



COMMONWEALTH OF AUSTRALIA

# House of Representatives

## Votes and Proceedings

### Hansard

**TUESDAY, 14 FEBRUARY 2012**

#### **CORRECTIONS**

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**Tuesday, 21 February 2012**

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BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

# PROOF



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**SITTING DAYS—2012**

Month	Date
February	7, 8, 9, 13, 14,15,16, 27, 28, 29
March	1, 13, 14, 15, 19, 20, 21, 22
May	8, 9, 10, 21, 22, 23, 24, 28, 29, 30, 31
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September	10, 11, 12, 13, 17, 18, 19, 20
October	9, 10, 11, 29, 30, 31,
November	1, 26, 27, 28, 29

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**FORTY-THIRD PARLIAMENT  
FIRST SESSION—FIFTH PERIOD**

**Governor-General**

Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

**House of Representatives Office holders**

*Speaker*— Hon. Peter Neil Slipper 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,  
Ms Sharon Leah Bird MP, Mrs Yvette Maree D'Ath MP, Mr Steven Georganas MP,  
Dr Andrew Keith Leigh MP, Ms Kirsten Fiona Livermore MP, Mr John Paul Murphy MP,  
Mr Michael Stuart Symon MP, Mr Kelvin John Thomson MP, Ms Maria Vamvakinou 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. Christopher Maurice Pyne MP

*Deputy Manager of Opposition Business*—Mr Luke Hartsuyker MP

**Party Leaders and Whips**

Australian Labor Party

*Leader*—Hon. Julia Eileen Gillard MP

*Deputy Leader*—Hon. Wayne Maxwell Swan MP

*Chief Government Whip*—Hon. Joel Andrew Fitzgibbon MP

*Government Whips*—Ms Jill Griffiths Hall MP and Mr Ed Husic MP

Liberal Party of Australia

*Leader*—Hon. Anthony John Abbott MP

*Deputy Leader*—Hon. Julie Isabel Bishop MP

*Chief Opposition Whip*—Hon. Warren George Entsch MP

*Opposition Whips*—Mr Patrick Damien Secker MP and Ms Nola Bethwyn Marino MP

The Nationals

*Leader*—Hon. Warren Errol Truss MP

*Chief Whip*—Mr Mark Maclean Coulton MP

*Whip*—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives

### Members of the House of Representatives

Members	Division	Party
Abbott, Hon. Anthony John	Warringah, NSW	LP
Adams, Hon. Dick Godfrey Harry	Lyons, TAS	ALP
Albanese, Hon. Anthony Norman	Grayndler, NSW	ALP
Alexander, John Gilbert	Bennelong, NSW	LP
Andrews, Hon. Kevin James	Menzies, VIC	LP
Andrews, Karen Lesley	McPherson, QLD	LP
Baldwin, Hon. Robert Charles	Paterson, NSW	LP
Bandt, Adam Paul	Melbourne, VIC	AG
Billson, Hon. Bruce Fredrick	Dunkley, VIC	LP
Bird, Sharon Leah	Cunningham, NSW	ALP
Bishop, Hon. Bronwyn Kathleen	Mackellar, NSW	LP
Bishop, Hon. Julie Isabel	Curtin, WA	LP
Bowen, Hon. Christopher Eyles	McMahon, NSW	ALP
Bradbury, Hon. David John	Lindsay, NSW	ALP
Briggs, Jamie Edward	Mayo, SA	LP
Broadbent, Russell Evan	McMillan, VIC	LP
Brodthmann, Gai Marie	Canberra, ACT	ALP
Buchholz, Scott Andrew	Wright, QLD	LP
Burke, Anna Elizabeth	Chisholm, VIC	ALP
Burke, Hon. Anthony Stephen	Watson, NSW	ALP
Butler, Hon. Mark Christopher	Port Adelaide, SA	ALP
Byrne, Hon. Anthony Michael	Holt, VIC	ALP
Champion, Nicholas David	Wakefield, SA	ALP
Cheeseman, Darren Leicester	Corangamite, VIC	ALP
Chester, Darren	Gippsland, VIC	Nats
Christensen, George Robert	Dawson, QLD	Nats
Ciobo, Steven Michele	Moncrieff, QLD	LP
Clare, Hon. Jason Dean	Blaxland, NSW	ALP
Cobb, Hon. John Kenneth	Calare, NSW	Nats
Collins, Hon. Julie Maree	Franklin, TAS	ALP
Combet, Hon. Greg Ivan, AM	Charlton, NSW	ALP
Coulton, Mark Maclean	Parkes, NSW	Nats
Crean, Hon. Simon Findlay	Hotham, VIC	ALP
Crook, Anthony John	O'Connor, WA	NWA
Danby, Michael David	Melbourne Ports, VIC	ALP
D'Ath, Yvette Maree	Petrie, QLD	ALP
Dreyfus, Hon. Mark Alfred, QC	Isaacs, VIC	ALP
Dutton, Hon. Peter Craig	Dickson, QLD	LP
Elliot, Hon. Maria Justine	Richmond, NSW	ALP
Ellis, Hon. Katherine Margaret	Adelaide, SA	ALP
Emerson, Hon. Craig Anthony	Rankin, QLD	ALP
Entsch, Warren George	Leichhardt, QLD	LP
Ferguson, Hon. Laurie Donald Thomas	Werriwa, NSW	ALP
Ferguson, Hon. Martin John, AM	Batman, VIC	ALP
Fitzgibbon, Hon. Joel Andrew	Hunter, NSW	ALP
Fletcher, Paul William	Bradfield, NSW	LP
Forrest, John Alexander	Mallee, VIC	Nats
Frydenberg, Joshua Anthony	Kooyong, VIC	LP

