built at Box Hill in the future. I know many of my constituents were disappointed with the state budget outcome, but I want to urge the state and federal governments to work towards the resolution of the Box Hill Hospital issue. I know the state government is committed to funding and redeveloping the hospital. We need to see action on it sooner rather than later. I commend this terrific Labor budget to the House.

Mr GEORGIOU (Kooyong) (6.17 pm)—I rise to speak on Appropriation Bill (No. 1) 2008-2009 and associated appropriation bills. The Treasurer said that this is a Labor budget—it was echoed by the previous speaker—and it certainly is a Labor budget. It is a budget characterised by high taxes, high spending, high unemployment and no relief on inflation. The Labor government inherited an enviable economy from the coalition. The coalition eradicated debt, established and maintained healthy services and instituted economic and taxation reform. These fostered and encouraged employment growth and a prosperity enjoyed by this country over the past decade. The legacy of the coalition government is an economy that is flexible, strong and prosperous. This is a total contrast to what the coalition inherited when it came to government in 1996. Government debt was $96 billion; the deficit was $10 billion. Australia suffered through a recession that we had to have and endured astronomic interest rates, high inflation and high unemployment. The coalition’s responsible management of the economy fostered an economy in which all Australians could be confident about the future.

It has to be said that this economic prosperity seems to have been taken for granted by Labor, and this budget is certainly one of missed opportunities. There is no agenda for the future; there is no vision for the type of nation we can grow to become. There are no details of action to strengthen our position and build on the gains that have already been made. Instead of capitalising on the strength and stability of the economy, the Labor government has instituted a range of measures that increase inflationary pressures. The budget fails to assist with the cost of living. There are income tax cuts but they were delivered by the coalition in its last election commitments. They were provided for in forward estimates and maintained by Labor, which I find is nice. What I find a bit concerning is that the Treasurer has indicated that there will be an end to returning excess budget surpluses to taxpayers as tax cuts.

This budget forecasts higher spending, higher taxes, higher unemployment and lower economic growth. New taxes and revenue measures will raise $19.7 billion over five years. Taxes have been increased on everyday items such as cars, alcohol, energy, computer software and passports. Even with the coalition’s income tax cuts in this budget, the total income tax take will increase by $42.8 billion, or 21.1 per cent, over the next four years. The CPI increase from the new tax increases means that despite the government’s rhetoric there is no relief from petrol prices, grocery prices or home loan interest rates.

Preliminary modelling estimates that the new tax alone will add up to 0.4 percentage points to the CPI. The strain on the community is increasing as the cost of living continues to grow. The budget increases inflationary pressure by increased spending. Again, despite a lot of chest beating by the Labor government that the razor gang would be slashing spending to contain inflation, the opposite is actually true. This budget removes $15.2 billion of coalition spend-
This budget fails across a wide range of fronts. It fails pensioners; it fails retirees; it fails our schools and students; it fails our rural communities; and it fails carers. Today I want to focus on the budget decision to increase the tax threshold for the Medicare levy surcharge. This was something that the member for Chisholm took up. The fact is that the coalition has long understood and appreciated that this nation’s health system is best served when we have viable, efficient and successful private and public health services working together to deliver health care.

The people of Kooyong understand and appreciate the importance of a strong private health system contributing to the overall quality of health care, and in my electorate the percentage of people with private health insurance is 77 per cent—30 per cent higher than the national average. A balanced health system with strong private hospitals is in the interest of all Australians. In government the coalition supported private health insurance to ensure that the right balance existed in the way health care was managed. Labor, on the other hand, has long held a different set of principles. The last time Labor was in government it continuously undermined the private health insurance system. Under Labor, private health insurance coverage fell significantly, and the reality is that Labor has always thought that it can afford to diminish the private health system because it believes that it is wealthy people who are in the system and that they will always stay there so the system does not need support.

Real life is quite different from this. One of the most interesting findings from the period when Labor was systematically eroding the base of private health insurance was that, amongst the lowest 20 per cent of income earners, private health insurance membership levels remained virtually unchanged across the decade from 1983 to 1992, while membership in all other income brackets declined. Under Labor it was the lower income earners who felt the brunt of Labor’s attack on private health. I believe that it is these people who will again feel the most pain as a result of Labor’s decimation of the private health system. Labor’s long-term cynicism about private health is becoming clear, and it is this cynicism that lies at the heart of the decision to increase the threshold for the Medicare levy surcharge. This increased threshold will serve to turn people away from private health insurance and further burden an already struggling public system. Not only will this increase the burden on the public health system but it will place unacceptable costs on the Australian community at large.

Research has shown that, for every dollar spent by the government on the private health insurance rebate, a saving of up to $2 on healthcare costs is made. It is undeniable that the public health system, now run by state Labor governments across Australia, is under strain. Even the states recognise that, and Western Australia and Tasmania have said that compensation from the federal government will be sought if there is an increased demand created by the policy change to the Medicare levy surcharge.

Previously, singles earning $50,000 or more who did not have private health insurance were required to pay a Medicare surcharge of one per cent of their taxable income. The threshold for families was $100,000. This policy provided an impetus for people to consider taking out private health insurance. Since the introduction of the Medicare levy surcharge, the number of people participating in the private health system has increased from below 30 per cent in the late 1990s to the current participation rate of 44.6 per cent, or 9½ million people.
the number of patients treated by private hospitals has increased by 17 per cent in four years to 2.8 million patients, and 56 per cent of all surgeries are conducted in private hospitals.

The importance of private health cannot be underestimated, and the Labor Party is making a fundamental mistake by taking it for granted. Let me just run over some more statistics. Private hospitals currently conduct 84 per cent of all obesity related surgery, 77 per cent of all knee procedures, 70 per cent of all eye procedures, 64 per cent of all spinal procedures, 55 per cent of all hip procedures, 55 per cent of all chemotherapy and 41 per cent of all coronary bypass surgery. Private hospitals treat four out of every 10 patients admitted to a public hospital for treatment. In 2005-06 they treated 423,000 accident and emergency patients and over one million patients aged 65 years or over. It is these older Australians who will be most adversely affected by this change. They cannot easily leave the system and they will be forced to pay higher premiums. The AMA has reported that it is older Australians who will be most adversely affected. The security and comfort that elderly and chronically ill Australians have had through affordable health insurance is at serious risk.

The change in the threshold has led the Department of the Treasury to anticipate that 485,000 people will leave the private system. This has been calculated as 186,000 singles and 150,000 families. Contrary to what the previous speaker, the member for Chisholm, said, these families actually need health cover. They will now need to rely on an overstretched public health system. But, to take this matter further, the working paper written by PricewaterhouseCoopers for the Australian Health Insurance Association has estimated that government savings, as detailed in the budget papers, would actually require more rebate payers to leave the system than is stated. Using the average premium cost, PricewaterhouseCoopers calculate that 613,000 people would have to leave private health insurance in the next financial year. With over 610,000 policyholders, and taking into account children in families, the number of people leaving private health insurance to fit the government’s forecast is potentially in the order of 900,000.

The Australian Medical Association commissioned Access Economics to report on the overall impact on health of the 2008-09 budget. Access concluded that the government has adopted a policy that harms the insurers and the private hospitals, while adding further burdens to an overstressed public hospital system and affecting the long-term fiscal position, which will in fact be felt immediately. I do not think that the Labor Party’s ideological obsession with undermining private health insurance will serve the government or the community well in the longer term. Good policy must exhibit short-term gain and long-term vision, especially in an area such as health. Sadly, the policy decision on private health insurance, like the vast majority of measures in this budget, lacks both.

Another feature of the budget that is worth while remarking on is the abolition of the Investing in Our Schools Program. I have had some experience with Labor economics, but I have got to say that I was surprised about the abolition of this program. I think that it had been universally welcomed by all members of parliament, and certainly, in my electorate, it made a fundamental contribution to improving, at the margins, the quality of education in our schools. I think that every member of parliament who walked into a school to see the new facilities, especially in the state school system, was taken by the quality of the changes and the dedication of the people who made bids for the Investing in Our Schools Program. I think
that this is a very sad loss and I reiterate that it did surprise me, because I thought that that program would have had overwhelming support from all sides of the parliament.

On a positive note, I note the budget commitment to the abolition of temporary protection visas and the granting of permanent visa status to all refugees found to be owed protection. I think this is a measure that addresses a situation which has been unacceptable for far too long, and I am pleased to note that the arrangements to abolish the temporary visas will be in place by 1 October. I also welcome the commitment to the Adult Migrant English Program of an additional $49.2 million over four years.

In fairness, I should also welcome the provision in the budget to end discrimination against same-sex couples. This is a measure which has been long discussed in the coalition and I am just glad it is taking place in this budget.

Overall, it cannot be denied that the budget represents missed opportunities. Instead of continuing on the path of sound economic management with a range of prudent measures to encourage prosperity and growth, this budget reverts to the Labor style of economic management. Spending has been increased, despite pledges that the razor gang would be ruthless in its funding cuts. Cuts have been made to agencies such as CSIRO, HREOC, the Australian Bureau of Statistics and the Ombudsman. In that context I note that I am concerned about those cuts in terms of the Ombudsman’s ability to deliver on his statutory responsibilities.

The bottom line is that new spending in this budget is almost double the amount saved by cuts. There is no strategy for reform in this budget to enable continuing economic growth, and I think it needs to be registered that the maintenance of economic prosperity will not continue as a matter of course and that there has been a failure on the part of this government to address this issue. Australia’s prosperity is an outcome of disciplined management of the nation’s economy. This is something that Australians can never take for granted and it is something that we can no longer believe is in place. The budget increases taxes, increases spending and increases pressure on inflation. It is a budget in which Labor has failed the Australian economy.

Mr MURPHY (Lowe—Parliamentary Secretary to the Minister for Trade) (6.29 pm)—I rise tonight to speak on Appropriation Bill (No. 1) 2008-2009 and related budget bills. I would like to outline those areas which are of particular concern to my electorate of Lowe in Sydney’s inner west. I start by commending the Prime Minister and the Treasurer for honouring Labor’s election promises to the Australian people in this, the first budget delivered in this parliament by the Rudd Labor government.

The current world economic climate is uncertain and, appropriately, the Treasurer has delivered a very responsible budget. Australians are experiencing rising living costs, from housing to groceries to fuel, to name some of the essentials. The increasing living costs arise from both internal and external factors, and this budget seeks to reduce those pressures on hard-working families. Importantly, the Rudd Labor government has fixed its sights on long-term, sustainable and responsible fiscal policy to ensure our economy can meet future economic challenges. Notably, the $21.7 billion budget surplus is designed to put downward pressure on inflation and stabilise interest rates. The allocation of funds is targeted to those most in need and coupled with initiatives to raise productivity and participation.
The Rudd Labor government has set the task of cooperating with state governments to end the blame game which crippled the health and education system for 11½ years under the Howard government. COAG meetings under a Rudd Labor government are now forums for constructive dialogue and decision making to improve vital services which every Australian expects and deserves. Prime Minister Rudd delivered on his commitment from the time he became opposition leader, when he promised that a government led by him would promote a cooperative dialogue between the federal government and the state governments.

Thirty-four thousand families in Sydney’s inner west in my electorate of Lowe welcome the $55 billion Working Families Support Package delivered in the 2008-09 federal budget. This package will provide tax relief of $46.7 billion over the next four years for low- to middle-income families. The package has increased accessibility and affordability to health care, including dental care, with the introduction of GP superclinics and the Teen Dental Plan.

For young families, the Rudd Labor government has increased the childcare tax rebate from 30 per cent to 50 per cent, increasing the claimable cap from $4,354 to $7,500 per child. As well as increasing the rebate, the government has allocated $1.6 billion to increase the number of available childcare places, more of which are desperately needed. That has been an important issue for the families I represent in the electorate of Lowe. The rebate will assist the 7,340 children under the age of four in my electorate attain an affordable, quality childcare place. I welcome this measure in the budget.

For the 20-plus schools in Lowe the education tax refund assists with education expenses for school students. The refund provides up to $375 for each primary school student and up to $750 per year for each secondary school student. This initiative alone will give a total of $4.4 billion in refunds to working families. These are real measures offering real relief to Australian families.

On the housing front, it would be an understatement to say that housing in the inner west is becoming unaffordable for the average Australian. My electorate of Lowe has one of the highest levels of mortgage stress in Australia. One constituent wrote to me in response to an information pamphlet on housing stress:

I’m a single income tenant, my husband has a long term illness which has made him unable to work since the end of 2004. We rent a tiny one bedroom flat in the Inner West for convenience of public transport to enable me to get to work. This one bedroom flat costs me 50 per cent of my weekly income. My constituent went on to say that, because of the crisis, she had looked at purchasing an apartment. But, after seeking professional financial advice, she realised that a $250,000 loan would, with associated expenses, cost her more than 50 per cent of her income. This is the type of rental trap many people find themselves in.

This budget includes the First Home Saver Accounts package to help people save money for a deposit for a home and the Housing Affordability Fund and National Rental Affordability Scheme to increase the supply of affordable housing and rental properties. There is no simple, overnight solution to the housing crisis, and I commend the Rudd government for taking the first step in tackling the problem, unlike the previous Howard government.

Just as housing affordability became an issue the previous government chose to ignore, so too did the price of fuel. For all the condemnation the national Fuelwatch scheme has received from the opposition, I ask: what did the Howard government in its last three years of office do
to alleviate rising fuel prices? What did the previous government do or even attempt to do to ease the rising cost of fuel for working families? The appointment of a petrol commissioner is a step to ensure transparency and competition in the petrol industry. It is to keep the oil companies honest and minimise the rorting—and hence the price hikes in fuel—that has taken place. It is another measure to assist working families in the fight against rising living costs.

For families with carers, the government has expanded the eligibility criteria for the carer payment. The Rudd Labor government recognises the invaluable work of carers and in this budget will deliver $20 million in ex gratia payments to certain families, extend the eligibility for the utilities allowance, and deliver a lump sum bonus of $1,000 to those receiving the carer payment and $600 to those on carer allowance. I know that there was considerable alarm at the mention of cutting the lump sum payment earlier in the year and I am delighted that the government has increased the benefits for carers in the 2008-09 budget in recognition of their sacrifice.

It would also be prudent to note a couple of local groups which have received targeted funding from this budget. I would like to acknowledge the Settlement Grants Program funding which two migrant organisations in my electorate of Lowe have received in the 2008-09 budget. My electorate, like many areas in Australia, is culturally diverse, with refugees and migrants choosing to live in Lowe. In fact, in the 2006 census 40 per cent of respondents in my electorate were born overseas. These organisations, the Chinese Migrant Welfare Association and the Russian Ethnic Community Council of New South Wales, will receive approximately $68,000 and $73,000 respectively.

Moving to a new country is extremely daunting and difficult, particularly for those with no prior knowledge of the language. These organisations are pivotal in assisting the successful integration of refugees and migrants, offering goods and services to help them become independent, self-reliant and active members of our community. I know you would understand that, Mr Deputy Speaker Andrews, from your previous portfolio. I am extremely pleased to know that there are services in my electorate catering for those in need and that they are being recognised in this budget and supported by the new federal Labor government.

I am also pleased that the 2008-09 budget gives the urgent attention needed to our tertiary institutions. Of the $500 million injection to Australian universities to rebuild their infrastructure, $5.9 million has been allocated to the Australian Catholic University. I am proud to say that my electorate hosts a campus in Strathfield and I know that these funds will enable the university to provide facilities for such purposes as research, child care and student amenities.

As the Parliamentary Secretary for Trade, I also welcome initiatives in this budget which will assist in lifting Australia out of the trade deficit quagmire left behind by the Howard government. In the last six years of the Howard government, total export revenues grew at an average annual rate of only 5.8 per cent. This compares with the 10.7 per cent growth in the 18 years following the float of the dollar by the Hawke government in 1983. The Howard government has bequeathed Australia a goods and services sector where export growth has stalled, a manufacturing sector that has collapsed and export volumes that are stagnant. Conditions in the global environment are no excuse for this performance.

Demand for Australian commodities reached record levels under the Howard government’s watch while, over the past five years, world trade has grown at twice the rate of world output. In my view, the Howard government was either unwilling or unable to engage in areas of op-
portunity. It was either unwilling or unable to take advantage of the global prospects presented to it. The result of the Howard government’s inability to integrate trade, social and economic policies is a trade performance that is one of the worst in Australia’s history. It will not be easy to steer the ship around. However, unlike the Howard government, the Rudd government is willing and able to engage in areas of opportunity and to take advantage of global prospects presented to it. Rather than having an unflinching obsession with free trade agreements and believing that the mere conclusion of bilateral agreements will be enough to lift Australia’s trade performance, the Rudd government is engaging in proactive reform.

The former government could not understand that improving market access globally is useless if Australian companies are not productive or competitive enough to take up these new opportunities. The former government could not understand that entering into free trade agreements would do nothing to assist companies in Australia that were hamstrung by capacity constraints—capacity constraints that have intensified over the past decade due to the disgraceful underinvestment in infrastructure by the Howard government. Despite the opening of doors to the global economy, our businesses have been forced to fight for Australia with both hands tied behind their back.

Several measures announced in the budget provide a clear indication of a fresh approach to Australia’s trade policy. Several measures demonstrate that Australia will seek a whole-of-government approach to increasing export levels. The Rudd government’s first budget will deal with some of the productivity reasons underpinning Australia’s poor export performance.

As the Parliamentary Secretary for Trade I am delighted with the government’s investment in education and skills. As I have mentioned, this budget will invest $5.9 billion over five years in the Rudd government’s education revolution, including investment in more training places, trade facilities in our schools and capital works for our higher education and vocational institutions. The Rudd government’s first budget will also deal with some of the capacity constraints holding back our businesses from sending greater volumes of exports to overseas markets.

This budget has provided a substantial down payment on a pledge to fix and modernise the nation’s infrastructure. An initial allocation of $20 billion will be used to build critical economic infrastructure such as roads, rail, ports and broadband. Unlike the Howard government’s last spending spree, which in my view was not only short sighted but also sicknessingly reckless, the Rudd government’s first budget is the start of responsible investment in the very things that are constraining our export performance.

I have had the benefit of visiting many Austrade offices around Australia and the privilege of meeting many exporters. Almost all of those exporters have made mention of the need for critical infrastructure to support their businesses as well as skilled labour to improve their productive capacity. As I said, it will not be easy to undo 11½ years of neglect, but this budget is, refreshingly, a step in the right direction. Exporters have, for far too long, been carrying a disproportionate amount of the weight in the quest to improve Australia’s trade performance. The indolence of the former federal government has come to an end with this budget, and that will be of tremendous relief to many exporters.

As well as investing in the capacity of existing exporters to take their products worldwide, the Rudd government is also investing in the exporters of tomorrow. The government is acting
Climate change presents both challenges and opportunities for Australian exporters. Australia has the natural conditions to be a world leader in the provision of clean technologies in global markets. The global market for renewable energy is set to be worth US$750 billion a year by 2016. We need to act now to ensure Australian companies are in a position to exploit these markets in coming years and be competitive. While there are already 17,000 Australians employed in renewable energy and related industries, there is great potential to increase this number. Unlike the Howard government, the Rudd government is not willing to ride on the back of those doing the hard work. That is why this budget will invest $150 million over four years to support the development of clean energy technologies in Australia. This is on top of a $500 million fund over six years to support the mandatory renewable energy target and accelerate the development and commercialisation of renewable technology.

These are the clearest possible examples of a government that has fresh ideas for Australia’s future. They are clear examples that the Rudd government has the conviction to engage in areas of opportunity and to take advantage of global prospects presented to it.

Before concluding, I wish to comment briefly on the Rudd government’s commitment to improving the very successful Export Market Development Grants Scheme, another key component of the trade portfolio. Notwithstanding the significant support for the scheme by businesses, the scheme had been cut in half by the Howard government in real terms. Not only has the Rudd government made this scheme more accessible for exporters; it has boosted funding for the scheme by $50 million in 2009-10. Like infrastructure and education, the EMDG Scheme was deserted by the Howard government. The previous government was no friend of the EMDG Scheme, just as it was no friend of innovation, research, infrastructure development or education investment—all of which are essential for our exporters.

I am proud to be a member of a government that has put an end to the reckless, short-term spending of the previous government and is looking to the long-term future of our country. This budget provides for the establishment of new nation-building funds—funds that are sorely needed if we are to have any hope of reversing a decade of neglect of our trade performance. This is a budget that will be welcomed not only by Australian exporters but also by the working families that keep our exporting traditions alive, including the ones that I represent in my electorate of Lowe. Unfortunately, I do not have time to elaborate on every provision in this budget which I feel is important to hardworking Australians, particularly those most relevant to my constituents. I hope I have outlined a few of the initiatives which indicate why I support the first Rudd Labor government. Of course the budget cannot address the shortcomings of every aspect in every area of Australian life. I do believe, however, that the Treasurer and the government have made an honourable and praiseworthy first attempt at laying the foundations for our country and have committed to fighting inflation, investing in infrastructure, developing a globally competitive trade platform and arming the workforce with the best education and training possible. Under the Rudd government and under this budget, I look forward to a better equipped Australia as we move through the 21st century.
stepped up to the dispatch box in 1996, he faced a bleak financial position. He faced a $10 billion budget black hole. He faced $96 billion in government debt. He faced an economy that had lost confidence and, in many cases, lost hope. But his budget was a very strong statement. It was a budget that underpinned strong growth in the years to come. It was a budget that underpinned the creation of a million jobs. It was a budget that took Australia forward and built this country into the confident and self-assured nation that we became.

When the people of Australia listened to that budget, they knew they had a government that was caring as well as economically responsible. They knew they had a government that was going to look after small business. They knew they had a government that was going to look after families. They knew that they had a government that was going to look after carers and pensioners. It was a very strong statement.

When I look at the budget that was put out by this government in this House earlier in May, I find a much different position. I find that we have a government that has inherited a strong surplus. I find that we have had a government that has inherited full employment. I find we have a government that has inherited a confident Australia. But what do we get from this government by way of its budget statement? We get a very confused document. We get a document that does not set out a clear direction for this country. We get a document that does not set out a clear agenda. We get a document that lets this country down. We see a range of promises that were made during the election campaign—a range of promises which this government appears now unlikely to fulfil. This budget certainly does not give us any assurance that those promises and commitments to the Australian people will be fulfilled.

We have to look no further than the debate in this House on fuel to see the shortcomings of this budget. We had a Prime Minister and a Treasurer who walked the length and breadth of this country promising cheaper petrol. The Prime Minister created an illusion to the Australian people that he was the high-octane messiah who was going to deliver cheap fuel. What has happened? What have the people of Australia received in relation to this promise? They certainly have not received cheaper petrol. We have seen petrol rising at a faster rate than at any other time in our history. We see petrol becoming unaffordable to families and pensioners. We see a government that offers little more than rhetoric and false hope.

The government’s answer to the commitment that it made to the Australian people was the discredited Fuelwatch scheme. This budget funds Fuelwatch. This budget throws money at a scheme that is going to push up the cost to motorists. This budget throws money at a scheme that is going to make motoring less affordable, not more affordable. It is a scheme that is based on a lie. It is a scheme that is based on flimsy research. It is a scheme that is not going to deliver outcomes to the people who elected this government. It is a scheme that is going to make fuel much more expensive in regional and rural areas. It is a scheme that is going to take away cheap Tuesdays from those motorists who are price conscious and need to purchase their fuel at the bottom of the fuel cycle. It is a very disappointing budget in relation to this government’s commitment to the Australian people on fuel.

By contrast the Leader of the Opposition, in his budget reply, proposed a solid solution: a reduction in the fuel excise. He proposed a measure that would provide real and immediate benefits to the motoring public and real and immediate benefits to pensioners and families, rather than just a hoax.
Tuesday, 3 June 2008

I turn to another measure which was very prominent in the election campaign but seems to be slipping below the radar screen, if the government has its way: the issue of groceries. Not only were we going to get cheaper petrol; we were going to get cheaper groceries. We were going to mystically have the Prime Minister and the Treasurer wave a magic wand and suddenly groceries would become more affordable—or so they tried to lead the Australian people to believe. Having introduced the concept of Fuelwatch in relation to their commitment on fuel, they also introduced the notion of ‘grocery watch’—another expenditure which will not provide one cent of savings to the people of Australia. It will not provide cheaper groceries. It is nothing more than yet another stunt, another elaborate hoax and another dashed promise.

The average supermarket has some 25,000 to 30,000 lines. They change in price daily. They change in price hourly. These lines can change in price, in some circumstances, by the minute. Somehow we are going to have a website that is going to miraculously keep consumers up to date with the movements in the price of carrots and the movements in the price of broccoli! Somehow the Australian people are going to benefit from the money spent on this policy! It is money wasted. It is funding in this budget that will not produce real outcomes for consumers or meet the commitments of this government.

I will touch on the issue of health insurance. Labor have always had a pathological hatred for the notion of private health insurance. They begrudgingly allow health insurance to exist only because they know that they would have difficulty eliminating private health insurance from our health system. We have a system that depends on the workings of a public and private system together. We have a system that is very much dependent on those who can afford it paying a substantial proportion of the cost of their own healthcare. But in this budget what do we do? We remove the incentive for more people to take up private health insurance. We encourage people out of private health insurance and into the public system. We encourage further stress on state health systems that are struggling. What is the problem with that? We see right around the country our hospitals bursting at the seams, we see right around the country a public system that is not coping with the strains upon it, yet we see this government discouraging private health care through its changes to the private health insurance measures—the Medicare surcharge. We see this government putting in place measures that are actually going to detract from the likelihood that people are going to maintain their private health insurance.

It is interesting that on the North Coast of New South Wales the area health service has introduced a concept called surge beds. One would think that the notion of surge beds would certainly be an idea of merit: when you have an increase in demand, further beds are opened to meet that increase in demand. But the notion of surge beds is more like an Orwellian concept, because the notion of surge beds does not mean that our already strapped hospitals will get additional beds; it means that the existing beds will be closed and then reopened at crisis points in the health cycle. So, rather than having additional surge beds, we have fewer beds open full time—and they will be open only part time—as the demands placed on the hospital occur at an even more frantic pace than they currently do.

I would like to quote a gentleman who wrote to me. He said: ‘My wife and I are both 77. We live on the age pension. Even with the government rebate, we pay 14 per cent of our income for health insurance.’ The man told me: ‘We cannot afford not to have private health insurance but we can no longer afford this insurance.’ What is the government going to do for
these people? If we have a mass exodus from the private health insurance system, if we have a
great many people leaving private health insurance and piling onto the public system, we will
have an increase in premiums and we will have an increase in the demand for public hospi-
tals. What we are going to see is more expensive premiums for those who wish to stay in the
private system and longer waiting lists for those who are dependent on the public system. For
those who are seriously ill, it potentially means much longer waiting lists. It potentially means
an even more stressed public hospital system.

I now turn to seniors. I do not recall in my time in this place that any budget in the past
ever engendered a demonstration in Melbourne where seniors took off their clothes to high-
light their objection to the shoddy way in which the needs of seniors were attended to. Cer-
tainly, it shows neglect of our senior citizens. It shows a failure to recognise their needs in the
budget at a time when our country is prosperous, at a time when so many people are doing
well, at a time when some people are struggling quite clearly—and our pensioners are in that
group. They are in a group that needs to be supported, and this budget fails to deliver to them
the sort of support that they need.

I would also like to concentrate on the issues for regional Australia. What we see in this
budget is the cancelling of the Regional Partnerships program. What we see in this budget is
the cancelling of the Sustainable Regions Program. There is a wide range of community
groups which have been left in the lurch by this budget. If it were not for the backflip by the
responsible minister, the Minister for Infrastructure, Transport, Regional Development and
Local Government, they would still be left in the lurch. If it were not for the media pressure,
they would not be able to participate in their projects. I think it set a very poor precedent that
community groups received letters of offer that were not executed and community groups
received contracts that were not executed. One would think that a group who had received a
contract from the government of the Commonwealth of Australia would be on fairly solid
ground to assume that the incoming government would honour the terms and conditions upon
which that contract was based. But, no, this government was adamant that it was not going to
honour those contracts. This government was going to leave a range of community groups in
the lurch. This government was going to basically let all of the hard work by those hardwork-
ing volunteers go down the drain because of a matter of ideology. It was not concerned by the
loss of many very fine projects.

Sportz Central in my local electorate is an excellent example. It was a project that had
achieved funding from local government. It was a project that had achieved funding from the
state government. But somehow the minister was able to declare that Sportz Central, a very
important sports facility for Coffs Harbour, was a rort. Why would the state government ad-

vance funding for a rort? Why would the local council advance funding for a rort?

It is the same with the Valla Community Hall, for instance. The Valla hall committee
worked very hard to get their project up. They jumped through hoops, they provided all the
information that the department required and at the last minute—at the eleventh hour—the
funding was cut in this budget. The people of Valla were very disappointed. The people of
Valla felt they had been snubbed by this government. The people of Valla deserve better. If it
were not for the pressure on the responsible minister, if it were not for his absolute embar-
rossment on the Sunrise program, the funding for those projects would not have been rein-

stated.

MAIN COMMITTEE
There is another range of fine projects that are not being funded. The Sustainable Regions Program is an important one. It funded projects to deliver more jobs in regional areas. We have higher levels of unemployment along the coast and we have less opportunity along the coast. These projects were sorely needed, but what did this government do? It cut the funding. On its own projections, there will be 134,000 fewer jobs across the country. That figure is alarming enough, but when you break it down on an electorate-by-electorate basis there will be well on the way to 1,000 fewer jobs in every electorate in the country. I can tell you that I do not want to see close to 1,000 more people without work in the area I represent. I want to see 1,000 more people in work. I want to see the sorts of projects that were funded by the Sustainable Regions Program going ahead. That means projects like those involving Biodental, Pacific Vetcare and Faircloth and Reynolds in Coffs Harbour. Those organisations were going to put on more people. Those organisations were busy generating jobs and providing goods and services for the region, and they have been left in the lurch by this government. I think it sets a very poor precedent. Contracts had been sent out, discussions were underway, negotiations were taking place and at the eleventh hour in this budget the funding was cut.

I would like to read to you a piece of correspondence I got from Comet Windmills, a company that decentralised from Sydney and is involved in the environmentally sustainable business of building windmills for pumping water and generating and storing electricity. The company is very much at the leading edge of environmentally friendly technology. The letter to me of 15 May said:

We were devastated to learn that the Sustainable Regions Program has been scrapped. This is ridiculous, since the program officially ends on 30 June 2008.

Comet Windmills was striving to get a grant under the Sustainable Regions Program. Comet Windmills wanted to expand and employ more people. Comet Windmills was playing its role in working towards a low-carbon world. It is just one small company in a regional area that is employing people, and it has been cut down and disappointed by this budget.

This budget has come as a great disappointment to the people of regional and rural Australia. It has come as a great disappointment to those who want to grow their businesses. It has come as a great disappointment to those who strive to get ahead. It is a budget that lacks direction. It is a budget that is not going to take us forward in the way we desire. We are living in a country that is a lot less self-assured than it was just six months ago. We live in a country where the confidence that existed under the previous government is evaporating fast. We live in a country that is not going to benefit greatly from this budget.

Ms BIRD (Cunningham) (7.08 pm)—It is a pleasure for me to speak on the Appropriation Bill (No. 1) 2008-2009 and related bills. I follow my National Party colleague the member for Cowper who, true to the traditions of his party, in his speech outlined an extensive expenditure program but no savings, I note. That is part of what I would suggest is the problem with the opposition’s general response to this budget. I well remember that in opposition it was always very important for us as an alternative government to not only outline how we would spend the money in the budget and our priorities but also show that we would do that in a fiscally responsible way. The pressure was always on us to do that. It is interesting to see that the opposition, in response to this budget, has failed to indicate any fiscal responsibility. It is fair enough for an opposition to outline alternative ways to spend or allocate money, but to com-
pletely fail to provide any savings or pay-offs for that spending indicates it has given up on making any attempt to retain a reputation for economic responsibility.

I would suggest to the opposition that, while that spending might give them some very short-term sense of wellbeing in the House, over the long term they will pay a price for it. I think the Australian population is educated enough to understand that governments, like families, make choices between competing priorities and that it is very easy for kids, such as those in my family—and I am sure in everybody else’s family—to say: ‘Why don’t we buy this? Why don’t we spend money on that? Why can’t we have something else?’ We learn through the process of growing up that it all costs money, that one priority competes with another for that money and that there is only a limited budget. So, in the process of growing up in opposition, I would suggest to those on the other side of the House that simply outlining a whole lot of potential expenditure without outlining where the revenue would come from or, indeed, how those savings would be made is pretty irresponsible and that, in the longer term, the opposition might want to find a more comprehensive response to budgets than what we have seen from them so far.

The first Rudd Labor government budget is in stark contrast to the first budget of the former Howard government, which will long be remembered, I am sure, as the budget that introduced the terms ‘core and non-core promises’ into our political lexicon. Indeed, I would suggest that that began the process of cynicism and disregard towards the commitments of politicians in this country. The Rudd government’s first budget delivers on the election commitments made by our shadow ministers, sitting members and Labor candidates. Many of them have joined with me in serving as members of the government, and I am pleased to see them on board.

This budget is very economically responsible. Most importantly—for all the talk on the other side about providing relief for the cost of fuel, groceries, child care and other expenses that are hitting families and pensioners—this budget tackles inflation. It is irresponsible not to understand that inflation is the great enemy of those on low and fixed incomes. Giving these people one-off payments, as happened over the last four years under the previous government, without addressing the fact that the cost of living is increasing is a false relief for them. So it is important that we tackle inflation. This ensures that fiscal policy works with monetary policy to maintain a substantial budget surplus.

The budget also provides financial support to low- and middle-income Australians—a commitment that we have made through successive budgets of the previous government, when we argued that we thought their tax concessions were wrongly targeted and that they should be targeted to low- and middle-income Australians. We have delivered on that commitment in this budget.

Importantly, this budget establishes three new investment funds to improve our education; and to renew our hospitals and to address the infrastructure constraints that have been identified by many groups, particularly peak industry groups, as a major problem for our long-term future. This budget reverses the irresponsible spending spree of the former Howard government—a problem that many conservative economic commentators had been raising for quite a long time. This first Labor government budget in 12 long years fundamentally challenges the notion that the coalition were responsible economic managers of the Australian economy.
I am particularly pleased that the centrepiece of the government’s very first budget is the $55 billion Working Families Support Package. Measures within the package will certainly benefit constituents in my electorate. There are four key elements to the government’s support package: firstly, cuts in personal income tax; secondly, reductions in childcare and education costs; thirdly, improvements in housing affordability; and, fourthly, access to high-quality education, training and health care.

The personal income tax measures are the most significant cuts in personal income tax for 20 years. This aspect of the budget has not received the attention it deserves. From 1 July, the government will embark on a four-year tax cutting program. From 1 July, the 30 per cent income tax threshold will rise from $30,001 to $34,001; the 40 per cent threshold will rise from $75,001 to $80,001; and the 45 per cent threshold will rise from $150,001 to $180,001. From 1 July 2009, the 30 per cent rate threshold will rise again by another $1,000 and the existing 40 per cent rate will be cut to 38 per cent. On 1 July 2010, the 30 per cent rate threshold will increase by $2,000 to take it to $37,001 and the 38 per cent rate will be cut by one per cent to 37 per cent.

At the same time, and importantly for many of our constituents that we are most concerned about, the low-income tax offset will be increased over the next four years. These increases will create an effective tax-free threshold for low-income earners of $14,000 in 2008-09, increasing by $2,000 to $16,000 in 2010-11. The government’s objective by 2013-14 is to ensure that the number of income tax rates that apply to income in Australia is reduced to just three: 15 per cent, 30 per cent and 40 per cent. This is real tax reform for Australian income earners. Over the next four years, Australians will receive real, effective tax relief that will encourage participation and productivity. The government’s tax policy will deliver tax relief where it is most needed and most effective: amongst Australia’s low- and middle-income households.

Just this year, 2008-09, the tax saving estimated for an individual on an average income in households in my electorate—that is $51,000 a year—will be $1,000 for the year. The government, in a further effort to help Australian lower- and middle-income families, has also increased the childcare tax rebate from 30 per cent to 50 per cent. This rebate will be paid every three months, instead of once a year, to relieve the budget of the family. The government has also introduced an education tax refund to assist families with children at primary and secondary school. The education tax refund will be available starting this financial year, at a rebate of 50 per cent. That means an eligible parent will receive up to $750 for each child attending primary school and $1,500 for each child attending secondary school, at the 50 per cent rebate. This is real, effective financial assistance to families when they need it most.

I am also very pleased the government has allocated $1.2 billion to help first home buyers save for a house, by contributing to the enhanced First Home Saver Accounts program. I know that in Wollongong, even with stable house prices, the challenge for many young people to save for and buy a house is an enormous struggle.

I also want to address the fact that the government has—unfairly, in my view—been accused of not providing assistance to pensioners and seniors. Senior Australians will be up to $400, on average, better off under the first budget of the Labor government—in contrast to the policies of the Howard government. Under this budget, senior Australians have been provided with the $500 bonus, a bonus that was not guaranteed by the previous government to be de-
livered in this financial year. It was never guaranteed in any year to the next but was totally reliant on their generosity, depending on the surplus. That will be delivered. Carers are eligible for $1,000, and an additional $600 will be paid to those in receipt of the carer allowance. These measures, in recognition of rising costs and their impact on pensioners and other senior Australians, will cost $1.8 billion.

In an additional and important measure, pensioners will, for the first time, have a new reference for the twice-yearly indexation of pensions. The highest reference of either the CPI, male total average weekly earnings or the living cost index for aged pensioner households will determine the indexation of pensions from now on—an issue that was raised consistently by pensioner advocacy groups. We have taken on board their requests and have put this in place. Starting in March this year, the government has also increased the utilities allowance from $127 per year to $500. This allowance is also now paid quarterly to provide greater alleviation to the family budget. The telephone allowance has increased from $88 to $132 for those pensioners with internet connection—and there are many of them; they regularly email and send us messages. In this budget the government has allocated $150 million to ensure that all concession card holders have equal access to concessions for public transport throughout Australia.