### Members of the House of Representatives

Members	Division	Party
Gambaro, Hon. Teresa	Brisbane, QLD	LP
Garrett, Hon. Peter Robert, AM	Kingsford Smith, NSW	ALP
Gash, Joanna	Gilmore, NSW	LP
Georganas, Steve	Hindmarsh, SA	ALP
Gibbons, Stephen William	Bendigo, VIC	ALP
Gillard, Hon. Julia Eileen	Lalor, VIC	ALP
Gray, Hon. Gary, AO	Brand, WA	ALP
Grierson, Sharon Joy	Newcastle, NSW	ALP
Griffin, Hon. Alan Peter	Bruce, VIC	ALP
Griggs, Natasha Louise	Solomon, NT	CLP
Haase, Barry Wayne	Durack, WA	LP
Hall, Jill	Shortland, NSW	ALP
Hartsuyker, Luke	Cowper, NSW	Nats
Hawke, Alexander George	Mitchell, NSW	LP
Hayes, Christopher Patrick	Fowler, NSW	ALP
Hockey, Hon. Joseph Benedict	North Sydney, NSW	LP
Hunt, Hon. Gregory Andrew	Flinders, VIC	LP
Husic, Edham Nurredin	Chifley, NSW	ALP
Irons, Stephen James	Swan, WA	LP
Jenkins, Harry Alfred	Scullin, VIC	ALP
Jensen, Dennis Geoffrey	Tangney, WA	LP
Jones, Stephen Patrick	Throsby, NSW	ALP
Jones, Ewen Thomas	Herbert, QLD	LP
Katter, Hon. Robert Carl	Kennedy, QLD	Ind
Keenan, Michael Fayat	Stirling, WA	LP
Kelly, Hon. Michael Joseph, AM	Eden-Monaro, NSW	ALP
Kelly, Craig	Hughes, NSW	LP
King, Hon. Catherine Fiona	Ballarat, VIC	ALP
Laming, Andrew Charles	Bowman, QLD	LP
Leigh, Andrew Keith	Fraser, ACT	ALP
Ley, Hon. Sussan Penelope	Farrer, NSW	LP
Livermore, Kirsten Fiona	Capricornia, QLD	ALP
Lyons, Geoffrey Raymond	Bass, TAS	ALP
McClelland, Hon. Robert Bruce	Barton, NSW	ALP
Macfarlane, Hon. Ian Elgin	Groom, QLD	LP
Macklin, Hon. Jennifer Louise	Jagajaga, VIC	ALP
Marino, Nola Bethwyn	Forrest, WA	LP
Markus, Louise Elizabeth	Macquarie, NSW	LP
Marles, Hon. Richard Donald	Corio, VIC	ALP
Matheson, Russell Glenn	Macarthur, NSW	LP
McCormack, Michael	Riverina, NSW	Nats
Melham, Daryl	Banks, NSW	ALP
Mirabella, Sophie	Indi, VIC	LP
Mitchell, Robert George	McEwen, VIC	ALP
Morrison, Scott John	Cook, NSW	LP
Moylan, Hon. Judith Eleanor	Pearce, WA	LP
Murphy, Hon. John Paul	Reid, NSW	ALP
Neumann, Shayne Kenneth	Blair, QLD	ALP