The government continues, of course, to ensure the viability of the Pharmaceutical Benefits Scheme, which is a very important public subsidy for medicines provided to Australian concession card holders. Indeed, the government’s commitment to recognising the contribution of pensioners and senior Australians is evidenced by the budget papers—that is, nearly $36 billion has been allocated to funding services to the aged in Australia. The budget, importantly, tackles inflation, which is the great enemy of people on fixed incomes such as pensions. No matter how much you increase the amount that they are getting, if you allow inflation to run rampant and eat away at the value of that then you are doing them a great disservice. The government does accept that there needs to be a review of the level of the pension in light of these challenges, and I am very encouraged that the government has established a comprehensive review of Australia’s tax and retirement incomes system. That review will assess the pension and other government retirement income issues.

At a local level, I want to acknowledge—very quickly because I have spoken at length on these issues previously—that the budget delivered $300,000 to conduct a prefeasibility study into the completion of a very important rail link for the economic development of Wollongong and the port of Kembla—that is, the Maldon-Dombarton rail link. I pledged this funding during the last election and I am very pleased to see this important infrastructure get its start. I am looking forward to a series of meetings in the next few weeks with interested people and stakeholders to get this study underway.

I have to say that I am pleased the government has established Infrastructure Australia. As a member of the House of Representatives Standing Committee on Transport and Regional Services under the previous government, I think we did a very important review of and report on the future rail task in Australia. The consistent message from many, many players and partners in industry in the area of infrastructure provision was that they felt that there needed to be an independent national coordinating body, and that is what Infrastructure Australia will deliver.
I am similarly pleased with the government’s establishment of the Building Australia Fund, as I am certain that, through this fund Wollongong and the wider Illawarra region will be able to put a comprehensive case for the funding of a range of road and rail projects, a task that was very difficult in opposition because we never got very much at all from the previous government. In fact, Port Kembla is probably the only port on the eastern seaboard that is under-utilised because no federal money has gone into developing the links for freight movement into that port. I hope to see that change.

I also want to acknowledge the $230,000 provided to WIN Entertainment Centre and WIN Stadium for fencing and a new rigging system. Many of the young people in my area who enjoy watching performances of bands and sporting events will appreciate that.

Importantly, all of the pledges made by me to my constituents have been delivered in this first budget. It is a responsible budget. It is in stark contrast to the very irresponsible budget reply by the Leader of the Opposition. This budget maintains a substantial surplus. It balances the functions of fiscal and monetary policy with the intention of taking the pressure off interest rates and inflation—the great enemies of the people that we seek to represent in this place.

In contrast, the coalition knows not whether to raid the surplus, cut spending or increase taxes. None of the measures announced by the Leader of the Opposition comes with a budget plan. We are in the dark as to whether the coalition will increase taxes to fund it, cut spending or raid the surplus. How will the coalition fund its budget reply initiatives? We simply do not know—and, I suspect, neither does the opposition. The shadow Treasurer said as much to the National Press Club. I think he is correct and I think the Treasurer should be commended for bringing down a responsible budget that builds a solid foundation for the future of our nation. I commend the bill to the Main Committee.

Dr JENSEN (Tangney) (7.23 pm)—It is interesting that Labor, during the election campaign, had lots of talk about plans for the future, but the reality, as delivered by the budget, shows a lack of vision and a lack of strategic planning or coherent direction. Before the election, the then Leader of the Opposition kept telling us that he had a plan for this and he had a plan for that. In reality, his only plan was to become Prime Minister.

Let us have a look at some of the issues that have a lot of unintended consequences—for instance, the removal of the condensate exemption, which will result in a net gain of revenue of $2.43 billion but will significantly damage the international competitiveness of the resources industry. The government have also decided to reintroduce the CPI increase on the diesel excise levy. Obviously, this will result in increased costs of transport, and this is inflationary. Increased costs to mining also reduce productivity, and hence the tax take. And increased costs to agriculture are inflationary and threaten farmers’ livelihoods.

There is the so-called alcopops tax—increasing the tax on alcopops, theoretically to reduce binge drinking. But binge drinking has actually reduced over the last five or so years with the target audience of young women, and projections by Treasury show a four per cent reduction in the consumption of ready-to-drinks compared with before the increased tax. HBF’s Western Australian data show that ready-to-drinks comprise only three per cent of what 18- to 21-year-olds are drinking, compared with 51 per cent for spirits. Those over 30 consume ready-to-drinks at greater percentages than those in the 18 to 21 group. This shows that Labor are completely illiterate regarding statistics—and perhaps that is why they have cut the ABS budget. Of importance is reducing the overall alcohol consumption in binge-drinking situations, not
just ready-to-drinks, where substitution of other forms of alcohol is already happening. In summary, looking at a massive tax increase on ready-to-drinks is supposed to decrease use of a product that only three per cent of the target group use, and that reduction is only by four per cent. This is two-thirds of stuff-all, I would suggest.

Then there is the area of science, a discipline that is critical to Australia’s advancement. Scientific research is vital in the development of solutions to many problems, as well as pure research. So what do the Labor government do? They cut CSIRO’s budget so significantly that CSIRO will shed 100 jobs and four divisions. What a travesty! What hypocrisy! And that is before we even get to cuts to ANSTO—probably purely based on political antinuclear ideology. The government have also slashed the Commercial Ready program, which, in the past, funded clinical trials for cancer treatments and the high-risk biotech sector. So much for R&D! On 1 November 2000 and in February 2007, the current Prime Minister extolled the virtue of research and development, especially in universities, and feigned outrage at the policies of the coalition. This man has now slashed CSIRO funding. Fine words; black deeds.

Then, worst of all, in the areas of energy and the environment the government are shown to be clueless hypocrites. We had Peter Garrett decrying the coalition government’s environment policy when in opposition. On an almost weekly basis he complained about our policy for solar power generation, stating that we had been world leaders in solar technology, particularly photovoltaics, but were no longer so. Now Labor are in government, and it is instructive to compare rhetoric with action. Far from delivering a policy to enhance the photovoltaic industry, the Rudd Labor government have introduced a policy that is likely to kill the entire industry in Australia. The Rudd government have introduced a budget measure that will dissuade essentially the only people who will be able to afford solar panels on the roof—those earning over $100,000—from doing so by cutting the solar rebate. That is grubby Labor politics of envy winning out over good policy, I would suggest.

Look at Labor rhetoric on carbon dioxide emissions and contrast that with their actions. State Labor governments in New South Wales and Western Australia have decided to build new coal-fired power stations. What happened to gas, never mind renewables or—God forbid, in the eyes of some Labor and particularly Greens members—nuclear power? This seems to be a pattern: a lot of whingeing about problems when in opposition but nary a solution when in government. Labor’s spin puts youths with hotted-up cars doing burnouts to shame. We have news, however, of a new baseload gas-fired power station in New South Wales which effectively puts the carbon cost at two cents per kilowatt hour for coal-fired power stations. This will make electricity far more expensive and make nuclear power extremely cost-competitive. Think what this carbon price will do to petrol prices.

The Labor Party, the party that promised in an election campaign to put maximum downward pressure on petrol prices, will be slugging hard-pressed motorists with far higher petrol prices. We put downward pressure on petrol prices. Indeed, the proportion of tax take from fuel has gone down from 6.6 per cent to 4.8 per cent in the last six years. That is real downward pressure. Perhaps the media and others have misunderstood the Labor catchphrase. Perhaps when Labor were saying ‘working families’ they were actually saying ‘walking families’ to prepare Australia for this very crisis. This will no doubt be explained away as a measure to solve another crisis that Labor will no doubt bring forward when they are next under pressure:
the obesity epidemic. Not being able to afford petrol will clearly assist in that regard—irony intended.

An opposition that promised a long-term plan for the future has mutated into a government scrambling desperately for ideas, throwing up short-sighted, ill thought out policy that exacerbates the very problems that Labor promised to solve. Where is the long-term coherent policy and strategy? It is nowhere to be seen in this budget. There are just a whole lot of punitive measures, slush funds and inevitable spin. It just will not wash.

Let us have a look at the future and what we can do. In going around my electorate of Tangney, I have heard people express concern that they see no light at the end of the tunnel regarding petrol. Not only do they worry about increasing fuel prices; they worry that there will not be any fuel at all for their vehicles. What is the government doing? These are issues of sovereign risk and sovereign energy security, which are clearly critical for our long-term future. What the government is doing is nothing more than attempting to wallpaper over gapping cracks in its policies.

I have already spoken at length of the necessity to consider nuclear energy, so I will not dwell on it. I would just urge the government to fully and critically examine and analyse all potential electricity generation methods. We need a comprehensive national energy strategy. This is something that is clearly not on the cards with this government.

But what about petrol and other oil based products? It may shock you to learn that there is an essentially Third World nation that obtains fully one-third of its fuel synthetically and has done so for 50 years. The country is the nation of my birth, South Africa, and the process is Sasol. Rugby Union fans would probably have wondered what ‘Sasol’ across the Springboks jumper meant. You are about to find out.

Sasol is an oil-from-coal process that uses the Fischer-Tropsch process, developed prior to World War II. Germany produced synthetic fuel during the war using this process. It was further developed in South Africa, and Sasol fuels began to be sold 50 years ago. This process was largely ignored in the rest of the world due to the expense of the process, but from South Africa’s perspective in the apartheid days it was essential from an energy security point of view. A benefit of the fuel is that it is extremely clean. Just as synthetic engine oil has virtually no impurities, the same holds for synthetic petrol. The really good news is that the fuel that was ignored due to costs is now remarkably cheap. The Sasol process produces oil for between $27 and $55 a barrel. Somehow I do not think we will have oil prices quite that low again. The United States is showing significant interest in the process, as are many other nations. Where are we?

The green disciples of anthropogenic global warming will oppose this process, as it is relatively carbon dioxide intensive. But let us take the time to examine some of the pseudoscience on which this whole anthropogenic global warming belief is based. Let us also examine how these disciples act and how they are reported. First, I find some of the commentary coming from some of the anthropogenic global warming zealots extremely perplexing. We hear that the rate of increase of global temperature is faster than the science predicted. But what is actually happening?

I have three graphs: one from the third IPCC assessment report and two from the fourth assessment report. All of the projections show an increase from the year 2000, even if the graph
for carbon dioxide is held constant at year 2000 levels. I repeat: all the projections show an increase over the last decade. But what do actual measurements show? I have many charts showing the global temperature as measured by four groups, including the Hadley centre, whose data is officially used by the IPCC. This data shows that the temperature has flatlined over the last 10 years. Observation does not fit theory and yet the theory is deemed correct.

A classic example of rejecting facts which do not fit the theory is the temperature graph over the last 1,000 years and the use of tree ring and tree density data as a proxy for temperature. There is a well-known problem when comparing tree ring and density data with temperature data over the last 140 years. Between 1860 and 1960, the data agreed reasonably well. After 1960, there is a divergence. The tree ring and density data indicate that temperatures have decreased, where measurements have actually indicated an increase. If you look at the IPCC graphs, the tree proxy data ends abruptly at—you guessed it—1960.

Keith Briffa, a lead author of the IPCC, in the chapter relating to tree proxy data had this to say of the divergence problem:

In the absence of a substantiated explanation for the decline, we make the assumption that it is likely to be a response to some kind of recent anthropogenic forcing. On the basis of this assumption, the pre-twentieth century part of the reconstructions can be considered to be free from similar events and thus accurately represent past temperature variability.

In other words, we do not know how the hell to explain the post-1960 data, so we will just blame humans and accept that all the earlier data is correct because that fits neatly with our paradigm. This is what a friend of mine refers to as ‘situating the appreciation rather than appreciating the situation’. You make the facts fit the theory when you should make the theory fit the facts.

If global temperature is not heating as predicted, maybe this elusive heat is going into the oceans. Not so. Three thousand oceanic robots that dive up to 1,000 metres have been measuring ocean temperatures since 2003 and show, if anything, a slight decrease and certainly not an increase. So where has the heat gone? IPCC coordinating lead author Kevin Trenberth has stated:

... none of the climate states in the models correspond even remotely to the current observed climate. In particular, the state of the oceans, sea ice, and soil moisture has no relationship to the observed state at any recent time in any of the IPCC models.

According to Kevin Trenberth, the lost heat is probably going back out to space. He says the earth has a number of natural thermostats, including clouds, which can trap heat, turn up the temperature or reflect sunlight and help cool the planet. So why is none of this reflected in the modelling? It is situating the appreciation again.

This whole issue of anthropogenic global warming has all the classic hallmarks of religion. There are the high priests—the Gores, the Flannerys et cetera of the world, who talk the talk but are utterly hypocritical when it comes to walking their talk. There is the concept of original sin, being industry and carbon dioxide, and the whole issue of penance or paying the price for your actions. This is the way we have to pay for the use of industry which is emitting carbon dioxide. The high priests, however, can get away with their profligate lifestyle by buying indulgences, also known as carbon credits, and so continue to sin. Hence, we have Flannery jetting here, there and everywhere and Gore, similarly, with just one of his residences—one of
three, I might add—consuming 20 times as much energy as the average American household. That is how concerned he is about global warming in reality.

The media indulge the high priests, castigating the many heretics who dare to differ. Yet they let the high priests off, not scrutinising their statements as the media should. Take Flannery’s suggestion, for example, of putting sulphur into the atmosphere, using terribly polluting aircraft to disperse it. What a delicious irony! For those who know a bit of chemistry, what happens when you mix sulphur, water and oxygen? You get sulphuric acid, also known as acid rain. I guess that is the price that we need to pay for our sin. But why has the media not lampooned Flannery, who is supposed to be a global warming expert scientist of the highest order, for such a ridiculous proposal? It is political correctness of the highest and most unconscionable order.

So what we have is a more and more desperate anthropogenic global warming theory supporters club who, when the data indicates that the planet has not been heating for the last 10 years and the oceans have not heated for at least the last five, tell us that global warming is happening even more quickly than the theory predicts. After all, the models must be right, just like the bookies must always be right with predictions on match or racing results. The problem is that this religion based around the false god of a controllable and naturally benign climate is going to hurt every man, woman and child in Australia as a result of significantly higher fuel and energy prices and consequent increases in the cost of living, particularly food. Groceries and fuel and so on are going to go up significantly—estimates say by approximately 10c to 30c per litre for petrol alone. This government is clearly quite happy with that, and that is a tragedy for many Australians.

Dr KELLY (Eden-Monaro—Parliamentary Secretary for Defence Support) (7.41 pm)—I am delighted to speak in support of Appropriation Bill (No. 1) 2008-2009 and the cognate bills, as they epitomise the reasons for my signing on to the Rudd Labor team. For 12 long years the Howard government sat idly by while the world left them behind. They chose to fiddle while Rome burned, as climate change, skills shortages, inadequate national infrastructure, regulatory and structural deficiencies and the failure to adequately resource the education and training sector placed us at a grave competitive disadvantage.

For 12 years they relied solely on the benefits of the macroeconomic and industrial reforms of the Hawke-Keating governments and the mining boom. In that time the Howard government only had two ideas, to introduce a new tax—the GST—and Work Choices. That was it. That was the best they could do in 12 years. That was the full scope of their grand nation-building vision and forward thinking for this country. They were like monkeys riding an elephant when it came to the economy. They had no idea where it was going, they were not able to control it and they were just enjoying the ride.

While the Howard government failed miserably when it came to macroeconomic imagination, they were nevertheless quite creative when it came to economic mismanagement. In particular I have been appalled at the mess I have inherited in Eden-Monaro as a consequence of the shambolic pork barrel that was Regional Partnerships under the coalition. I was staggered to find that last year 100 Regional Partnerships promises had been made in Eden-Monaro alone!

If it had merely been that this was a case of indiscriminate and profligate spending that would be bad enough. In so many cases, however, organisations in Eden-Monaro were misled

MAIN COMMITTEE
by promises that the ‘money was in the bank’, which was simply not true, and in a number of cases with no application having been submitted. Many of these organisations will now have to submit applications under new Labor schemes. So many of these projects breached the program’s guidelines or lacked required documentation. These were reviewed against the coalition’s own Regional Partnerships program guidelines and mostly found not to conform. Nor were they costed and budgeted with the same rigor that was applied to our election undertakings.

In determining which projects should be approved, the Rudd Labor government has been obliged to take into consideration the scathing Australian National Audit Office report on the program, which found the Howard government responsible for political bias associated with the allocations and process and for the breach of government financial standards which highlighted the failure of a number of projects to achieve defined outcomes. The report specifically stated that the program ‘fell short of acceptable standards of public administration’.

The report also showed that more than $110 million or a third of the program’s funds was pumped into just 10 coalition seats. We now know that around $2 million of Regional Partnerships money was poured into Bondi, the home turf of the member for Wentworth. How on earth Bondi could qualify for Regional Partnerships money is beyond me. That program was intended to assist struggling rural and regional Australia. The only cow you will see in Bondi is a coalition cash cow. How cynical had they become? How symbolic was this of their betrayal of the bush? I welcome the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government’s inquiry into the Regional Partnerships program, as there are aspects of the way it was operated that cry out for further investigation.

This practice was not confined to Regional Partnerships, however. Another glaring example in Eden-Monaro was the election promise that $11 million had been locked away for an upgrade of Gocup Road between Tumut and Gundagai. This road has not even been designated as a state road, and no arrangements had been entered into with the state government to complete the project. When this was revealed, they claimed that they had ‘a wink and a nod’ from the state. This was simply untrue. The final insult was our discovery that the so-called ‘locked away money’ was simply not there. And yet still the member for Riverina tries to perpetuate these Howard government deceptions, adding the false new claim that I ‘stole’ the $11 million for the Gocup Road for use on the Bega bypass. This demonstrates yet again the contempt of the member for Riverina, and the continuing coalition contempt, for rural and regional Australia. Is it any wonder that the bush is abandoning the coalition and the National Party is disappearing?

All this confirms how true the reflections of the former Treasurer, the member for Higgins, were when criticising the former Prime Minister for his short-sighted and irresponsible approach to government spending. What do we see now from the heirs of that pale, stunted and tawdry legacy? What was their dynamic and visionary plan in response to the budget to confront the challenges that face this nation? It was to cut the fuel excise by 5c a litre, to irresponsibly gouge out $22 billion in revenue without any plan to compensate for this. Breath-taking! Through this they have demonstrated that they are worthy heirs of the Howard legacy. What have we heard from them as to how they would tackle the much larger energy security question of how we deal with future oil shocks and dwindling supplies of easily-won re-
sources? What do they say about climate change and how this can be risk and consequence managed? How would they deal with the infrastructure choke points and constraints that have developed over the last 12 years? What measures would they take to lift the dead hand of duplication and conflicting regulation in our federal system? There is a deafening silence from the opposition on all this, but it is a silence that speaks volumes as to the intellectual bankruptcy that is the coalition.

In stark contrast to that sorry tale, I am intensely proud of the first budget of the Rudd Labor government. This budget proves the broader vision and courage of the government to prepare for the longer term economic social and physical security of this country. It is essential for us to avoid the so-called Dutch disease that threatens us at present. Named after the effect of the North Sea oil resource boom on the Dutch economy, this describes the dynamic whereby resource exports cause a country’s currency to rise in value, making non-resource exports—which might be good for technological, or, for that matter, agricultural progress—uncompetitive. Reliance on the resource boom also masks the need for essential reforms to deepen, broaden and strengthen the underlying economy. That is why the Rudd Labor government has adopted measures that will benefit us greatly in the years ahead. At the same time, we recognise that there is a need to maintain our social cohesion and deal with the daily struggles of working families and the disadvantaged. The remarkable thing about this budget is that it manages to balance these competing dynamics.