### Members of the House of Representatives

Members	Division	Party
Neville, Paul Christopher	Hinkler, QLD	Nats
Oakeshott, Robert James Murray	Lyne, NSW	Ind
O'Connor, Hon. Brendan Patrick	Gorton, VIC	ALP
O'Dowd, Kenneth Desmond	Flynn, QLD	Nats
O'Dwyer, Kelly Megan	Higgins, VIC	LP
O'Neill, Deborah Mary	Robertson, NSW	ALP
Owens, Julie Ann	Parramatta, NSW	ALP
Parke, Melissa	Fremantle, WA	ALP
Perrett, Graham Douglas	Moreton, QLD	ALP
Plibersek, Hon. Tanya Joan	Sydney, NSW	ALP
Prentice, Jane	Ryan, QLD	LP
Pyne, Hon. Christopher Maurice	Sturt, SA	LP
Ramsey, Rowan Eric	Grey, SA	LP
Randall, Don James	Canning, WA	LP
Ripoll, Bernard Fernand	Oxley, QLD	ALP
Rishworth, Amanda Louise	Kingston, SA	ALP
Robb, Hon. Andrew John, AO	Goldstein, VIC	LP
Robert, Stuart Rowland	Fadden, QLD	LP
Rowland, Michelle	Greenway, NSW	ALP
Roxon, Hon. Nicola Louise	Gellibrand, VIC	ALP
Roy, Wyatt Beau	Longman, QLD	LP
Rudd, Hon. Kevin Michael	Griffith, QLD	ALP
Ruddock, Hon. Philip Maxwell	Berowra, NSW	LP
Saffin, Janelle Anne	Page, NSW	ALP
Schultz, Albert John	Hume, NSW	LP
Scott, Hon. Bruce Craig	Maranoa, QLD	Nats
Secker, Patrick Damien	Barker, SA	LP
Shorten, Hon. William Richard	Maribyrnong, VIC	ALP
Sidebottom, Peter Sid	Braddon, TAS	ALP
Simpkins, Luke Xavier Linton	Cowan, WA	LP
Slipper, Hon. Peter Neil	Fisher, QLD	LP
Smith, Hon. Anthony David Hawthorn	Casey, VIC	LP
Smith, Hon. Stephen Francis	Perth, WA	ALP
Smyth, Laura Mary	La Trobe, VIC	ALP
Snowdon, Hon. Warren Edward	Lingiari, NT	ALP
Somlyay, Hon. Alexander Michael	Fairfax, QLD	LP
Southcott, Andrew John	Boothby, SA	LP
Stone, Hon. Sharman Nancy	Murray, VIC	LP
Swan, Hon. Wayne Maxwell	Lilley, QLD	ALP
Symon, Michael Stuart	Deakin, VIC	ALP
Tehan, Daniel Thomas	Wannon, VIC	LP
Thomson, Craig Robert	Dobell, NSW	ALP
Thomson, Kelvin John	Wills, VIC	ALP
Truss, Hon. Warren Errol	Wide Bay, QLD	Nats
Tudge, Alan Edward	Aston, VIC	LP
Turnbull, Hon. Malcom Bligh	Wentworth, NSW	LP
Vamvakinou, Maria	Calwell, VIC	ALP
Van Manen, Albertus Johannes	Forde, QLD	LP

### **Members of the House of Representatives**

<b>Members</b>	<b>Division</b>	<b>Party</b>
Vasta, Ross Xavier	Bonner, QLD	LP
Washer, Malcom James	Moore, WA	LP
Wilkie, Andrew Damien	Denison, TAS	Ind
Windsor, Anthony Harold Curties	New England, NSW	Ind
Wyatt, Kenneth George	Hasluck, WA	LP
Zappia, Tony	Makin, SA	ALP

#### **PARTY ABBREVIATIONS**

ALP—Australian Labor Party; LP—Liberal Party of Australia; LNP—Liberal National Party;  
CLP—Country Liberal Party; Nats—The Nationals; NWA—The Nationals WA; Ind—Independent;  
AG—Australian Greens

#### **Heads of Parliamentary Departments**

Clerk of the Senate—R Laing  
Clerk of the House of Representatives—B Wright  
Secretary, Department of Parliamentary Services—A Thompson

## GILLARD MINISTRY

Title	Minister
<b>Prime Minister</b>	The Hon Julia Gillard MP
<i>Minister Assisting the Prime Minister on Digital Productivity</i>	<i>Senator the Hon Stephen Conroy</i>
<b>Minister for Social Inclusion</b>	The Hon Mark Butler MP
<i>Minister Assisting the Prime Minister on Mental Health Reform</i>	<i>The Hon Mark Butler MP</i>
Minister for the Public Service and Integrity	The Hon Gary Gray AO MP
<i>Minister Assisting the Prime Minister on the Centenary of ANZAC</i>	<i>The Hon Warren Snowdon MP</i>
<i>Cabinet Secretary</i>	<i>The Hon Mark Dreyfus QC MP</i>
<i>Parliamentary Secretary to the Prime Minister</i>	<i>Senator the Hon Kate Lundy</i>
<b>Treasurer</b>	The Hon Wayne Swan MP
(Deputy Prime Minister)	
<b>Minister for Financial Services and Superannuation</b>	The Hon Bill Shorten MP
Assistant Treasurer	Senator the Hon Mark Arbib
(Manager of Government Business in the Senate)	
<i>Parliamentary Secretary to the Treasurer</i>	<i>The Hon David Bradbury MP</i>
<b>Minister for Tertiary Education, Skills, Science and Research</b>	Senator the Hon Chris Evans
(Leader of the Government in the Senate)	
<b>Minister for Industry and Innovation</b>	The Hon Greg Combet AM MP
Minister for Manufacturing	Senator the Hon Kim Carr
Minister for Small Business	Senator the Hon Mark Arbib
<i>Parliamentary Secretary for Industry and Innovation</i>	<i>The Hon Mark Dreyfus QC MP</i>
<b>Minister for Broadband, Communications and the Digital Economy</b>	Senator the Hon Stephen Conroy
(Deputy Leader of the Government in the Senate)	
<b>Minister for Regional Australia, Regional Development and Local Government</b>	The Hon Simon Crean MP
<b>Minister for the Arts</b>	The Hon Simon Crean MP
Minister for Sport	Senator the Hon Mark Arbib
<b>Minister for Foreign Affairs</b>	The Hon Kevin Rudd MP
<b>Minister for Trade</b>	The Hon Dr Craig Emerson MP
<i>Parliamentary Secretary for Trade</i>	<i>The Hon Justine Elliot MP</i>
<i>Parliamentary Secretary for Pacific Island Affairs</i>	<i>The Hon Richard Marles MP</i>
<b>Minister for Defence</b>	The Hon Stephen Smith MP
(Deputy Leader of the House)	
Minister for Defence Materiel	Senator the Hon Kim Carr
Minister for Veterans' Affairs	The Hon Warren Snowdon MP
Minister for Defence Science and Personnel	The Hon Warren Snowdon MP
<i>Parliamentary Secretary for Defence</i>	<i>The Hon Dr Mike Kelly AM MP</i>
<i>Parliamentary Secretary for Defence</i>	<i>Senator the Hon David Feeney</i>
<b>Minister for Immigration and Citizenship</b>	The Hon Chris Bowen MP
<i>Parliamentary Secretary for Immigration and Multicultural Affairs</i>	<i>Senator the Hon Kate Lundy</i>
<b>Minister for Infrastructure and Transport</b>	The Hon Anthony Albanese MP
(Leader of the House)	
<i>Parliamentary Secretary for Infrastructure and Transport</i>	<i>The Hon Catherine King MP</i>

Title	Minister
<b>Attorney-General</b>	The Hon Nicola Roxon MP
<b>Minister for Emergency Management</b> (Vice-President of the Executive Council)	The Hon Robert McClelland MP
<i>Minister Assisting on Queensland Floods Recovery</i>	<i>Senator the Hon Joe Ludwig</i>
Minister for Home Affairs	The Hon Jason Clare MP
Minister for Justice	The Hon Jason Clare MP
<b>Minister for Families, Community Services and Indigenous Affairs</b>	The Hon Jenny Macklin MP
<b>Minister for Disability Reform</b>	The Hon Jenny Macklin MP
<b>Minister for Housing</b>	The Hon Robert McClelland MP
<b>Minister for Homelessness</b>	The Hon Robert McClelland MP
Minister for Community Services	The Hon Julie Collins MP
Minister for the Status of Women	The Hon Julie Collins MP
<i>Parliamentary Secretary for Disabilities and Carers</i>	<i>Senator the Hon Jan McLucas</i>
<b>Minister for Sustainability, Environment, Water, Population and Communities</b>	The Hon Tony Burke MP
<i>Parliamentary Secretary for Sustainability and Urban Water</i>	<i>Senator the Hon Don Farrell</i>
<b>Minister for Finance and Deregulation</b>	Senator the Hon Penny Wong
Special Minister of State	The Hon Gary Gray AO MP
<b>Minister for School Education, Early Childhood and Youth</b>	The Hon Peter Garrett AM MP
<b>Minister for Employment and Workplace Relations</b>	The Hon Bill Shorten MP
<i>Minister Assisting for School Education</i>	<i>The Hon Brendan O'Connor MP</i>
Minister for Employment Participation	The Hon Kate Ellis MP
Minister for Early Childhood and Childcare	The Hon Kate Ellis MP
Minister for Indigenous Employment and Economic Development	The Hon Julie Collins MP
<i>Parliamentary Secretary for School Education and Workplace Relations</i>	<i>Senator the Hon Jacinta Collins</i>
<b>Minister for Agriculture, Fisheries and Forestry</b>	Senator the Hon Joe Ludwig
<i>Parliamentary Secretary for Agriculture, Fisheries and Forestry</i>	<i>The Hon Sid Sidebottom MP</i>
<b>Minister for Resources and Energy</b>	The Hon Martin Ferguson AM MP
<b>Minister for Tourism</b>	The Hon Martin Ferguson AM MP
<b>Minister for Climate Change and Energy Efficiency</b>	The Hon Greg Combet AM MP
<i>Parliamentary Secretary for Climate Change and Energy Efficiency</i>	<i>The Hon Mark Dreyfus QC MP</i>
<b>Minister for Health</b>	The Hon Tanya Plibersek MP
<b>Minister for Mental Health and Ageing</b>	The Hon Mark Butler MP
Minister for Indigenous Health	The Hon Warren Snowdon MP
<i>Parliamentary Secretary for Health and Ageing</i>	<i>The Hon Catherine King MP</i>
Minister for Human Services	The Hon Brendan O'Connor MP