One of the things that so angered me about the previous government was their betrayal of rural and regional Australia. I was personally delighted, therefore, to be able to win for Eden-Monaro support for a number of critical projects and save others under threat because of the Regional Partnerships fiasco. We also stand to gain from national projects such as the $2.2 billion provided for the Caring for Our Country program. This will generate a new, coordinated approach to environmental management and strengthen the role of farmers in the delivery of environmental services.

Other rural initiatives include $760 million for ongoing support for exceptional circumstance declared areas in 2008-09, $130 million over four years for Australia’s Farming Future initiative and $35 million for the Regional Food Producers Innovation and Productivity Program. There will be $20 million to help Australia’s forest industries, so important to Eden-Monaro, to prepare for the future, including coping with climate change and skills shortages. There is also $15.3 million in new measures to fight the critical weed menace that is seriously threatening our farmers, which I was proud to have gotten on the agenda during the campaign last year. This includes $300,000 for the national eradication of fireweed project and $15 million to set up the Australian Weeds Research Centre. This is in stark contrast to the previous government, which was pulling the plug on funding for the weeds CRC, effectively killing it from the end of June 2008.

Working families and the disadvantaged will see that this budget helps them cope with day-to-day cost of living pressures through our $55 billion Working Families Support Package. Initiatives include cutting income tax, reducing the costs of educating and looking after children, making housing more affordable, providing a Teen Dental Plan and making sure that grocery and petrol prices are competitive.

Older Australians and carers will benefit from $2.4 billion in additional support next year, and a lot of that help will flow into Eden-Monaro.
We are investing $5.9 billion over five years in the education revolution with initiatives in the areas of early childhood education, schools, vocational training and higher education.

We will spend $2.3 billion over five years to reduce greenhouse gas emissions. This will help our local community group Clean Energy for Eternity achieve its goals. I am at work to complement this by holding discussions with industry and scientists to establish solar, biomass and methane renewable energy projects in Eden-Monaro. Included is the $100,000 I obtained to fund a feasibility study for a solar farm project in the Bega Valley, with a further $1 million to support building the project from our Green Precincts program.

Eden-Monaro will also get its fair share of benefits from the $11 billion Education Investment Fund for improvements in our TAFEs and universities, and the $20 billion Building Australia Fund for ongoing improvements in our roads, ports, railways and telecommunications.

Most pleasing of all, the Rudd Labor government has heard the pleas of the bush to do something about the rural and regional health crisis. With the establishment of the Office of Rural Health we stand to get crucial assistance under the $10 billion Health and Hospitals Fund.

All in all this is a budget that delivers for the future of this country while at the same time tackling the problems of today. Our children will have cause to be grateful that in 2008 there was at last a government that was prepared to make the big decisions.

Mr RAMSEY (Grey) (7.52 pm)—I rise to address the Appropriation Bill (No. 1) 2008-2009 and related bills. I am the representative of the people of Grey, by any description a regionally and rurally focused seat. As a new member of parliament I come to this House still believing that whatever side of the House we sit on we are here to service not just our electorates but Australia as a whole. I am therefore more than a little disillusioned to find that we now have a government that is focused on providing for two Australias—those who have Labor members and those who do not. This is a pretty rich kind of attitude to take considering the Labor Party’s criticisms of the Regional Partnerships program, but more of that later. I am disappointed that I have just lost the audience of the member for Eden-Monaro, as he listed off the things that his electorate had been fortunate enough to gain from the Labor government. He should have a good talk with his friend the member for Corangamite.

I listened with great interest to the new member for Corangamite as he spent a good five minutes of his address in thanking the government for the largesse in his seat—$20 million for an Innovative Regions Centre; $30 million for the next stage of a ring route; money for extra road upgrades; $10 million for a water recycling project, which, by the sounds of his speech, is yet to even get approval from the relevant water authority. It sounds pretty good, doesn’t it? But there is more: $30.8 million for a university; $7 million for a GP superclinic; $4 million for a sports precinct, providing two new football ovals, three more soccer pitches, half-a-dozen more netball courts and a shared pavilion. And there is still more: lighting for projects for two sporting facilities; $3 million for a Leisurelink facility; upgrades to a senior citizens centre and a community house; $1 million for a weeds project on the side of a highway; and an upgrade to a surf lifesaving club. That is $105 million. I am sure that all these worthy community organisations will be thrilled with the largesse of the government—but, boy, they must have thought they were dealing with Father Christmas. There is no doubt that,
if the Labor Party are into buying a seat, they know no equal. The good general Stewart McArthur did not stand a chance. He was fighting one of Santa’s little helpers!

I draw the House’s attention to an article by Lenore Taylor in today’s Australian titled ‘PM rolls out pork barrel of his own’. The article points out that, under the government’s $176 million Better Regions Program, 33 of 34 grants, worth a total of $145.96 million, went to either marginal Labor held or targeted seats. The Minister for Infrastructure, Transport, Regional Development and Local Government has admitted the government is still writing the guidelines for these projects. No wonder it is taking some time. The government has to write the guidelines so that the projects it promised can fit the criteria.

This comes from a Labor government that have loudly condemned the previous government for the Regional Partnerships program. Perhaps someone from the government could tell me how this fits with the Prime Minister’s commitment to clear public administration. Is it a fact that there is no process? Or is it just, as ex-senator Graham Richardson used to say, ‘whatever it takes’? The Labor Party decided that what it took was for them to target every seat they believed they had to win to form government and throw money at it until the citizens gave in. What a sad indictment this is of a government just six months old—a government the Prime Minister pledged would govern for all Australians.

What did this budget offer for the people of Grey? It has cancelled the highly successful and lauded Community Water Grants program. Can you imagine that—in the middle of the biggest water crisis Australia has ever faced? It shows just what standing the Minister for the Environment, Heritage and the Arts is held in within cabinet. This scheme has delivered 40 gigalitres of annual savings in water around Australia for a total cost of $327 million. Compare this with the planned desalination plant in my home state of South Australia—a very worthy project—in Adelaide’s south, which produces 50 gigalitres of water annually for $1.3 million.

Projects in local communities make a real difference. The Port Pirie water recycling plant is a project so worthy that, when the previous government committed to supporting it during the election campaign, the now Minister for Infrastructure, Transport, Regional Development and Local Government was moved to say on ABC Radio:

Labor has set a target of recycling 30 per cent of waste-water by 2015, and Labor will support practical water recycling projects ...

He said that Labor, if elected, would ‘give the Port Pirie water recycling plant proposal urgent attention’. I say to the minister and to the Minister for Climate Change and Water: we have passed the six-month mark. How about that urgent attention? How about the water recycling scheme in Port Pirie—the water recycling scheme that will provide 1.3 gigalitres of water for just $9 million? Does the government have any idea how desperate the water crisis facing Australia is?

The government has cancelled the Regional Partnerships program, and at this stage, if we take into context the largesse showered upon targeted electorates, we would have to say it has replaced it with a targeted ‘elect Labor program’. However, I must congratulate the government that after intense public pressure it has now discovered that these projects were not rorts, were not badly vetted and were, in fact, good-quality programs which deserved its support.
In my electorate alone I have three extremely worthy projects that received government approval before the election and, in the case of at least one, were just caught up in some late minor alterations to wording on contracts which resulted in the government claiming that these were incomplete; thus, they plan not to honour the commitments. One example of these very worthy schemes was the Gladstone Laura recovery project. This project had a number of initiatives aimed at helping these towns re-establish after a tragic, devastating explosion three years ago resulted in three young men losing their lives and, ultimately, the loss of the community’s major employer. This was a pact to help these small towns get back on their feet. As is the case with all these projects, they are partnerships.

I am glad that the government now concedes the Regional Partnerships program was doing exactly what it was designed to do—that is, encourage communities to help themselves to identify the need, draw together a partnership to support it and then get a helping hand with some return on their tax dollars and some return to the regions of the resources boom to allow it all to happen. If the government now recognises what a great program this was, it should reinstate it.

In light of the wonderful largesse showered upon the electorates that the government sought to buy off, what else is there in the budget for the electorate of Grey? They have axed the Investing in Our Schools Program, and if the government think they have some natural pact with the education community I suggest they come and have a talk with some of the schools in my electorate, because they are incredulous that this program is being scrapped. Capital projects identified by parents and teachers as being of the most benefit to their campuses are being replaced by a one-size-fits-all computer pledge which is less than 50 per cent funded. Projects included support for schools to reroof leaking classrooms, to extend and improve playgrounds, to install interactive whiteboards and to set up specialised state-of-the-art classrooms for music, catering and, in many cases, computer rooms and systems, if that is what the school identified as the area of need. As I said, teachers and parents are scratching their heads with disbelief that the government would axe this program.

The budget has taken another swipe at regional and rural Australia with a lift in the luxury car tax. There are many regions in Australia where four-wheel drives are not a luxury. Dirt roads, often rough and with loose surfaces, are a fact of life. Extra safety, clearance and control in wet weather are all necessary requirements of these vehicles. With the price of a fairly standard Toyota Landcruiser in excess of $80,000, for those who live in regional Australia and need vehicles in this range as standard equipment, it is a kick in the guts. Similarly, for those who need oversize vehicles to accommodate family members with disabilities, this is an unfair impost—an impost on those who do the most to contribute to our community by caring for a loved one in their home.

The axing of the FarmBis program is, once again, just a cheap shot at rural Australia. This program has been the vehicle and stimulus to upskill our rural communities, and this is a time when we are being challenged like never before by climatic conditions in Australia. The most troubling of all these decisions is the intent. There can be no doubt that the government has lined up regional and rural Australia in its sights as an easy target to finance the largesse I spoke of earlier. This assault on regional and rural Australia is a continuation of the well-adopted form shown before the election. Rises in fuel excise and registration for heavy transport, which will feed into higher fuel and grocery prices, will impact most on those who use...
transport most—that is, regional Australia—and this at a time when the Prime Minister created an expectation out in the electorate that the Labor Party would lower fuel and grocery costs.

I do welcome the tax cuts but we should remember where they came from. The Labor Party had no tax policy at the beginning of the election. Peter Costello delivered the tax cuts. They were the dividend of years of superior management of the economy, of reducing the $96 billion of Labor debt, of savings for the future, of reforming the tax system and the labour market to promote productivity and competitiveness in the world. The Treasurer now claims they were his idea, when in fact he had no idea. But I am pleased that they have been delivered.

We need to look at what has been missed in this budget. The aged care and pensioner section of our community has been overlooked. Since the election I have been making a habit of dropping into aged-care facilities and, as I travel around my electorate, almost all are, at best, breaking even. Most are losing money and are looking to a future where they need to upgrade and extend facilities to meet the rising demand. There was very little in the budget for these centres. Pensioners have been treated with total disregard. A rise in the utilities allowance—once again, a Peter Costello gift—is the sum total of the Labor Party’s commitment to the pensioners of Australia, although they claim the pensioner bonus, which of course has been par for the course for the last number of years.

This government, after being presented with one of the best performing economies in the world, with some of the biggest surpluses in the developed world, no government debt and 35-year low unemployment, has gone out and vindictively targeted regional Australia by focusing on cutting programs that support this very important productive sector of our economy, just because it can. This is not a government for all Australians. It is an opportunist government committed only to its own survival, and this budget exposes clearly just what that agenda is.

Mr MARLES (Corio) (8.04 pm)—I congratulate the Treasurer, Wayne Swan, and the Prime Minister, Kevin Rudd, on bringing down the first Rudd government budget. It really is a budget that this country has needed for a very long period of time. This is the first budget we have had in many years that looks to the long-term future of our country as opposed to looking to the short-term electoral prospects of the Liberal Party of Australia. It is a budget which is absolutely for the people of this country.

There are three pillars to this budget. The first is that this budget is about tight fiscal management. It provides for a surplus of $21.7 billion, 1.8 per cent of GDP. That is coupled with the lowest real increase in government spending in nearly a decade. So, according to Goldman Sachs and much to the embarrassment of the member for Wentworth, we have for the first time fiscal policy and monetary policy pulling in the same direction. High interest rates are a legacy left to this country as a result of 12 long years of the Howard government. It is going to take some time to fight the inflation battle, but at least we now have all guns of public policy in this country aimed at fighting that battle with fiscal policy, for the first time in a long time, pulling in the same direction as monetary policy.

The second pillar of this budget is that it is a nation-building budget. This is a budget which is aimed at providing a number of funds, totalling $40 billion, which will produce much needed infrastructure in this country. There is the $20 billion Building Australia Fund, which will direct money into road, rail, ports and broadband. That will be managed by Infrastructure
Australia, which is also another initiative of this budget. There is the $11 billion Education Investment Fund, which will provide for an education revolution in this country, and there is the $10 billion Health and Hospitals Fund.

One of the key reasons that we are facing an inflationary environment at the moment is the capacity constraints in the economy which have been ignored due to 12 years of neglect on the part of the Howard government, despite 20 separate Reserve Bank of Australia warnings about those capacity constraints. One of the key constraints in, and one of the key bottlenecks of, the economy is infrastructure, so having a nation-building budget which looks to address those particular capacity constraints is obviously critical to building our country and also critical to maintaining the fight against inflation.

The third pillar of this budget is that it meets the election commitments that were made by Rudd Labor in the lead-up to the election last year. What Rudd Labor promised in the lead-up to the election, Rudd Labor will do in government. So the budget does deliver: $47 billion in personal income tax cuts over a four-year period; the $55 billion Working Families Support Package, with spending to increase the childcare tax rebate; spending on housing with the establishment of first home saver accounts; and spending on education through, for example, the education tax refund. That is just a small sample of a range of election commitments that were made in the lead-up to the last election. All of these measures find their way into this budget, so this is a budget which absolutely honours the electoral mandate that Rudd Labor got in November last year.

That stands in stark contrast to the 12 years of the Howard government. We do not regard promises as being categorised as ‘core promises’ or ‘non-core promises’. If a promise was made in the lead-up to the last election then we delivered it in this budget. The critics seem to agree with us. TD Securities senior strategist Joshua Williamson said:

There is certainly a lot in there for infrastructure and federalism generally. I think it is generally favourable for the market.

The reaction of Michael Blythe, the Chief Economist of the Commonwealth Bank of Australia, was reported in this way: ‘Commonwealth Bank of Australia chief economist Michael Blythe said the budget had exceeded expectations, as the Treasurer announced bigger than forecast spending cuts to battle inflation.’ ACCI Chief Executive Peter Anderson said of the budget:

“It’s good on infrastructure, it’s good on workforce skills and it makes good progress on reducing the size of government expenditure.

This budget and the clear direction that is within it stand in stark contrast to the Howard years—the Howard government, which gave us 15 interest rate rises during its term in office, including 10 successive interest rate rises from 2002 through until the end of its term. This budget is clearly consistent with all the messages that Rudd Labor has been giving both in the lead-up to the election and since. Whereas this is clearly a Labor budget and there are no surprises in this budget in terms of the crystal clear direction that this government has, the Liberals have been all over the place. They are struggling to find where they are in this world. They are at sea. The only thing they can hang on to is being opposed to anything that Rudd Labor puts up. At one moment there is an inflation problem in this country, according to the Liberals; the next moment there is not. At one moment they are saying that there do not need to be spending cuts and the next moment they are saying that there have not been enough spending...
cuts. The only contribution they have been able to make to this debate is to blow a $22 billion hole in the budget surplus with their promise to reduce fuel excise by 5c.

Again, this is a typical example of the Liberal Party looking to the short-term prospects of their own agenda, as opposed to looking to the long-term future of this country. This is an irresponsible decision. There is not an economist in Australia who would suggest that this is good for the economy. It will absolutely put upward pressure on inflation, which in turn puts upward pressure on interest rates. That promise, while there may be some short-term gain in the day-to-day polls, will be an albatross around the neck of the Liberal Party leading into the next election. It will particularly be an albatross around the neck of the member for Wentworth, who absolutely understands that this is bad economics. It is bad policy but, as far as he is concerned, it is worth supporting because it is good politics.

That says everything about the Liberal Party: the triumph of good politics over good policy. That is what the member for Wentworth stands for and, ultimately, that is what the Leader of the Opposition stands for. These are two men who originally sought some form of public life on this side of the House, in the Labor Party, but, unable to do that, have pursued their own personal agendas through the Liberal Party. Their statement about where they are in their political life is all about the triumph of good politics over good policy, of good politics over any personal ideology. So this decision to reduce fuel excise by 5c will absolutely hang around their necks like an albatross in the lead-up to the next election and beyond.

Can I say a few words about how this budget impacts on Geelong, and in particular how this budget impacts on the nation-building side of it—the building of infrastructure. Geelong is a very good example of how this nation needs to invest more in its infrastructure and how that in turn can help the productive capacity of the country and remove some of those bottlenecks and capacity constraints in the economy. In Geelong we have the potential to be a transport and logistics hub not just for the region and for the state of Victoria but for the country.

A division having been called in the House of Representatives—

Sitting suspended from 8.13 pm to 8.27 pm

Mr MARLES—Located in a corner of Australia, with Adelaide and Perth to our west and Sydney and Brisbane to our north, Geelong is strategically located to be a transport and logistics hub for Australia. In the northern suburbs of Geelong, we have the confluence of a number of mediums of transport, which is really the opportunity that exists. The port of Geelong, which is the reason Geelong is where it is on Corio Bay, handles 25 per cent of Victorian exports. It deals with 12 million tonnes of cargo commodities every year—fertiliser, wheat, woodchips, grain, oil and petroleum products—and there are prospects for the expansion of the port of Geelong, particularly into the import and export of motor vehicles.

The national rail gauge, first brought to Geelong under the Keating government, runs very proximate to the port of Geelong. The state Labor government has funded the Geelong Rail Access Improvement Project, which sees standard gauge rail connection to the north shore precinct, a new rail bridge over Cowleys Creek and the upgrade of the north shore yard for both standard gauge and broad gauge freight trains from Geelong. There was a commitment in the lead-up to the last election by Rudd Labor to further improve the access of the national rail gauge to the port of Geelong for trains heading south from Melbourne.
Of course, just north of Geelong we have the burgeoning Avalon Airport, which currently lands 1.4 million passengers—or at least that is the expectation in 2008. More than 1,000 people are employed at Avalon Airport. It engages in air freight and we have hopes that in the not-too-distant future Avalon will expand its activities to become an international airport.

Finally, there is the Geelong ring road, Highway No. 1, which has been a very important project. Essentially it is a Labor achievement. It happened through state Labor governments and Labor candidates encouraging the then Howard government to participate in the project. Of course, in the lead-up to the last election Rudd Labor committed to its completion in circumstances where the Howard government did not.

All of these modes of transport—seaport, airport, rail and road—combine in the north of Geelong, where, importantly, there is land. The Heales Road area has 500 hectares of heavy industrial zone land, the largest industrial site in Geelong. Around 60 per cent of that real estate is currently underdeveloped and it is bordered by the ring-road, is close to the seaport, next to the national rail gauge and close to Avalon Airport. All of this gives the potential for Geelong to become a transport and logistics hub in this country. That will greatly improve the productive capacity of Geelong and greatly provide for new jobs in Geelong, and it is a perfect example of the way in which investment in infrastructure can develop jobs, develop the productive capacity of a local region and, therefore, make a contribution to developing the productive capacity of the country.

In summary, this is a very important budget indeed. It signals a change in direction for our nation; it signals a change in philosophy to looking to the long-term future of this country rather than the short-term future of the Liberal Party. It deals with inflation, the parting gift of the Howard government after 12 long years, and it aligns all forms of public policy, fiscal policy and monetary policy in the one direction so that we can actually deal with that challenge. For all these reasons, I commend the bills to the House.

Mr JOHN COBB (Calare) (8.31 pm)—I rise to speak on Appropriation Bill (No. 1) 2008-2009 and related bills. There are a raft of issues which we as a responsible opposition, and in my case with a very regional electorate to represent, have some serious issues with. Quite obviously, there are many things in the budget the current government has handed down which are necessary and which have to be done, as they are every year, and the majority of budgets generally pass through. But there are some notable issues this time, and if I did not raise them I would be failing in my duty to the people of Calare, the largest electorate in New South Wales and very much a rural and regional electorate, going from Orange, a city of some 38,000 people, to the far west of New South Wales and up to the Queensland border, where things are certainly very different.

One thing that does strike me is that in this budget the luxury car tax deals with the issue of vehicles, be they large family vehicles, four-wheel drives or whatever they might be. Out where I was brought up, west of Condobolin and the Cobar shire, and further west than that—out at Wanaaring, Bourke, Brewarrina or Wilcannia—a four-wheel drive costing $57,000 or more, I can assure you, is not a luxury. That is a necessity, including for keeping your family safe from kangaroos on an outback road, whether it be in as far as Wyalong, where I currently live, or out at my place in the Cobar shire. Kangaroos, I suppose, are just there trying to get along like the rest of us, but they do make life dangerous for individuals and families traveling a road, particularly early and late in the day, and they have caused the deaths of a lot of
people—and not necessarily because the people are driving very fast. If the uninitiated are in a small vehicle and they swerve to miss a kangaroo then that can be it. That is one reason four-wheel drives are so important to those of us who live in those areas.

There is also the fact that you are less likely to have breakdowns. Roads are not good. Obviously, most of the roads in that area belong to the state government or to local government. Roads to Recovery is one of the better things that our government ever did, and we tend to think that the new government has maintained it. It is not 100 per cent obvious, but we do think it is still there. Despite the efforts we have made to help local governments and people in regional Australia with that particular program, roads are not what they could be, and wear and tear on vehicles is particularly high, which is another reason four-wheel drives, as I said, are not a luxury. They are a necessity, and because of that people should not have the taxation or excise they pay lifted to well over 30 per cent.

In the area of health, coming from a regional electorate as I do, we are extraordinarily lucky in the city of Orange to have the wonderful array of doctors and specialists that we do. Also, the state government have finally decided to build a new hospital in Orange, and last year we as the Commonwealth government committed to putting in half the funds for the oncology unit to go with it, which the state government then matched. That is fantastic. But further west it is not so good. There is an incredible shortage of doctors.

I think the increase in the Medicare levy surcharge threshold from $50,000 to $100,000 and $150,000 for families is an incredible backward step for public health, because that system is obviously going to have a lot more to deal with. It is also a backward step for people who live in an isolated situation, in a rural or remote area, who in many cases are more likely to have private health insurance. It is a little hard when you live 100 miles from town. I remember my wife once sat all day waiting to see a doctor and drove home that night without having seen one. That is not great. The reason you go into private health in that situation is that you can go to a larger regional centre like Orange or Dubbo, where there are private hospitals, and actually get in to see a doctor. I think that to provide disincentives to people to be part of the private health system is very unfair to those who need it, the families who warrant it, but it is also very unfair to the public health system, which is quite obviously going to have a lot more to deal with.

One of the things I am most disappointed about in this budget is that it does not seem to be making any more inroads into encouraging people to get into nursing. I think some of those regional incentives for nurses, scholarships and the like, are incredibly necessary. If there is one thing we need in western New South Wales, Northern Australia, north-west Western Australia and South Australia, it is many more young Aboriginal people to get into nursing—doctors would be great, but nursing is incredibly important—to help Aboriginal people with their health issues, to make them comfortable. Yes, you can have Aboriginal health services, but to actually have Indigenous nurses is something we must encourage everywhere. I would love to have seen more in this budget to encourage Aboriginal people in schools everywhere to think about doing nursing.

I would like to have seen far more in the way of scholarships for the whole community, particularly for rural people. They need scholarships. They need the sort of thing we have done in Dubbo and Orange; we have put universities and clinical schools out there for those doing nursing and provided those in medical school with the experience of practising health in
regional areas to realise what a rewarding thing it is—to know where you are really needed. We do need those things, and they do not seem to be in this budget. Everything seems to be right across Australia rather than concentrating on the people who need it most—the Indigenous population in Australia and those in rural and remote Australia.

I would also like to talk about the issue of water. That was obviously quite prominent in the budget, but what was not prominent was a commitment by Senator Wong and her government to where they are actually going to spend or appropriate money over the next year or two in terms of the National Plan for Water Security. While they have appropriated money for their promises, which actually do not do a lot for the irrigation industry or to create water savings, they have not done those other things.

What they have appropriated is money to buy water, well over twice as much as they should be, which will create incredible hardship for the communities where that water is taken from. And it is only going to be sold because people, after six years of drought, may be experiencing mental, physical and financial pressure for whatever reason—but particularly because they have had six years of drought and they are struggling. The only people who are really going to sell them that water are those who do not have much of a choice, which means they are not targeting it and which means they will just have to buy it where they can get it.

I can talk about a couple of places in my electorate where the shadow minister prior to 24 November committed this government to spending on water. One was up to $400,000 out at Menindee Lakes. I can see over the next two years no sign of where any of that is going to be spent. I can come back a little bit in the figures—$12 million was to be spent on the Albert Priest Channel to assist the towns of Nyngan and Cobar, including the mining communities and other people in Cobar, to make incredible savings, which can be made. We pinpointed last year where very, very good savings could be made for irrigators, for the towns and for the communities. That $12 million is not showing up so far in the budget for the next couple of years either. As far as I can see, the only money that the senator has put out for the next couple of years is something like $600 million to buy water, which I do not think it is possible to spend, because people simply do not sell that much water in the Murray-Darling Basin. The only way she can spend it, I think, is if she is paying ridiculous amounts for that water.

I think the whole issue of water needs to be rethought. Everybody is trying to explain the issue to the senator. I do not blame her for not understanding the issue, as there is no reason in her history why she should understand the intricacies of irrigation, what it does for communities and the fact that water is not a mental exercise. Water is about people, and people are the mainstay of our country. Without them, none of us would be in this room.

I will also briefly touch on drought. It may be news but, going on the press releases and the statements I have seen from the Minister for Agriculture, Fisheries and Forestry and others just lately, I hope they do realise that this drought is very, very much still a reality now. It is a real issue, particularly in western New South Wales. The one thing I am certainly not proud of is the fact that I have the most drought affected electorate in Australia. I am very proud of the people who deal with it. You have to be pretty tough. You have to have a lot of resilience to deal with what our people have dealt with since 2002. I have the rural lands protection boards of Bourke and Brewarrina in the north-west of my electorate, up on the Queensland border. Their exceptional circumstances assistance comes to an end—if they do not hear anything in the next few days—on 15 June.

MAIN COMMITTEE
We did take areas out of EC in our term in government, but we never took an area out that had been in continual drought. The very first people to go into drought in south-eastern Australia in the current tragedy were in Bourke and Brewarrina in November 2002, some two months after I took the then Prime Minister and Deputy Prime Minister, John Howard and John Anderson, to Cobar to show them just how much it was hurting and cutting there. A month or two later, Bourke and Brewarrina were declared eligible for exceptional circumstances assistance. This has meant an awful lot to the people there and it still does. If you talk to the agents in Bourke and Brewarrina, they will tell you that a lot of the graziers in that area are there and hoping for revival because of the interest rate subsidy. They have to spend in the region of $50 to $100 for a ewe or $500 to $1,000 for a cow and calf—and these are people whose stock numbers are way down. They might have some grass because they did have summer rain up in that region this year, but they do not have money and they are not going to have it in the near future. Their stock numbers are probably around 30 per cent. This is tough territory. I hope that this government realises that to cut somebody dead who has been in this situation for six years straight is to condemn a lot of those people and the people who backed them, the communities, to a very, very tragic situation.

One of the things that certainly did feature in the budget—mainly because it was cut dead, and it has certainly been in the news recently—was the Regional Partnerships program. Having one of the more remote of the rural and regional electorates in Australia, I will stand behind Regional Partnerships as one of the best programs that regional Australia has ever had. It was one of the most popular. It did much for remote, isolated or just unfortunate communities—communities that could not raise the wherewithal for community projects. Sometimes it was about aged care, sometimes it was about respite, sometimes it was about youth programs like PCYC and sometimes it was about health projects. To cut that dead in this budget was one of the most ruthless things I have ever seen a government do. You may talk about rorts but I think you have only to listen to some of the things that happened today—a minister who unilaterally funds a school with up to $14½ million in their own electorate out of their own department when no-one else except that particular school can get any money at all, let alone $14½ million—to recognise where the rorts and the faults really lie.

I have spoken about water. As I said earlier, water needs to be funded so that in partnership with those who irrigate—those who use that water—we can invest in the industry and save the water. A recent report showed that almost 1,000 gigalitres of water could be saved in the Murray-Darling Basin and that over 600 gigalitres of that could be saved for no more than $2,000 a megalitre. I think you will find that Senator Wong will end up spending far more than that buying water, and once she buys that water it is gone forever. She is not even intending to have a water holder who can lease that water back to industry in a good year. That water is simply for the environment, nothing else, so it is condemned in terms of production. Governments, after all, have a responsibility to the people on behalf of whom they govern, for defence certainly but also for food security—and this is about food security. It is about the fresh food security of this nation, and it is about Australia’s place in the world as one of the great agricultural exporters.

As I said earlier, a lot of things in this budget are fine. I think that for every budget that comes along we are all in agreement on probably half of it, but not when it does not support health in rural Australia or when it picks on people like those in my electorate to whom four-
wheel drives are not a luxury. Four-wheel drives are an absolute necessity for them, whether it be for surviving collisions with kangaroos or for surviving the wear and tear on vehicles. Whatever it might be, $57,000 is not a hell of a lot of money to spend on something that can save your life.

Ms CAMPBELL (Bass) (8.48 pm)—I rise to speak today on Appropriation Bill (No. 1) 2008-2009 and cognate bills—the Rudd government’s first budget, the first Labor budget in some 13 years and a budget of which I am extremely proud. Past governments have spoken of fiscal responsibility and yet failed to deliver again and again, come budget time. The end result of that has been increased pressure on families and workers across my electorate of Bass, who have suffered through interest rate rise after interest rate rise.

If you want examples of mortgage stress and families’ budgets being stressed to breaking point then look no further than Northern Tasmania. That is why the Rudd government’s budget has been so welcome. The tax cuts promised during the election and delivered in the budget will help ease the pressures on families, workers and those doing it really tough in Bass. I know, because families with young children in child care are telling me that the increase in the childcare tax rebate from 30 per cent to 50 per cent is a practical and well-targeted initiative.

So too is the education tax rebate. Families across Northern Tasmania want the absolute best for their children. They want to offer them the greatest support possible to achieve their dreams, be that in a trade or going on to further study. The education tax rebate offers some assistance with the costs involved in making that possible. This budget strikes a balance between providing for the here and now—the very real and everyday pressures and the costs of living—and providing for the future. There will come a time when the mining boom is over, when we as a nation need to be looking elsewhere for our financial security. This budget provides for the future. Investment in infrastructure is being targeted, not to win elections but to secure our future as a nation. All this has been achieved against a backdrop of promises kept.

I campaigned across the unique electorate of Bass, talking to communities, individuals, councils, sporting groups, churches and the like. I looked each and every person I met in the eye and made commitments to them knowing that they would actually be met. Launceston City Council was promised $2 million towards the Launceston Aquatic Centre. It was delivered. So too, I am pleased to inform the House, was half a million dollars promised for Launceston’s regional tennis centre. Right across Northern Tasmania there are projects which can move forward with confidence, thanks to the Prime Minister and the Treasurer’s determination. The promises made during the heat of an election campaign actually count for something.

The Scottsdale Bowling Club can look forward to a new all-weather, synthetic bowling green—$170,000 will see that become a reality. For the Tamar Rowing Club, there is $150,000 towards their jetty upgrade. The community of Low Head and George Town has received $750,000 for a cycling and recreation trail. This funding will ensure our recreation facilities are more accessible and attractive to the wider community. Launceston City and its thousands of tourist visitors will benefit greatly from a $500,000 contribution towards the iconic Cataract Gorge walkways. Windsor Park will be redeveloped, thanks to a $370,000 contribution from the Commonwealth.
Investment in sport and recreation is an investment in the health and wellbeing of the community. This includes the upgrade of Blackstone Park, with the help of a $170,000 funding commitment. The Bridport walking trail is to be extended and linked, with $150,000 from the federal government, while a feasibility study will be undertaken into the proposed George Town Sports Complex, thanks to a $25,000 grant.

For communities, these programs are of vital importance and they now know and understand that when this government says it is going to do something it actually does it. It is something even the opposition has responded to. In April last year, before the election was even called, I stood on the banks of the Tamar River in Launceston, within throwing distance of ageing and dilapidated levees, and made a commitment that a Rudd Labor government would commit the $13 million that the Launceston City Council needed to upgrade them. Only after this did the Liberals promise to match that funding. It was budgeted for in last year’s budget.

A large part of economic management is about providing infrastructure to grow and secure communities, particularly regional communities like Bass. One hundred and forty-three million dollars was promised and will be produced over the coming years for road, rail and transport infrastructure in Northern Tasmania. Fifteen million dollars will see the Bass Strait Passenger Equalisation Scheme increased and the Freight Equalisation Scheme extended to both Flinders Island and King Island. Also, $1.2 million has been provided for black spot funding, while councils in my electorate will share in almost $2½ million in Roads to Recovery funding. Northern Tasmanians will benefit also from an $18 million rail upgrade and a $4½ million commitment to the Midland Highway. As a government, we understand the importance of safe road and rail infrastructure to communities and industry.

Labor has a clear vision for this country. The key to realising the vision is working with the state governments to end the cycle of blame, particularly regarding health. Ten million dollars was committed to improving patient transport throughout the state. Seven million dollars will see a new radiation oncology service for Tasmania’s north or north-west.

By the end of this month the Tasmanian government will receive $15 million for an integrated care centre in Launceston. Again, this was an election commitment—one which means an enormous amount to me personally and one which means an enormous amount to the people who rely on this facility, together with their families. I am pleased that the Prime Minister and the Minister for Health and Ageing, Nicola Roxon, after having visited the Launceston General Hospital and the renal unit, took on board and listened to my concerns and, more importantly, to the concerns of the community—people like the director of the renal unit, Professor Rob Fassett, and the nursing unit manager, Rose Mace, who have both been extremely strong advocates for many years now and instrumental in their long, hard fight for this new facility. I thank them for their commitment and their patience.

Robert Wilkinson, who has been a long-time user of the renal unit and who really has lobbied and championed this cause, together with his Lions Club, the Lions Club of Riverside, who are raising funds to help furnish the integrated care centre, are to be congratulated. Angela Sheehan, the ward clerk of the renal unit, first raised this with me out of concern for the many patients of the unit—the lack of provision of space, the inadequate mix of well and chronic patients and not being able to take any more patients due to the fact that the unit is pushed to capacity, and not being able to make provision for tourists who are visiting the area. I sincerely thank Angela for her compassion.
In conclusion, I add my voice to those who have spoken before in praise of this budget. Those families, workers and people doing it tough who most need assistance have been offered it by this budget. Pensioners, for example, will be $400 a year better off after 30 June, and those communities most in need of funding and developmental health have received it. This budget is the budget the Australian people, the people of Bass, have been waiting for and have deserved for all the years while those now on the other side of the House simply served their own political ambitions. The Liberals squandered record surpluses, became the highest taxing government in 40 years and flagrantly ignored economic warnings, with dire results. Their reckless and irresponsible spending is something that workers and families in Bass who are doing it tough will be paying for for some time to come. The Rudd government’s first budget is the first step to securing our great nation’s future prosperity. As I said at the outset, that is something that I am tremendously proud to be a part of.

Mr HOCKEY (North Sydney) (8.57 pm)—The government’s first budget was far from the slash-and-burn job predicted by the Treasurer in the lead-up to 13 May. Despite boosting overall health spending, there is little in this budget that will advance the health of Australians. Contrary to the banter about preventative health and hospital reform being thrown around, there was nothing in this budget that reflected a new, meaningful shift of policy in either direction. Instead, we got a confused jumble of policies that add up to a big disappointment for the Australian people.

The first and most obvious problem with the budget, from our perspective, is the baseball bat that the government has taken to private health insurance. The government’s changes to the Medicare levy surcharge will see healthy young Australians leaving private health insurance in droves and relying on a dysfunctional state-run public health system shackled by constant mismanagement. The government has raised the Medicare levy surcharge threshold from $50,000 to $100,000 for individuals and from $100,000 to $150,000 for families.

According to the budget papers, this measure alone will save the government $959.7 million over four years and $232 million in 2008-09 alone, because the government will not have to pay the private health insurance rebate to those who opt out of private health insurance. Exactly how many people we are talking about remains a mystery, as the Prime Minister has refused to reveal Treasury’s modelling. One would suspect that the number lies somewhere between the 485,000 offered by the Treasurer and the one million asserted by the Access Economics report commissioned by the Australian Medical Association.

It stands to reason that those who benefit least from health insurance and whom the costs of premiums hurt the most will be the first to leave the system. They will be those with good health, the young and the fit. Australian families are hurting. As the government watches fuel prices, grocery prices and mortgage repayments spike, the cost of private health insurance may be too much for individuals and families to bear. This means that those left in the system will be the high-end users: the aged, the sick and those with an urgent need for health insurance and access to the sort of health care that the public system cannot provide. That will translate to higher premiums for anyone left in the system. Medibank Private’s chief executive officer, George Savvides, told a Senate estimates hearing that he expects to lose between seven and 10 per cent of his clients alone. If you apply that across the board, that is somewhere between 700,000 and 950,000 people dropping out of private health insurance. Ultimately, even those who need private health insurance will be forced out of the system and
these high-end users will cost the public health system a disproportionately high amount in
dollar terms, placing even greater burdens on an already overburdened public hospital system.
It is a lose-lose situation for all Australians and a prime example of how poorly developed
policy can cost the Australian people a relative fortune.

Another poorly thought out supposed health measure was the Prime Minister’s pet project:
the alcopop tax. As a straight revenue raiser it is supposedly going to deliver $3.1 billion to
the government over five years. It will do absolutely nothing to curb binge drinking. Even
Treasury’s own modelling, or at least the brief that was released on the modelling, says that. It
is said that each year revenues from the alcopop tax will increase in line with increasing con-
sumption, from $640 million in 2008-09 to $892 million in 2011-12.