## SHADOW MINISTRY

Title	Shadow Minister
<b>Leader of the Opposition</b>	The Hon Tony Abbott MP
<i>Shadow Parliamentary Secretary Assisting the Leader of the Opposition</i>	<i>Senator Cory Bernardi</i>
<b>Shadow Minister for Foreign Affairs</b>	The Hon Julie Bishop MP
<b>Shadow Minister for Trade</b> (Deputy Leader of the Opposition)	
<i>Shadow Parliamentary Secretary for International Development Assistance</i>	<i>The Hon Teresa Gambaro MP</i>
<b>Shadow Minister for Infrastructure and Transport</b> (Leader of The Nationals)	The Hon Warren Truss MP
<i>Shadow Parliamentary Secretary for Roads and Regional Transport</i>	<i>Mr Darren Chester MP</i>
<b>Shadow Minister for Employment and Workplace Relations</b> (Leader of the Opposition in the Senate)	Senator the Hon Eric Abetz
Shadow Minister for Employment Participation	The Hon Sussan Ley MP
<b>Shadow Attorney-General</b>	Senator the Hon George Brandis SC
<b>Shadow Minister for the Arts</b> (Deputy Leader of the Opposition in the Senate)	
Shadow Minister for Justice, Customs and Border Protection	Mr Michael Keenan MP
<i>Shadow Parliamentary Secretary to the Shadow Attorney-General</i>	<i>Senator Gary Humphries</i>
<b>Shadow Treasurer</b>	The Hon Joe Hockey MP
Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation	Senator Mathias Cormann
<i>Shadow Parliamentary Secretary for Tax Reform</i> (Deputy Chairman, Coalition Policy Development Committee)	<i>The Hon Tony Smith MP</i>
<b>Shadow Minister for Education, Apprenticeships and Training</b> (Manager of Opposition Business in the House)	The Hon Christopher Pyne MP
Shadow Minister for Childcare and Early Childhood Learning	The Hon Sussan Ley MP
Shadow Minister for Universities and Research	Senator the Hon Brett Mason
Shadow Minister for Youth and Sport (Deputy Manager of Opposition Business in the House)	Mr Luke Hartsuyker MP
<i>Shadow Parliamentary Secretary for Regional Education</i>	<i>Senator Fiona Nash</i>
<b>Shadow Minister for Indigenous Affairs</b> (Deputy Leader of the Nationals)	Senator the Hon Nigel Scullion
Shadow Minister for Indigenous Development and Employment	Senator Marise Payne
<b>Shadow Minister for Regional Development, Local Government and Water</b> (Leader of the Nationals in the Senate)	Senator Barnaby Joyce
Shadow Minister for Regional Development	The Hon Bob Baldwin MP
<i>Shadow Parliamentary Secretary for Northern and Remote Australia</i>	<i>Senator the Hon Ian Macdonald</i>

Title	Shadow Minister
<i>Shadow Parliamentary Secretary for Local Government</i>	<i>Mr Don Randall MP</i>
<i>Shadow Parliamentary Secretary for the Murray-Darling Basin</i>	<i>Senator Simon Birmingham</i>
<b>Shadow Minister for Finance, Deregulation and Debt Reduction</b> (Chairman, Coalition Policy Development Committee)	The Hon Andrew Robb AO MP
Shadow Special Minister of State	The Hon Bronwyn Bishop MP
Shadow Minister for COAG (Chairman, Scrutiny of Government Waste Committee)	Senator Mari se Payne (Mr Jamie Briggs M P)
<b>Shadow Minister for Energy and Resources</b>	The Hon Ian Macfarlane MP
Shadow Minister for Tourism	The Hon Bob Baldwin MP
<b>Shadow Minister for Defence</b>	Senator the Hon David Johnston
Shadow Minister for Defence Science, Technology and Personnel	Mr Stuart Robert MP
Shadow Minister for Veterans' Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC	Senator the Hon Michael Ronaldson
<i>Shadow Parliamentary Secretary for Defence Materiel</i>	<i>Senator Gary Humphries</i>
<i>Shadow Parliamentary Secretary for the Defence Force and Defence Support</i>	<i>Senator the Hon Ian Macdonald</i>
<b>Shadow Minister for Communications and Broadband</b>	The Hon Malcolm Turnbull MP
Shadow Minister for Regional Communications	Mr Luke Hartsuyker MP
<b>Shadow Minister for Health and Ageing</b>	The Hon Peter Dutton MP
Shadow Minister for Ageing	Senator Concetta Fierravanti-Wells
Shadow Minister for Mental Health	
<i>Shadow Parliamentary Secretary for Primary Healthcare</i>	<i>Dr Andrew Southcott MP</i>
<i>Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health</i>	<i>Dr Andrew Laming MP</i>
<b>Shadow Minister for Families, Housing and Human Services</b>	The Hon Kevin Andrews MP
Shadow Minister for Seniors	The Hon Bronwyn Bishop MP
Shadow Minister for Disabilities, Carers and the Voluntary Sector (Manager of Opposition Business in the Senate)	Senator Mitch Fifield
Shadow Minister for Housing	Senator Marise Payne
<i>Shadow Parliamentary Secretary for Supporting Families</i>	<i>Senator Cory Bernardi</i>
<i>Shadow Parliamentary Secretary for the Status of Women</i>	<i>Senator Michaelia Cash</i>
<b>Shadow Minister for Climate Action, Environment and Heritage</b>	The Hon Greg Hunt MP
<i>Shadow Parliamentary Secretary for Environment</i>	<i>Senator Simon Birmingham</i>
<b>Shadow Minister for Productivity and Population</b>	Mr Scott Morrison MP
<b>Shadow Minister for Immigration and Citizenship</b>	
<i>Shadow Parliamentary Secretary for Citizenship and Settlement</i>	<i>The Hon Teresa Gambaro MP</i>
<i>Shadow Parliamentary Secretary for Immigration</i>	<i>Senator Michaelia Cash</i>
<b>Shadow Minister for Innovation, Industry and Science</b>	Mrs Sophie Mirabella MP
<i>Shadow Parliamentary Secretary for Innovation, Industry, and Science</i>	<i>Senator the Hon Richard Colbeck</i>

Title	Shadow Minister
<b>Shadow Minister for Agriculture and Food Security</b>	The Hon John Cobb MP
<i>Shadow Parliamentary Secretary for Fisheries and Forestry</i>	<i>Senator the Hon Richard Colbeck</i>
<b>Shadow Minister for Small Business, Competition Policy and Consumer Affairs</b>	The Hon Bruce Billson MP
<i>Shadow Parliamentary Secretary for Small Business and Fair Competition</i>	<i>Senator Scott Ryan</i>

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TUESDAY, 14 FEBRUARY 2012

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*Tuesday, 14 February 2012*

The **SPEAKER (Hon. Peter Slipper)** took the chair at 12:00, made an acknowledgement of country and read prayers.

## BILLS

### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011

### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011

### Fairer Private Health Insurance Incentives Bill 2011

#### Second Reading

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

**Mr SOMLYAY** (Fairfax) (12:02): I am pleased to be able to speak on the Fairer Private Health Insurance Incentives Bill 2011 and to say that I oppose it vigorously and passionately—as you yourself did, Mr Speaker, on the first two occasions this bill was presented. There is an article in today's *Sunshine Coast Daily* which says just that.

In the 2004 parliament, I was chairman of the House of Representatives Standing Committee on Health and Ageing and that committee carried out an inquiry into health funding in Australia. It was the most comprehensive examination of the public and private hospital systems ever carried out by this parliament. I tabled the report of the committee. It was called, of all things, *The blame game: report on the inquiry into health funding*. That is where the name 'the blame game' in relation to the health system originated. That report should have created a lot of interest and a lot of debate. However, I tabled it early one morning in late 2006 and, later on that morning, there was another significant event—the election of Kevin Rudd as Leader of the Labor Party. So the tabling of *The blame game* paled into insignificance and was largely forgotten. I do note, however, that the first two questions Kevin Rudd asked as Leader of the Opposition to then Prime Minister John Howard were based on quotations from *The blame game* about the public hospital system.

There is a fundamental principle of economics—if a government wants more of something, it subsidises it. If it wants less of something, it taxes it. The Howard government consciously decided that it wanted more people in private health insurance. It therefore introduced the rebate. I was part of that government, as were you, Mr Speaker. That rebate resulted in a dramatic increase in the number of people who took out private health insurance. In fact, in 2009-10,

private hospitals treated 3.5 million patients. Private hospitals treat 40 per cent of all patients in Australia—a figure which was lower before the introduction of the rebate.

If that rebate is abolished, we will be doing the opposite of what I said—that is, subsidising something we want and taxing what we do not want. If we remove that subsidy, we will be telling people that we do not want them in private health insurance, with the result that the number of people who leave private health insurance will increase.

The main issue of concern in the electorate today is the cost of living. We hear about the carbon tax, the mining tax and the cost-of-living pressures that people are under. I cannot go into any shopping centre without someone raising the issue of the cost-of-living pressures they are under. The abolition of this subsidy, of this rebate, will only add to the cost pressures which people are experiencing right now.