Right from the start the coalition disputed the validity of this supposed health measure. We
urge the Prime Minister to be honest with the Australian people that this was a revenue raiser
that will do nothing to curb binge drinking. This was confirmed as recently as today, in a Sen-
ate estimates committee hearing. It was confirmed by the Treasury that the Australian Taxa-
tion Office and Customs were the only agencies consulted prior to the introduction of this tax.
The department of health were not even invited to make a submission before a decision was
made on the alcopop tax, and yet the Prime Minister claimed that it was a health measure.
Looking at it as a revenue measure, the government needs to do some basic maths. Treasury
confirmed today that the estimated revenue figures contained in the budget papers rely on the
expected growth in the consumption level of alcopops. This projected growth is above and
beyond that which the industry itself was predicting even before the tax was introduced by the
Prime Minister.

The Australian Institute of Health and Welfare submission to the Senate Standing Commit-
tee on Community Affairs inquiry into ready-to-drink alcohol beverages is telling. It found
that:
… the increased availability of RTDs does not appear to have directly contributed to an increase in risky
alcohol consumption.
The same submission also found that the increase in consumption of ready-to-drink alcohol is
apparent in older age groups but that patterns of RTD use amongst teenagers is unclear. The
latest statistics from the Nielsen ScanTrak survey of liquor retailers and independent bottle
shops nation-wide show that, as planned, alcopops sales have dropped since the introduction
of the new tax but, instead, sales of free-pour spirits—that is, spirits in bottles—have sky-
rocketed to fill the gap. Sales of 700 ml bottles of spirits rose by 21 per cent and hip flasks of
spirits rose by 20 per cent in the same period as the introduction of the alcopop tax.

This fits in well with the studies selectively quoted by the Prime Minister in this House.
These studies show that teenagers have simply switched to alcopops from other alcoholic
drinks but, overall, teens are drinking less or the same amount as they were in the 1990s. Al-
low me to also refer to the Treasury minute dated 14 May, the day after the federal budget—
the only Treasury modelling of any kind released by this government to date. The Treasury
note said: ‘The second possibility is a redirection of alcohol consumption to other products as
a result of the change in the price of RTDs.’

We know from experience that the government do not take advice from Treasury seriously.
Perhaps they should have in this case, as once again their advice has become prophetic. In-
stead of delivering a health measure the government have simply shifted teenagers away from
alcopops, containing one standard drink in a 375-millilitre can, to pour-your-own spirits, where they may be doling themselves three or four standard drinks in the same volume of soft drink. The Prime Minister may well have delivered a shot in the arm to Treasury by applying a new tax to alcopops, but the health of Australian children will suffer.

As flagged in the Labor election campaign, one of the coalition’s best policies—bringing dental care into Medicare—was dismantled. From November last year people with complex health problems were eligible to receive $4,250 worth of dental treatment over two years at a private dentist. We all know that new programs are usually slow to get off the ground, but this program doubled the number of services delivered each month, peaking at 94,617 services delivered in March, just before it was scrapped altogether. In total 172,000 dental services were provided over the five months that the scheme existed. Instead, the government has rolled out two new, and, I think, unsubstantial, dental programs that are not going to deliver the outcomes that the government is predicting.

The flagship program is the $490 million teen dental scheme in which needy teenagers will each get $150 vouchers to go to the dentist for a check-up. If the dentist finds anything that needs fixing they will be on their own, because no funding has been put aside for treatment services. Instead they will be directed, together with all other Australians, to the public state-run dental clinics. These clinics, which employ less than 10 per cent of the nation’s dentists, have the sorts of waiting lists that stamp the hospital system as a failure and they are to be compensated with the grand total of $290 million over four years. This figure would not be enough to manage the numbers they are seeing now, let alone the increased pressure from those that have been kicked out of Medicare dental. I have had countless constituents call and write to complain about this. It is an absolute tragedy for Australians who have dental problems—the sorts of problems that leave them in constant pain, unable to eat, in many cases, and affect their general health.

The Prime Minister and the member for Gellibrand, the Minister for Health and Ageing, have talked a lot about preventative health care. This budget did not have anything that walks the walk of preventative health. Specifically it gave nothing to GPs, who are expected to roll out most of the health measures that will deliver the biggest benefits in health terms. There has been no funding at all to increase the number of GP trainees, which means that, as the general practice workforce continues to age and continues to shrink, the burden on the public hospital system will not be ameliorated any time soon. In fact there have been a number of slashes to the funding of GPs that will probably mean that more disillusioned doctors leave the system. By taking over $500 million off the budget in a measure widely known as the ‘mystery cuts measure’ or what the government calls ‘underspends’, many important health programs are being slashed.

In a new hallmark of haziness there is almost nothing anywhere in the budget about the details of these cuts. The minister for health has admitted that $32.6 million of the Medicare around the clock grants have hit the deck. These payments are what keep GPs providing after-hours services, especially in outer metropolitan rural areas. Slashed as well, by $180 million, are incentive payments to keep mental health nurses co-located with GPs to help guarantee access to mental health expertise.

There are other coalition general practice and service incentive payments that have been slashed by the government, including payments to sign patients up for e-health and incentives
on completion of an immunisation schedule for children in a GP’s practice, primary care panels that help GPs care for people in aged-care facilities and primary care collaboratives that help GPs achieve best practice in managing people with complex care needs.

In addition, $26.2 million worth of grants that previously encouraged GPs already in practice to start doing after-hours services were also scrapped, and $29.7 million has been hacked off the ATAPS program that helps patients access mental health help through their GPs. The list goes on. It seems that the government have put all of their eggs in the superclinic basket. Of the 31 superclinics on the table, only 12 are in areas of doctor shortages and most are in marginal Labor Party seats. The $275 million in funding over four years is going to capital funding to build the centres. In concept, there will be multidisciplinary primary care centres delivering after-hours GP services as well as a whole raft of allied health and nursing services. The problem is, of course, that the Labor Party have not said how they are going to get doctors into the clinics. Unlike the coalition’s promised emergency family medical centres, there are no incentive payments to draw doctors there and no incentives for these doctors to offer after-hours services. So far, the furthest we have got in moving towards bringing superclinics to life is purchasing the land they are going to be built on. The first cabs off the rank will most likely be in South Australia, where the state government has already started building them through a state funded GP Plus program that the Minister for Health and Ageing plans to piggyback her superclinics onto. But if the South Australian experience is anything to go by, the superclinics are not going to solve anything.

Take the example of the superclinic slated for Modbury, which is now to be tacked onto the planned state government-run GP Plus clinic, with fifty-fifty funding from the federal and state governments. Despite what the minister has promised, this superclinic, the GP Plus clinic, will have no GPs in it. The local division of GPs has unanimously elected not to move into the centre and take a hit by dissolving their own practices, no matter how shiny the new building will be. Instead they will continue to offer after-hours services, as they always have, but this superclinic will be ‘GP Minus’. The mere promise of the superclinic has meant that the South Australian government took this as an excuse to rip beds out of Modbury Hospital. How is this delivering on better health care for the people of Adelaide?

If this experience is our first taste of the superclinic, it is unlikely that this pricey scheme is going to be the panacea for the health system anywhere—especially not in rural and regional areas, where access to a GP remains an enormous problem. In fact, there is really nothing in this budget to address the problems in rural health. It is all obviously too hard for the minister to come up with any ideas to relieve the doctor shortage in rural and regional Australia. It is easier to slug rural Australians with more cuts from the mystery cuts category. Allow me to list them: $15.5 million off the Mental Health Services in Rural and Remote Areas initiative, which gives access to psychologists and mental health workers; $2.5 million off telephone and web counselling services, which are used by people in remote areas who do not have access to therapists around the corner; $33.5 million off the Training for Rural and Remote Procedural GPs program, which helped GPs get the skills they need to work with limited specialist support; and $30 million cut from the PGPPP, a coalition initiative that helps fund junior doctors to spend time in rural general practice. This means a loss of 90 places per year. Then there is $16 million off the HECS Reimbursement Scheme, which boosted the number of doctors in rural and regional Australia.
The government have set up their $10 billion Health and Hospitals Fund, with funds coming online from 2009-10. This fund is for capital works only. So you will have all these shiny new facilities and the burden of running those facilities will fall to the state governments. We know that staffing is a problem, and it is not a state-caused disaster, because they are going into hospitals where they have no staff. It is like a scene out of *Yes Minister*. We saw almost no investment in this budget to address this country’s chronic medical workforce shortage in any meaningful way. There are none of the coalition’s promised placements to train GPs, and 25 clinical schools for enrolled nurses were scrapped. Instead we see 1,170 new university places for nurses over four years and a harebrained scheme which aims to provide incentives to get nurses back into the workforce. Returning nurses now get an up-front cash pay-off of $6,000, with a further $3,000 if they stay in the system for six months, and again at 18 months. The problem is that it gives nothing to those hardworking nurses who stayed in the system, carrying the heavy workload. The government plan to find 7,000 nurses with the incentive program. I think they are dreaming.

One last measure that deserves our attention is buried in Budget Paper No. 2’s ‘responsible economic management’ section, where a few cuts to pathology services were announced. Pathology is generally done by big corporate players—the sort the Prime Minister definitely had in his sights when he viewed himself as Australia’s new version of Robin Hood. The problem with the pathology cuts, which wiped $180 million over four years or 2.2 per cent of the sector’s bottom line, is that the government had agreed to honour a memorandum of understanding with the peak bodies representing all pathology sectors, but these cuts—made unilaterally and with no consultation—effectively ripped up the current bipartisan MOU with pathologists and also 13 years of MOUs arrived at between Liberal and Labor national governments in the past. The implications of this are potentially dire. Perhaps I need to point out to the minister that MOUs between government and industry groups are an important way to contain costs and guarantee supply. Unilaterally breaking one throws into doubt the credibility of this government and any MOUs it has negotiated. We are not sure whether this was a flagrant thumbing of the nose at those who the member for Gellibrand no longer values as collaborative partners or whether it was simply gross incompetence from an inexperienced minister with a junior team and now an unceremoniously dumped chief of staff.

In all, the budget is a disappointment. It is a disappointment when it comes to health services. It is a disappointment when it comes to the health workforce. It has no exciting innovations. Even though it increases money, there is no indication that the money being allocated is being better allocated. From the coalition’s point of view, it seems as though the minister for health has delivered a very clumsy outcome in the budget, one with quite a ramble when it comes to health outcomes. The bottom line is that Australians will not have better health care as a result of this budget. I think all Australians expected more from the first budget of the Rudd government.

**Ms SAFFIN** (Page) (9.17 pm)—I rise to speak in favour of the Appropriation Bill (No. 1) 2008-2009 and cognate bills. On almost every measure, the Rudd government’s first budget comes out trumps as a winner—a winner for working families, for families, for carers, for pensioners, for older Australians and for those who are doing it tough. We know there are some people who are doing it tough and I will turn to them later in my contribution. The budget is a winner for us here and now. It is a winner for our young children, for our adult
children and also for the future. It is a winner for responsible economic management and for sensible spending and sage savings. A budget that only spends is not a budget; a budget has to contain sensible spending and sensible savings. As the Treasurer said, it is a Labor budget and a budget for all Australians. I agree.

This budget is sensible in its spending, which is targeted at those who most need it, but it is not a budget just of that. It is also a budget with savings; otherwise we could not have the funding for programs to deliver the services required by the people of Australia and, indeed, Page, the seat that I represent. Further, it is a budget big on responsible economic management—a $22 billion surplus, a surplus that the opposition would want to raid and spend. It contains key measures to fight inflation, because if we do not fight inflation we are in trouble. It is a budget that sets out the direction and place that Australians want to go and it is encapsulated in two words—fair go.

The passing of these bills into law allows the government to deliver its first budget, which includes the rollout of election commitments to the Australian people and to the people of Page, my constituency. It allows the government to implement a budget that is framed within the paradigm of responsible economic management. It is a budget that was built in a most challenging context—I think that we all recognise that these are challenging times. We are surrounded by economic uncertainty in the global economy because of subprime mortgages and things like that, and the domestic environment is also challenging. We inherited a challenging domestic economic environment that had a lot of weaknesses, some strengths and huge inflationary pressures. That was the product of the previous government ignoring the 20 inflation warnings that they got from the Reserve Bank. Also during the last few years of the previous government, there were 12 consecutive interest rate rises—rises that were a warning that there were problems, and yet they were seemingly ignored.

Still speaking to this challenging domestic environment, we also inherited an economy that was both strengthened and propped up by a resources boom—a resources boom that did not have a concomitant skills development program. The skills shortage as of November last year was running at around 240,000 and there were no discernible clear measures, programs or packages in place to address it. This budget contains measures whereby we can start to tackle that. There are other measures, but within the budget itself there is money for 630,000 training places. That will be delivered over the next few years and it will start to tackle some of the skills shortages. It is going to take some time for that to kick in and work, but the fact is we have started in the first six months and it is in the budget. In the period of the past government we were using, for the first time that I know of, 457 visas—and I was surprised to see this—for nurses and a whole range of professions that we normally did not have shortages in. It does not seem as though there was much done by the previous government to address that.

We—Labor and I, as a candidate—went to the people last year in the election, laying out a program for government; laying out a plan for a legislative agenda; laying out a policy plan for economic management, education, health services, infrastructure—which had been ignored—industrial relations and climate change; and, locally, laying out a plan of priorities for my electorate of Page. Those priorities have been long held, articulated and aspired to, but I have to say they were ignored by the previous incumbents, the National Party. The National Party had been the incumbents in my seat for nearly a century. There have been other incursions into it, but it has been something like a century.
I have to say that the seat I live in is still one of the poorest in Australia—between fourth and fifth poorest, by any measure. It was one of those seats that was taken for granted. So, yes, I laid out a package of priorities and, yes, I advocated that they be funded. They were things that had been ignored for a long time. They were things that people needed. They were not grand. They were based on health needs, education needs and roads. They were also based on the simple premise of getting rid of Work Choices. That was part of the legislative agenda.

I am pleased to report that the above plans and agenda—the challenges and priorities—are contained and reflected in this budget. This budget delivers on the immediate needs of working families, carers, pensioners, veterans and older Australians. There are 19,000 extra carer payments. There is fairer indexation of pensions. Carers will receive their $1,000 bonus. Those who receive the carers allowance will get the $600. The $500 bonus is there for age pensioners and veterans. The utilities allowance is up from $107.50 to $500 and will be paid quarterly.

I know that pensioners are saying that they would like some more and they would like a rise in the base level of their pension. Of course they would like a rise in the base level of their pension. My mother is an age pensioner; I would like to do that. That issue has not been addressed over the past 11 years. We have been in government six months and we are starting to address it. The Prime Minister announced in March that it would be reviewed in the budget. The taxation review was contained within the budget. The taxation review also contains the income support review, and that will cover not only pensioners but also independent retirees. It will cover everybody who receives income support of some kind, particularly pensioners, and the base level of pensions will be reviewed. The Senate report that was delivered on the cost of living for older Australians had a number of recommendations. Recommendations 1 and 2 in particular will be reflected in the review that is going on. There will be some report back early in the next year.

I am holding a series of income support reviews across my electorate of Page. I know that pensioners and those on income support are very pleased. I would like to read a message that came to me about the budget from some age pensioners in my area. They said:

We would like to congratulate all in the Labor Party who produced the first of many, I hope, excellent budgets. With the limitations imposed on monetary policy due to the fiscal ineptitude of Howard and co, you have crafted a well balanced and compassionate document. Very hard to pick holes in. And as for the petrol, do not back down. You will be bled dry. As for we aged pensioners, most of us are coping for now. Well done, we are proud of you!

I received quite a lot of messages in that vein about the budget.

The budget delivers a cogent and comprehensive package of reforms based on four key principles, and I will articulate what they are. It begins a new period of economic responsibility that the nation needs to sustain growth in these challenging times. It invests in the future. It delivers for working families and it honours our commitments. Let me turn to these four principles in some detail. As an active, engaged local member, I will turn to No. 4 first: honouring the commitments. I am pleased to report that they are delivered nationally and across electorates that had been neglected or, worse, taken for granted, including my seat. And one of those is the Grafton Base Hospital. It is one of those areas that desperately needs an upgrading of its operating theatres and its emergency department. Through the Health and Hospitals Fund that
is contained in the budget, it will receive money to allow that work to begin. That is very pleasing to the Grafton community and the Clarence Valley community.

Lismore Base Hospital at the top end of the electorate, or the other end of the electorate, has long needed a radiotherapy unit contained within an integrated cancer care centre, which is being built. We need it sooner rather than later because people have to travel to Queensland to have the treatment that they need. That was one of the funding priorities we were able to bring forward. There was $8 million that had been allocated by the previous government. We honoured that and added an extra $7 million, and that allows that to come online well over a year earlier, at least, so that those families requiring treatment will be able to have it within the region.

There were roads that had been long neglected—in particular, key roads and bypasses—and I was able to get some commitments on those. I was also able to get some commitments on things like saleyards, which are very important in my electorate. The saleyards in Grafton are very busy and are very important to the local economy. The commitment there of a small amount, $125,000, makes a huge difference to what we can do in that particular area.

Another commitment was to do with a homeless shelter. The Lismore City Council and community had long wanted to deal with the problem of homelessness. We know that it is a national problem but it is also a very local problem in my electorate. Lismore City Council had wanted to build something so that they could respond to the needs of the homeless in the electorate, and I got a commitment which will not fund it all but will ensure that we start to build a shelter in the Lismore area. Indeed, homelessness is one of the problems that we are addressing as a government and addressing locally. It is a shame to all of us in public life that we have not done enough about that issue. It is an issue that the federal Labor Party and the Prime Minister are very committed to addressing.

I have a lot more issues to speak about but I have been given the wind-up. In speaking to this budget, I am very pleased to report that this is a budget that is delivering. It is a fair budget and it is an economically responsible budget. It is a budget that invests in the future, and it is a budget that I am proud to speak to.

FRAN BAILEY (McEwen) (9.32 pm)—Prior to November last year, the Australian Labor Party went to the Australian public and portrayed themselves as the party of the new, the party of fresh ideas and the way of the future—and I have to say that the majority of the Australian people bought that rhetoric. The first opportunity that a government has to put its stamp on its forward plans is the budget. In presenting the budget, which of course was brought down a few weeks ago, the Treasurer stood in our parliament and his opening words were:

This Budget is designed to meet the big challenges of the future.

Members of the Australian public who had bought that rhetoric prior to November last year were probably encouraged to hear that first sentence. But let us think about what a nation needs to meet the big challenges of the future. I would say to the House that any country needs innovation. It does need those fresh ideas and research and development. Without them a nation cannot thrive and move ahead. Let us look at the issues that face Australia in the 21st century. Where is our manufacturing industry going? Where is medical technology heading? Where are the new scientific advances? What about climate change? Where are the answers to meet these problems of the future coming from? They will come from our small- and me-
medium-sized enterprises—the SMEs of this country—who invest their capital, their labour and their expertise.

I have to say that the government has failed its first test. It has failed to clear the very first hurdle in delivering this budget. The Treasurer said that this budget is designed to meet the real challenges, the big challenges of the future, and I want to draw the attention of the House to the travesty that has happened. The government, without any consultation with industry and without any proposal that there be a transition program, axed the Commercial Ready program—a $750 million program. I am going to spend some time detailing the sorts of successes that this program has bred, but I also want to highlight that we now know that 16 days before the government announced that they were axing this program—which is absolutely vital for Australia’s research and development sector and the ability to commercialise research—the committee charged with the responsibility of assessing applications was still meeting.

This is deception of terrible proportions. Seventy-one businesses had their applications in. These are companies, SMEs, who have spent thousands and thousands of dollars getting the applications to a stage where they were ready to put them to AusIndustry—a very hardworking and dynamic bunch of bureaucrats who are very in tune with industry. I think this is an absolute travesty. I have gone out to industry and I want, tonight, to spend some time detailing what industry’s reaction is to this, because it proves beyond a shadow of a doubt that the first line of the budget—kaput!—is gone.

Mr Dennis Alemis is a man who has been involved in the Commercial Ready program, its predecessor and other government assistance programs and initiatives, for 19 years. He has worked with the Public Service administering the Commercial Ready program and other programs like it for 11 years, plus he has worked in the private sector as a business consultant assisting organisations which are getting their applications ready to submit to the government. Within the time that this man has worked with these companies, he has advised approximately 200 companies on undertaking research and commercialising the results. Out of those companies, over 100 have received some form of government assistance to help them undertake this research. He says:

I believe the government’s decision was probably due to a lack of consultation and understanding of the program and the impact of its decision.

That was borne out by the minister in the other place in what he said in answer to a question at question time. He told an opposition senator that this program really went to millionaire businesses. How out of touch and ignorant can a minister for industry be? Mr Alemis goes on to say:

An estimated 100 applicants wasting up to 6 months of work costing their businesses anywhere from $50,000 to over $100,000 in direct costs, in addition to the opportunity costs of directing resources into something that has been a waste of time. This does not consider the time and effort of external consultants and other participants in the supply chain.

He goes on:

It is an unjust result for up to 50 applicants already in the system that had their cases decided upon in April and early May with decisions pending announcement.
These are cases where officials within AusIndustry had rigorously assessed these projects and had passed them as ready to be funded. To call this an unjust result is, I think, an understatement.

Organisations are now considering moving their projects and their technologies offshore or accessing offshore equity to enable them to continue as Australian equity. The opportunities for this are very limited. Organisations are delaying and they are not proceeding with the employment of skilled employees to undertake their projects. There is a negative financial flow-on effect to other businesses that were involved in the projects from a technical and a commercial perspective, including of course the very skilled consultants. There is now a distrust amongst the business community about the government’s actions, and a significant funding gap has been created for the Australian innovation sector. This makes a nonsense of the Treasurer standing up in this place and saying that the budget was all about finding the answers for the future, for the big challenges.

Let me go on to detail the benefits of the Commercial Ready program. I draw honourable member’s attention to data covering at least 75 projects undertaken by companies across Australia. Mr Alemis was associated, over an eight-year period, with many of these projects. Let us look at some of the advantages—and this is just from 75 projects. There was direct employment of 363 new staff, plus of course external contractors required to work on the projects. The most important aspect was the successful commercialisation of the new technologies, and with that commercialisation came a further 401 new staff. Export revenue of $1,893 million was forecast to be generated from successful commercialisation within the first five years of project completion.

This is really what underpins Australia for the future. How do we compete in those fiercely competitive global markets? We cannot do that unless we are using the best and the brightest, the latest technology, what is going to give us an edge in that global competitive environment.

I want to detail a couple of companies who have lost out in this government decision. One is Sienna Cancer Diagnostics Ltd. Sienna is developing highly novel diagnostic tests for the assessment of cancer and the effectiveness of treatment. Sienna’s technology, developed in collaboration with the world’s largest cancer research organisation, the Ludwig Institute for Cancer Research, is expected to be a world first and has attracted the interest of a number of global partners, including clinicians, other research institutions and global giants in sales, distribution and manufactures.

Sienna is a small public unlisted company established in 2002 which is heavily reliant on the backing of its shareholders. Sienna’s technology would have led to the early detection and monitoring of cancer, with significant health benefits to all Australians and a reduction on the stress on the public health system. For example, a recent evaluation by the American Cancer Society estimates that, when cancer is detected early, treatment costs are some 10 per cent of the expected costs in treating the late-stage disease. Further, Sienna’s test kit was expected to cost in the vicinity of US$100 to US$500 compared to US$2,000 to US$3,000 for the gold standard in cystoscopy.

Sienna was forecast to receive, cumulatively, $49 million by 2015, and royalties would also have been ongoing and weighted to global markets. It was going to employ new staff. This was placing Australia at the forefront. It was going to provide much needed assistance within our own public health system. This is now a project that has gone by the bye.
There are many other projects, but time prevents me from listing all of them. I just want to refer to another man who has contacted me—again, an expert in this field, a Mr Gil Polglase, who has personally worked with more than 100 companies over the past seven years and has successfully accessed funding under the Commercial Ready program. He says that the need for federal government funding assistance for SMEs, especially at the early and expansion stages, is so vital and integral to building Australia’s reputation as a country focused on innovation and fostering technical excellence. I endorse these comments that have been made.

I want to give you just one other quote, from Mr Russell Smith, who says:

Now that this program—

Commercial Ready—

has been abolished, we have no other choice but to consider selling the technology offshore for someone else to develop and commercialise, as we are unable to obtain any other finance and cannot complete the project in an expedient time frame to grasp the market opportunity that is now available.

What a tragedy. The tragedy, of course, is that we have hard evidence that shows that in private equity sector, for every dollar contributed by federal government grants, between $8 and $11 is contributed by private equity sources. When the government turns its back on this, what it is effectively doing is turning its back on innovation. It is turning its back on a sector of our economy which is absolutely vital to the growth of the economy.

I also want to turn to the budget speech, and I want to refer to another matter. It is so easy for governments to say—and how many times have we all heard it: ‘Small business is the engine room of the Australian economy; it is the driving force of our economy.’ The Treasurer says:

… the government supports the aspirations of Australian business …

Well, I will tell you what: by axing Commercial Ready, it does not. He goes on:

… including small business, for a simpler tax system and less regulation.

How easy. It is a mantra for this government to talk about less regulation.

Let me just say, in the brief time that I have left, that there are two programs that were running and that were of the most magnificent assistance to small business. One was the Regulation Reduction Incentive Fund, which had $50 million in it that went directly into local government to enable local government to reduce and harmonise regulation and the costs of compliance. Mr Deputy Speaker, I can tell you that, for that $50 million investment by the previous government, AusIndustry can tangibly demonstrate $450 million worth of savings in compliance costs for small business. Wouldn’t you think that a government that claims, out in the public arena, to stand up for small business and to be doing everything to assist the environment in which small business works would continue such a successful program as that?

The other program that they have axed is the Small Business Field Officers program—68 of these people, who are absolutely vital. When we look at the small business sector in Australia, the fastest growing sector is the home based business sector. These are people who are time pressured—they really have great difficulty finding what the latest in marketing is or what the latest in IT is that they can use to grow their business. These small business field officers would work one on one with small business people in regional areas. One of the first things that the Rudd government did was to axe probably the most successful program that assisted small business. And the Minister for Small Business, Independent Contractors and the
Service Economy had the absolute audacity to say, ‘Oh, but we’re going to have the business enterprise centres.’ Hey, get out there in regional Australia, where you have such a growth of small business! The business enterprise centres are not out there in regional Australia; they are in the metropolitan areas, or there may be a few in the very large regional centres. But the massive change that has happened with small business because of technology, of course, is that small businesses are distributed all through regional Australia.

I think that it is a great shame that the government has simply failed to clear this hurdle. It is a travesty that the Commercial Ready program has been axed. It is a travesty in the way that the government secretly went about it. It is a travesty that so many really bright, vital Australian businesses are not going to get the opportunity to develop and commercialise their innovation. It is a sad day for Australia that a government which proclaims that it stands for meeting the big challenges of the 21st century, that it is the government with the fresh ideas, is in reality the government that snuffs out all of these fresh ideas by denying these innovative, clever SMEs the ability to commercialise their innovation. It denies them the opportunity to pursue the research and development that we need not just to sustain a domestic workforce but to actually develop our export industries and to grow the Australian economy. It is a travesty, and this government should hang its head in shame for what it has done to the Australian SME sector.

Ms JACKSON (Hasluck) (9.52 pm)—I am pleased to speak on this budget tonight, the first Labor budget in many years. As the Treasurer said in his budget speech, the budget is:

A coherent package of reforms based on four principles: honouring our commitments; delivering for working families; investing in the future; and beginning the new era of economic responsibility we need, to sustain growth in challenging times.

It also addresses the pressures many people are facing today. Our $55 billion Working Families Support Package will help those finding it hard to balance the family budget. The $55 billion package comprises targeted initiatives in tax, child care, education, housing and other essential components of household budgets.

The Rudd Labor government, contrary to the comments of many members opposite, have not forgotten the valuable contribution made to our community by older Australians and are committed to making sure that seniors can make ends meet. To assist with the cost of household bills, we have seen an increase in the utilities allowance from $107.20 per year to $500 per year, with annual indexation, and we have also seen the telephone allowance increased from $88 to $132 per year for those with an internet connection. Finally, the seniors concession allowance has been increased from $218 per year to $500 per year, with annual indexation, to assist those self-funded retirees with Commonwealth seniors health cards. These payments will also now be paid quarterly to make sure that the money is there when the household bills arrive. An additional $1.4 billion in lump sum payments will be made to eligible seniors by 30 June 2008, a $500 bonus which will be provided to every Australian in receipt of an income support payment over age pension age or veteran service pension qualifying age and to recipients of the seniors concession allowance, mature age allowance, partner allowance, widow allowance, widow pension and wife pension. That means that this budget supports pensioners, ensuring that they are at least $400 better off per year, and many by as much as $900.
I want to endorse the comments of many other government members in speaking to the budget and concentrate on what it means for my electorate of Hasluck. The electorate of Hasluck will benefit from this year’s Rudd government budget not only because we have delivered on our election promises but also because this budget is looking to the future. As I indicated, the budget commences an era of strategic investment to meet the challenges of the future. We have talked about the $20 billion Building Australia Fund to help with infrastructure and creating capacity; the $11 billion for the Education Investment Fund to fund capital expenditure in higher education institutions; and, of course—critically, I believe—the $10 billion for the Health and Hospitals Fund to finance the renewal and refurbishment of the nation’s hospitals and to fund major medical research facilities and projects. The government has already done more to address climate change in six months of office than the previous government did in over a decade. The budget continues to fund measures to tackle climate change—measures to reduce greenhouse emissions, invest in renewable energy and assist industry and the community to meet this fundamental environmental and economic challenge.

I am especially pleased that, as part of this year’s expenditure, the Rudd Labor government will contribute $13.9 million to help make Perth a solar city, the first in WA. The Rudd government will work with the East Metropolitan Regional Council—including my own local Hasluck councils of the City of Swan and the Shire of Kalamunda—as well as with the Western Australian government to harness Perth’s sunshine and deliver climate change solutions. The key elements of the initiative include: community engagement; social marketing; home energy assessments and smart metering; access for a range of participants including owner-occupiers and public and private tenants; solar and energy efficiency technologies; innovative financing and production subsidies; demonstration projects, including commercial buildings, public facilities and schools; an expansion strategy to move to a self-funding second phase; and an ongoing monitoring strategy to monitor results, through Murdoch University and Western Power’s data management consultants.

The Rudd Labor government values this project. It has a strong community focus and will include both new and existing homes and owner-occupier and rental properties. The project will also include an education component, with funding for 20 schools to participate as ‘solar schools’. It is estimated that more than 6,000 homes and businesses will participate in the trial. Project proponents believe that the Perth Solar City Project will deliver greenhouse gas emission reductions of more than 15,000 tonnes—equivalent to taking 3½ thousand large vehicles off the road—and cut energy use equivalent to the needs of 3,200 homes. I am delighted with this initiative and I look forward to working with the East Metropolitan Regional Council and the Minister for the Environment, Heritage and the Arts to see the Perth Solar City Project come to life later this year.

Another exciting project for me is the Swan River Regional Park. The Swan River Regional Park redevelopment will receive funding of $930,000 from the Rudd Labor government. This contribution is part of a five-year, $10 million project which will develop the Swan riverside park as an environmental, recreational and cultural showpiece for both the Swan region and the state of Western Australia. I am pleased to say that this project also received the support of the former member for Hasluck. It is an outstanding project and both parties committed to ensuring that the Swan River Regional Park project got off the ground. I want to congratulate the City of Swan for working with the local community and local community...
groups to develop this project and for securing support from a number of stakeholders, including the state government and agencies such as Lotterywest, which has also made a contributing funding announcement of $465,700 for the development. The funding will go towards constructing riverside paths and walkways on the 100-hectare site, interpretive signage and restoration works for local wetlands. Not only will the Swan River Regional Park development provide local residents with improved recreational facilities; it will also restore important wetlands like the Blackadder Creek area and provide training opportunities for local Indigenous youth. The project is forecast to attract up to 180,000 visitors to the park and generate an additional $12 million for the regional economy each year.

In the time I have left to speak, I want to touch on a few other initiatives in my electorate of Hasluck. The federal Labor government will invest $5 million towards the creation of a GP superclinic in Midland to improve access to services and take pressure off local public hospitals. Midland has been chosen for a GP superclinic because of the doctor shortages in the area. Co-locating specialist services and allied health services with GPs will enable patients to seamlessly access the range of health services they need to improve their health. I will be working in close consultation with local doctors and the Perth Primary Care Network, as well as the Western Australian government, to finalise the suite of services to be located at the Midland GP clinic.

There are also some community safety initiatives that I think warrant mention. The government has made funds of up to $1½ million available to the City of Gosnells, the City of Swan and the Shire of Kalamunda to boost local crime prevention efforts. Funded measures will respond to hooning, graffiti and other criminal activity on local streets in Gosnells, Thornlie, High Wycombe, Midland and the like. They will address antisocial and criminal behaviour around local shopping centres, parks and train stations. I look forward to working with those local councils to see Labor’s Safer Suburbs Plan given effect and provide some much needed funding to some excellent initiatives in my local area.

The last subject I want to touch on tonight is the need for greater funding for local sporting infrastructure. Nobody doubts the benefit of sport and recreation to our community, and everybody must acknowledge the wonderful contribution made to the community by the volunteers that staff, manage and run most of our local sporting organisations. I am particularly pleased that in my own home state of Western Australia the state government has a fund known as the Community Sport and Recreation Facilities Fund. This is a magnificent fund, though it requires, I would have to say to the Western Australian government, a substantial increase in state government funding. It provides a pool of funding for local councils and local sporting groups to be able to partner on improved local sporting facilities. It generally operates on the basis of a third, a third and a third—one-third from the local sporting club, one-third from the Western Australian government and one-third from the local government concerned.

Through this fund in Western Australia, ably supported by some assistance from the Rudd Labor government to the particular sporting clubs concerned, we have seen money for the Gosnells Bowling Club to ensure synthetic greens and address a number of water issues related to the use of the current bowling greens. I will be doing my best to lobby the state government to ensure that they recognise the benefits of this project. The fund will see $125,000 go towards assisting the shire and the Western Australian government to put in approved stan-
standard lighting at the Forrestfield United Soccer Club facilities. Last but by no means least, the fund will see $200,000 go towards the Ray Owen Sports Centre in Lesmurdie, where they are undertaking substantial renovations to their centre. They host a number of sports up there, not the least of which is basketball. In fact, it is the place where the under-16 Australian basketball championships are due to be held in July. I think it is terrific to see assistance go to areas like these where we know the community benefits from that infrastructure, and I am sure it will be gratefully received by the magnificent volunteers who operate and manage those clubs. In closing, I congratulate the Treasurer and the cabinet on what I think is a terrific budget for Australia.

Mr VAILE (Lyne) (10.04 pm)—I am going to do something that is a little unusual this evening: I am actually going to talk about the structure and substance of the budget. Since the Treasurer introduced the budget a number of weeks ago, we have seen an enormous amount of rhetoric and spin from the government—that they are a Labor government of fiscal conservatives; that they have produced a magnificent budget surplus; and that they are going to be the saviours of the nation and the only bulwark to stand up on behalf of the nation against the demon of inflation. We need to set a few facts straight.

This government was elected in November last year and walked into some incredibly strong economic circumstances as far as the finances of Australia were concerned. At the time of the election last year, the Treasury prepared for both parties contesting the election a forecast of what the budgetary circumstance for 2007-08 would be at the conclusion of the fiscal year. Treasury forecast that there was likely to be an increase of $8 billion in the surplus. Little wonder that the Treasurer and the new government were able to produce a budget surplus of $21.7 billion!

If you compare the key circumstances and the key indicators that the Rudd Labor government encountered when they were elected to the key circumstances and key indicators that we walked into when we were elected in 1996, you could not have a greater divergence of circumstance. In 1996 there was a $10 billion budget deficit. In 1996 there was a $96 billion public sector debt. That was a debt that was owed by every man, woman and child in Australia. There was an incredibly high level of unemployment. The general disposition of Australians was that they were not very confident about themselves, about the direction the nation was going and about the economic circumstances within Australia. Therefore, there were not those inflationary pressures then that are being exerted by the level of confidence of consumers today. Interest rates were actually higher. Yes, we have had a series of increases in interest rates in the last couple of years, but they were off a very low base. That needs to be recognised and understood in historical terms. We hear on a daily basis about the number of interest rate rises that have taken place in the last couple of years, but they came off a very low base.

Contrast some of those statistics to those that were inherited by the current government when elected last year. I mentioned the budget circumstance. There was forecast to be an incredibly strong position by the end of the 2007-08 fiscal year, regardless of what savings were produced in this year’s budget. In lieu of there being that massive level of public sector debt, there were actually quite significant net savings. Capital savings had been put aside by our government into the Future Fund, the health fund, the Higher Education Endowment Fund and the former perpetual Communications Fund, which has been ripped off by the current government. The Minister for Broadband, Communications and the Digital Economy, Senator

MAIN COMMITTEE
Conroy, has raided that fund. He has stolen that money from the people of regional Australia and has maintained that he is going to invest it in the current government’s broadband program, which fundamentally is about bolstering broadband in urban areas in capital cities in Australia. That is being funded with taxpayers’ dollars when it should be being paid for by the operators in the marketplace. These markets are commercially viable.

The structure we had in place, as far as communications were concerned, and the reason that we established the perpetual Communications Fund with core funding of $2 billion, was to ensure that there was an ongoing cash flow available in perpetuity for consumers in regional Australia to keep up with modern communications technology where the market was not going to provide it. There is no such safety net left now. It has been taken away. The Labor Party and Senator Conroy have taken that away. They have stolen a $2 billion safety net from all those people who live in regional and remote Australia.

So, in the future, when new technology becomes available, those of us who live in parts of Australia where the market will provide it are going to be better off than those who live in regional and remote Australia, where the market will not provide it and there is no safety net. So it will be incumbent upon those people, and those who represent them, to come to government to make specific requests for new programs to fund that technology—and fund it on budget: to create a budget program to fund it. We had taken it off budget. We had provided an amount of money that, since the time it was invested a couple of years ago, has probably generated between $400 million and $500 million worth of revenue that was going to be allocated into different parts of regional Australia by the committee chaired by Dr Bill Glasson, who, I understand, is still operating that committee and is going to report to government. But there is no fund and no safety net left.