It is not only those people on high incomes—those who will actually lose the rebate—who will be affected by the phase-out of the rebate. When there are fewer people in the system paying private health insurance, that puts the onus of the costs of private hospital cover—and so, effectively, the costs of the specialists who work in private hospitals—on fewer and fewer people. It is inevitable that there will be an increase in private health insurance premiums for everybody, not just the high-income earners, so that is a furphy.

As I said, this is the third time this parliament has considered this legislation. It was introduced in the last parliament despite explicit promises at the 2007 election that: 'Federal Labor has made it crystal clear that we are committed to retaining all the existing private health insurance rebates'. That was in a media release by the then minister, Nicola Roxon, in 2007.

The impact will be felt not just by high-income earners, as I said, who will incur a 43 per cent increase in their premiums; all Australians will face higher premiums in the future if these changes proceed. The coalition believes all Australians should have access to affordable health care and real choice in managing their healthcare needs. The coalition has strongly supported providing all Australians with choice through affordable private health insurance. As a result of the introduction of private health insurance rebates, the Medicare levy surcharge and Lifetime Health Cover under the previous coalition government—of which the member for Warringah, Tony Abbott, was a very good and effective health minister—private health insurance coverage increased significantly from 34 per cent in 1996 to 44 per cent by 2007.

Every dollar of funding provided for the private health insurance rebate saves \$2 of costs that are then paid by private health insurers, according to private research. Private hospitals treat 40 per cent of all

patients in Australia. In 2009-10 private hospitals treated 3.5 million patients. Private hospitals perform the majority—64 per cent—of elective surgery in Australia. Information that I have been given on Catholic hospitals by representatives of Catholic Health make it very clear that if this legislation is passed the result will be increases in the cost of private health insurance of up to 67 per cent for consumers aged over 65 who will lose access to the current 40 per cent rebate.

Research undertaken by Deloitte Access Economics for Private Health Australia, formerly the Australian Health Insurance Association, based on asking people how they would respond to these increases, found that these measures would result in:

- 1.6 million Australians will exit their private hospital cover (compared to Treasury estimates of only 25,000), with a further 4.3 million downgrading their level of cover
- Private health insurance premiums will rise 10 per cent above what would otherwise be expected, making private cover less affordable for all Australians
- Pressure on the public hospital system will increase as more than 845,000 additional treatments will be required as people withdraw from their private cover at an estimated cost to government of \$3.8 billion.

Public hospitals are already struggling to meet their current workloads. The most recent data from the Australian Institute of Health and Welfare for 2010-11 shows public hospital elective surgery waiting times have increased by 12.5 per cent since 2006-07 from 32 days to 36 days. This has happened despite all the additional funding that the Commonwealth has provided to the states in recent years. The last thing the public hospitals need is additional demand from patients who were previously privately insured; it can only make this trend worse.

The AIHW's latest report on Australia's hospitals, for 2009-10, shows the significant contribution of the private sector to the health system: 41 per cent of hospital separations, or 3½ million out of 8.6 million in total, occurred in the private sector; in the last year, public patient separations increased by 1.9 per cent; private patient separations increased by 5.4 per cent; and separations for private patients funded by the private health insurers increased by 6.7 per cent. Between 1998-99 and 2007-08 overall separations increased by 37.3 per cent. Separations increased by 23.1 per cent in public acute hospitals and by 66.9 per cent in private hospitals, including freestanding day hospital facilities.

Private hospitals are an integral part of Australia's hospital system, including in regional areas and smaller states such as Tasmania. For example, many medical specialists in regional areas rely on their private hospital work to maintain a viable regional practice

across both public and private sectors. If a reduction of private hospital separations threatens the viability of regional private hospitals, this in turn will threaten the viability of many regional specialist practices, leaving many regional communities at risk of losing access to even more medical services.

Treasury modelling has not taken into account the likely very large downgrading in policies held by the privately insured in response to large increases in premiums. Privately insured members subject to the Medicare levy surcharge can still avoid the surcharge by downgrading their membership in the comprehensive full-cover style of product to one subject to high excesses and exclusions from a number of conditions. The impact of many members downgrading, especially the younger and healthier members, will be a reduction in the money available in the total insurance pool and that will result in higher premiums down the track. This will adversely impact on the million privately insured members who earn less than \$26,000 a year.

The new measures are very complex, with 10 levels of subsidy. The additional administration costs will total \$69 million over five years, including \$66.6 million to be spent by the Australian Taxation Office and \$1.9 million by the Department of Health and Ageing. There will need to be additional matching administration resources deployed within health insurance organisations. Individuals will face an even more difficult burden in working out the bottom-line cost to them of selecting an appropriate health insurance product. Those who elect to receive their rebate through a reduction in premiums—the vast majority—and who underestimate their incomes will be subject to a significant tax bill at the end of the financial year.