The Labor Party have not just ripped off $2 billion from the bush; they have ripped off probably more like $2½ billion from the bush and are going to plough that into their broadband program, which we have grave doubts will end up servicing the people that we were intending to look after with that perpetual Communications Fund. But the point I make is that, when the Labor Party were elected to office, there was no debt; debt was zero. There were in fact net savings of probably $60 billion to $70 billion in the Future Fund, $5-odd billion that we had put into the Higher Education Endowment Fund, $2 billion in the perpetual Communications Fund, and the funding that had been put into the Rural Medical Infrastructure Fund. These were all savings that were made out of a lot of hard work.

I recall the days when there was a significant challenge confronting the government of the day that had to seriously find savings, not just make-believe savings where the pitch to the electorate was, ‘We are making all these savings,’ but really the subtext was, ‘We’ll get rid of as many coalition policies as we can and we will call them savings and then we will go and spend on our programs.’ There has been $15 billion worth of savings on one hand and $30 billion worth of expenditure on the other. It is very easy to claim fiscal responsibility when you have the bank account full of money and a chequebook full of cheque leaves ready to go, and you know that you can spend on your programs and you can, under the guise of fiscal responsibility, get rid of all the programs that you want to get rid of from the previous government and call it a great budget.

I suppose we sure ought to be grateful for small mercies—that a Labor government actually did produce a surplus budget. They could have really gone on a drunken binge and spent
all of that. But the reality is that, for the first budget in over a decade—in fact, in over 12 years—there have been tax increases and the introduction of new taxes. Twenty-one million Australians came to rely on the fact that every year at budget time—they would know it might be tough; they would know there might not be expenditure in their particular area of need or interest—their government was not going to introduce any new taxes and was not going to increase any taxes. In fact, the Howard government continued to reduce taxes. We changed the threshold rates for the income taxation system. We brought down the top rate of tax. We improved the circumstance of those in the lower percentile, if you like, of the PAYE taxpayers in Australia and at the same time we continued to produce surplus budgets.

If you want to talk about a tough challenge, the budgets in 1996 and 1997 were a tough challenge. We had to try to convert a deficit budget situation first into a balanced budget and then into a surplus budget situation. We had to make serious cuts, difficult decisions, before starting to rebuild the economy. And at no stage were there tax increases or the introduction of new taxes.

The first Labor government for 12 years cannot help themselves but introduce new taxes into the Australian system—because, they claim, ‘We need to do it; we need to fight inflation, so we are increasing taxes.’ That is the mantra being levelled by the Treasurer and the Prime Minister. So we see in some quite amazing areas increases in taxes. There are increases in the tax on alcohol under the guise of a health measure: ‘We are going to deal with binge drinking.’ But the statistics belie the fact—that is, the Treasury statistics that were brought out indicated that the revenue was going to increase, that consumption was going to increase. If you look at the cross-section of those people in the community who actually drink these drinks, you see that it is not just the young people that the government are trying to target as far as binge drinking is concerned who will be affected. We all support the spirit of that endeavour, but we do not believe that this is the way to do it. Then there is the increase in the luxury car tax: ‘Just nip it up a little bit; keep the threshold at $57,000 but take it up to 30-odd per cent.’

Then there are the increases in energy costs. The government have said, ‘The gas industry can afford to pay this now.’ But they were not there when as a government we were trying to encourage Australian companies to invest billions of dollars into the oil and gas industry to achieve the fantastic export results that we have today. It took a lot of courage by many people in those industries. It took support from government. And one of the measures that we provided supported the development of those gas fields that are now generating tens of billions of dollars worth of export revenue for Australia—we had to provide concessions so that they would invest. One of those has now been taken away, and it comes straight off the bottom line of the company. There are obvious arguments on both sides of that equation, but at the time that that was introduced it was needed because we needed to see that investment in a new industry, an industry which is now one of Australia’s great success stories as an export industry—that is, the LNG production industry in the North West Shelf of Western Australia.

So there is a whole raft of new measures in the budget that are increased taxes and new taxes. Of course, the doozy of them all—and, as sure as night follows day, this will come back to haunt the Labor Party—is the changes as far as the private health insurance rebate is concerned. There are some very compelling statistics on this. I know, because I was first elected to this place in 1993 and spent my first three years in opposition. One of the key issues when I was campaigning in 1993, wherever I went, concerned the people in my electorate who were
not the well-to-do or the middle class in the electorate. These people were pensioners or on part-pensions or were self-funded retirees on the margins, and they desperately needed to keep their health insurance going because they needed to be able to get access to hospital when they needed it. They could not rely on the public hospital system. If you go back to 1983, when the Labor Party was elected to office with the Hawke government, over 50 per cent of Australians were covered by private health insurance. By the time Labor left office, that figure had fallen to just over 30 per cent of Australians.

When we were elected in 1996, we introduced measures that would encourage and provide an incentive for people to take out private health insurance because we knew that we needed to do that to help take the pressure off the public hospital system. By the time we left office at the end of last year, 9.477 million Australians, or 44.6 per cent of the population, were covered by private health insurance. So there was a significant shift back to one in two. It started off at one in two, it dropped right off during the Hawke years and we raised it back up to one in two. Now we forecast that the outcome of this budget measure by the Labor government is going to see it revert to those other figures. All it is going to do is increase pressure on the public hospital system.

I know the retort will be: ‘But in the budget we’re handing over more money to the states for their public hospitals, their health systems and their education systems. We’re handing over money so that they can create tech ed type processes in every high school in Australia.’ Well, it will be like a drop of ink on blotting paper, because it will not achieve the desired result. We have confronted all these things in this country and it has not worked. It is one of the failings of the federal structure in this country. We have experienced state governments of both political persuasions—both ours and yours, both conservative and Labor—and neither of them have been any better than the other in that the only way that you could deal with them was if you turned up with a chequebook and handed them the money. Then you had absolutely no confidence that that money was going to end up being spent where you expected it to be spent or that the services that you expected them to deliver would be delivered. That is why with so many of the policy decisions we took over the last 12 years we tried to circumvent that by going straight to the taxpayers of Australia and delivering a number of programs and services directly to the taxpayers of Australia.

There are fallacies in this budget. There is a lot of rhetoric and spin about what it is. But I will end where I started and say to the government: hopefully, given the fantastic economic start you inherited when elected to office, during your time in office your government does not fall into the trap of previous Labor governments and continue to tax and spend and end up running the budget back into deficit. Hopefully you will continue what we started and maintain budget surpluses, continue to save for future generations and focus on delivering services to the broader community from the Commonwealth, because that is where you have control of what you are doing. If you delegate too much to the states—and this is probably ending up a little bit like a centralist speech, but this comes from experience—I am sorry, but you will not get the outcome that you expect. Ultimately—and your predecessors in previous Labor governments found this out—you will find that the only way to achieve the outcomes that any Commonwealth government wants is to deliver a lot of those programs yourselves.

The government, notwithstanding the spin that the Treasurer and the Prime Minister have put on this, are very fortunate: they inherited a strong budgetary situation on embarking upon
their time in office. It is vastly different to that which we inherited in 1996, when we had to do some serious heavy lifting to address the budget deficit, to retire $96 billion worth of debt, to drive unemployment down to the four-percentile range, where it is today, and to create the economic prosperity in this country that has given rise to so much confidence amongst the consumers and taxpayers in Australia. That is why people continue to spend: they are confident about the structure in this country and confident about their jobs in the future. I am sure they would all like to maintain confidence in the management of the economy of Australia into the future. This budget is about spin and rhetoric. It is a tax and spend budget. (Time expired)

Ms VAMVAKINOU (Calwell) (10.24 pm)—The 2008 budget, the first handed down by the Rudd government, delivers on the election commitments we made to the Australian people last year. It is a budget that both invests in Australia’s future and provides real and tangible support for working families in my electorate of Calwell to help them cope with today’s rising cost of living and all the pressures associated with that. In particular, the government’s $55 billion Working Families Support Package puts the needs of working families squarely at the heart of this budget. As part of this government’s commitment to invest in a better future for all Australians, $40 billion is set aside for infrastructure, education and health improvements; $22 billion is allocated to rail and road projects; $15.2 billion is directed towards new initiatives aimed at tackling climate change and addressing Australia’s water shortages; and the budget includes a package of new measures totalling $2.4 billion that channel much needed help to Australian seniors and carers who are doing it particularly tough. All of these are significant investments and they all have a direct bearing on those who live in my electorate of Calwell.

Calwell is a diverse electorate. Today’s influx of young families into the area makes education, child care and health care key issues in my electorate. We also have a fast-ageing population, making aged care and more support for seniors equally important. More generally, better access to more affordable services and ensuring available infrastructure is able to keep up with local demands are crucial challenges for the people in my electorate.

The government’s $55 billion Working Families Support Package includes a raft of measures that many will welcome, given the increasing pressures household budgets are under. These measures include $46.7 billion in tax relief over the next four years. Families in my electorate on a single income of $40,000 will be $1,050 a year better off, while those on a single income of $80,000 will be $1,100 a year better off. Local families with a combined income of $100,000 where the primary earner’s income is $60,000 will be $1,650 a year better off. These tax cuts will provide substantial support to low- and middle-income families, who are struggling to cope with today’s cost of living pressures. Parents work hard to provide for their families and they deserve these tax cuts, which are more generous as a percentage of income than tax cuts announced in previous years. When fully phased in over the next two years, they will provide continuous support to working families in Calwell and of course across Australia.

The government’s $55 billion Working Families Support Package also includes a new education tax refund initiative, under which eligible families will be able to claim a 50 per cent refund on key education expenses of up to $375 a year for each child in primary school and $750 a year for each child in secondary school. Effective from 1 July this year, the education
tax refund will help parents in Calwell cover expenses such as home computers and laptops, home internet connections, education software, school books, tools for trade subjects and stationery.

When it comes to child care, the Rudd Labor government is lifting the childcare tax rebate from 30 per cent to 50 per cent and increasing the cap for the rebate from $4,354 to $7,500 per child, paid quarterly instead of once a year. This will help with out-of-pocket expenses for those working parents in my electorate who rely on child care.

The government is also introducing a new Teen Dental Plan that will provide $150 each year towards the cost of a dental check-up for teenagers between the ages of 12 and 17 in families that receive family tax benefit A and teenagers who receive the youth allowance or Abstudy. Of course, for many Australians the exorbitant cost of private dental health care leaves them no choice but to rely on Australia’s public dental health system. This is certainly the case for many people living in my electorate, who face up to 30 months sitting on waiting lists as a result of the former government’s neglect of Australia’s public dental health system.

To rescue Australia’s failing public dental health system, the government will re-establish a Commonwealth Dental Health Program, at a cost of some $290 million, which will target public dental waiting lists and provide better access to dental services.

Other healthcare initiatives announced in this budget and very relevant to my electorate are the $600 million made available to slash elective surgery waiting lists in public hospitals, the $87 million to expand bowel cancer screening to all 50-year-olds, in addition to the existing screening of 55- and 65-year-olds, and $39 million to fund incentives to bring nurses back into the workforce. The government will also increase the Medicare levy threshold from $50,000 to $100,000 for singles and from $100,000 to $150,000 for couples.

The budget also provides funding for measures designed to tackle today’s housing affordability crisis, with the establishment of the first home saver accounts, which will provide a simple, tax-effective way for residents in Calwell to save for their first home deposit through a combination of government contributions and lower tax. This is in addition to the government’s National Rental Affordability Scheme and the new Housing Affordability Fund. Taken together, these measures will help ease some of the pressures working families in my electorate face and provide them with much needed help.

The 2008 budget also provides $5.9 billion in funding over the next five years towards a range of educational initiatives that form part of the Rudd government’s education revolution agenda. Unlike those on the opposite side of the chamber, we understand that investing in education is about investing both in our children’s future and in Australia’s future. That is why we have undertaken to comprehensively reform Australia’s education system, from kindergarten through to university, targeting key areas that have long been crying out for improvement. What local parents want is for their children to have access to high-quality education and to all of the opportunities which follow. Initiatives in the Rudd government’s first budget to improve education include investing $534 million over four years to provide universal access to preschool for all four-year-olds, investing $2.5 billion over 10 years for trade training centres in schools, $1.2 billion over five years to deliver information and communication technology to all year 9 to 12 students, $626 million to reduce the cost of studying maths and science at universities, $578 million to improve literacy and numeracy skills, and $62 million for the National Asian Languages and Studies in Schools Program. We are also investing $500 mil-
lion this year to assist universities with capital funding, and I am pleased to say that Victoria University, which has a campus in Sunbury, in my electorate, has received $8.2 million to that end. And we will deliver an extra 630,000 training places at a cost of $1.9 billion.

When it comes to supporting seniors and carers, the Rudd government has increased the utilities allowance to $500 a year in order to help seniors cope with the cost of household bills. A similar increase has been made to the seniors concession allowance and we have also increased the telephone allowance for those with a home internet connection. Pensioners and eligible seniors will also receive a $500 bonus in this budget. More importantly, the Rudd government has made a commitment to review current arrangements for pensioners with a view to finding ways to better support them. This review will form part of the government’s broader review into Australia’s taxation system. The budget also includes $822 million in measures to increase support for carers. Parents caring for a child under 16 with a severe disability will now be eligible for the carer payment of up to $546 per fortnight. A $1,000 bonus will be paid to recipients of the carer payment and the Department of Veterans’ Affairs carers services, while carer allowance recipients will also be paid $600 for each eligible care receiver. The 2008 budget also provides $100 million over the 2007-08 financial year to increase the supply of supported accommodation for people with a disability whose ageing parents can no longer care for them at home. This extra funding will provide up to 35 new facilities, accommodating up to six people each.

I am pleased to announce that the budget also sets aside funding to establish two new early learning and childcare centres in Calwell. The centres will be located in the growth areas of Tullamarine and Craigieburn in my electorate. Over the last decade, childcare shortages have become a significant problem in my electorate. That is why I as the local member have campaigned very hard for federal funding to establish more childcare centres in my electorate. I am very pleased that these two new centres will go a long way to addressing the shortfall.

There has been $14.2 million set aside for important upgrades to the Hume Freeway and the Donnybrook Road interchange, which is aimed at easing traffic congestion. An additional $5 million has also been allocated to improve traffic capacity along the Western Ring Road, which runs through my electorate, and the Hume City Council will receive more than $1.4 million under the Roads to Recovery program for road maintenance and upgrades in the area over the 2008-09 period. This is a responsible budget, one that reins in reckless government spending and channels substantial funding and support where it is needed the most. I commend Appropriation Bill (No. 1) 2008-2009 and the related bills to the House.

Main Committee adjourned at 10.35 pm
QUESTIONS IN WRITING

2020 Youth Summit
(Question No. 1)

Mr Pearce asked the Minister for Youth, in writing, on 21 February 2008:

In respect of the 2020 Youth Summit:

(a) What are the budgeted travel costs of delegates?
(b) What are the budgeted accommodation costs of delegates?
(c) What is the budgeted cost of any additional expenses?
(d) Will the Government pay the travel and accommodation costs of the ten delegates chosen to attend the Australia 2020 Summit?

Ms Kate Ellis—The answer to the honourable member’s question is as follows:

(a) The actual travel costs of the delegates was $71,443.63.
(b) The actual accommodation costs of the delegates was $38,302.95.
(c) The actual cost of any additional expenses was $120,052.80. This included venue hire, ground transportation, catering, AV & filming, photography, facilitators and incidentals.
(d) Yes, the Australian Government arranged and paid for all the travel and accommodation costs of the eleven delegates, plus the Youth Summit Co-Chair Hugh Evans, to attend the Australia 2020 Summit.

Veterans’ Affairs: Medical Medical and Allied Health Section
(Question No. 31)

Mr Simpkins asked the Minister for Veterans’ Affairs, in writing, on 11 March 2008:

Is he aware of reports of lengthy delays in the approval of dental treatment by the Adelaide branch of the Medical and Allied Health section of his department; if so, (a) what are the reasons for the delays; (b) can he guarantee that no veteran’s health is being adversely affected by the delays; and (c) can the delays be attributed to the closure of the Perth branch of the Medical and Allied Health section of his department.

Mr Griffin—The answer to the honourable member’s question is as follows:

The majority of all medical and allied health requests for treatment, including dental treatment, are provided to the veteran community on presentation of their Gold and White Repatriation Health Card to their treating provider. The vast majority of health services do not require prior approval by my Department.

My Department has consolidated all medical and allied health treatment telephone and processing work into the Adelaide office. I am advised that there were delays in processing some requests for approval of dental treatment by the Medical and Allied Health section following the finalisation of this consolidation initiative in December 2007.

(a) The logistics of consolidating these services for the whole of Australia into a single location initially caused some delays in processing requests. The causes of these delays have been addressed and approval processes are now more efficient.

Although the majority of dental treatment requests for Gold and White Card holders do not require prior approval, the procedures that do are often complex and/or extensive. Approval of these requests may take some time to process as my Department relies on gathering a range of advice from contracted clinical experts and outside treating clinicians to ensure a safe outcome. The time taken
to complete this process may be extended if my Department has not received all the clinical information required. These processes continue to be reviewed and improved.

(b) and (c) Appropriate dental treatment for veterans is a high priority of my Department. The operational changes made during the last twelve months will significantly streamline dental approvals for our veterans and ensure consistent, high quality services to providers and veterans regardless of where they live.

Veterans’ Affairs: Medical Medical and Allied Health Section

(Question No. 32)

Mr Simpkins asked the Minister for Veterans’ Affairs, in writing, on 11 March 2008:

Is he aware of reports of the difficulties faced by veterans, their families and their doctors when seeking case information from the Adelaide branch of the Medical and Allied Health section of his department; if so, does his department undertake periodic reviews of each team’s performance in relation to the service and support they provide to veterans awaiting approval of medical treatment; if not, why not.

Mr Griffin—The answer to the honourable member’s question is as follows:

I am informed by my Department that it is not aware of any difficulties being experienced by veterans, their families, or providers in seeking case information from the Adelaide branch of the Medical and Allied Health section.

In November 2007, the Department of Veterans’ Affairs (DVA) introduced a single toll-free number to contact the Medical and Allied Health section. Veterans and their treating doctors have access to skilled staff on this number from 8:30 am to 5:00 pm, Monday to Friday, when calling from any State or Territory of Australia. Where family members have a legal power of attorney, they too can make use of this service.

Currently, the staff answer some 3,500 to 4,000 calls per week from veterans and providers. Except during peak periods and other unforeseen circumstances, calls should be answered, on average, in under one minute.

As with all programs within DVA, performance is regularly monitored.

Joint Defence Facility Pine Gap

(Question No. 101)

Mr Melham asked the Minister for Home Affairs, in writing, on 14 May 2008:

How many Australian Federal Police Protective Service personnel are currently stationed at the Joint Defence Facility Pine Gap?

Mr Debus—The answer to the honourable member’s question is as follows:

As at 14 May 2008, there are 50 Protective Service Officers (PSOs) stationed at the Joint Defence Facility, Pine Gap.