The opposition vigorously and passionately opposes this legislation and we will fight to the last breath to defeat it.

**Ms SMYTH (La Trobe) (12:16):** I am pleased to speak in an important debate concerning the current health of our community and also the health of generations to come. The community will benefit enormously from the appropriate allocation of Australians' tax dollars, and the fairer private health insurance bills will achieve that by realigning the interests of ordinary Australians and making available money for important health reforms—money that is currently being tied up in private health insurance. In all of the policy initiatives of this government, in absolutely every policy reform that we have put in place since coming to office, we have been concerned to fix the inequities in our society and to provide for future generations. We see that right across the policy spectrum, from the changes we are putting in place through the minerals resource rent tax, which will see

an increase in the superannuation available to ordinary Australian workers on their retirement by increasing superannuation contributions from nine to 12 per cent, to starting an important community discussion about and making plans for the national disability insurance scheme and putting in place important reforms such as paid parental leave. Through doing all of these things and so many more we are responding to problems currently in our system and providing for future generations.

This stands in stark contrast to those opposite, who simply oppose reform, who are not interested in dedicating appropriate resources to the needs of future generations. It is another example of a reluctance to see important change and progress. Contributing to the health needs of Australians through important reforms like the contribution of a significant amount—\$2.2 billion—to mental health and dedicating funding to regional cancer centres are initiatives that Labor has embarked on and which the opposition has only seen fit to regard as wasteful spending on issues insignificant to the opportunities and lives of Australia people.

The bills before us are about bringing the greatest benefit from our health dollar to the most Australians that we possibly can. They will ensure a fairer distribution of benefits and in particular will ensure that those who are on lower incomes and who need the most assistance will be able to receive the best services from our health dollar. We are doing this because it is absolutely the right thing to do. The bills are estimated to save around \$2.4 billion over three years. That is no small saving. From the things we have done so far people will understand that we have a very significant commitment to improving the health of all Australians, tackling things like mental health, ensuring that we put in place preventive health measures and ensuring that we respond to the health needs particularly of an increasingly ageing population.

The reforms being contemplated in these bills are about freeing up money that could be better used for treatments, hospital services and infrastructure—things like regional health, responding better to the needs of a population which is living longer and providing more money for things like children's health, dental health and mental health. These are all of the things that ordinary Australians who approach members of parliament are interested in ensuring for themselves and for their children. These are the things that the money recouped through these bills should be going to. Other programs can also be supported by the estimated \$100 billion over approximately 40 years that will be available as a result of the measures in these bills.

Members opposite should bear those very significant figures in mind. They regularly call for additional funding for particular issues in their electorates, and

they are certainly not shy about calling for that funding. But, at the same time, they do not ever manage to tell us where they anticipate deriving that funding from. We have regularly heard about their inability to make their figures add up, and we know about their \$70 billion black hole. Members opposite often do not tell their electorates what it is that they oppose in health spending. While this government is embarking on endeavours like the reforms in these bills to make better use of the health dollar, those opposite often do not go back to their electorates and tell people what it is that they have actually opposed—that is, what we are trying to do to put in place better measures for Australians' health.

**Mr Laming:** Superclinics?

**Ms SMYTH:** I hear the member opposite's remark. I was very pleased to be at the opening of the superclinic in my electorate, in Berwick, one of the fastest growing parts of Melbourne. I know the Liberals opposed the establishment of that superclinic. Members in my electorate and members who have superclinics in their own electorates, or are having them built, should make their local residents aware that these facilities are intended to provide for the training of GPs and other medical professionals. They are intended to provide support, advice, medical assistance and treatment for people in electorates such as mine, who rely very much on these services and who I am sure would like to see an increase in these services. Unfortunately, one of the things that is not often talked about by those opposite when they are talking about the importance of health is that they oppose measures such as this.

This government has absolutely made health one of its key priorities. We came to government after a period of chronic underinvestment in health. We all know very well on this side that, as John Howard's health minister, the Leader of the Opposition slashed health funding. He cut \$1 billion from public hospitals. It is important to remember that that is enough to fund over 1,000 hospital beds. He increased out-of-pocket health expenses by 50 per cent through that coalition government's decision making. He froze GP training places, which had the effect of leaving six in 10 Australians in suburbs and towns around our country without enough doctors. On this side we are trying to respond to those imbalances. Since coming to office, we have tried to restore health initiatives in this country following the significant underinvestment during the period of the Howard government.

Those are the kinds of priorities that those opposite have for health care. Their priorities are around slashing spending and ensuring that GPs are not being trained effectively. So it is really quite surprising today to hear them talking so passionately in this place about our health system because at every turn they have

indicated their unwillingness to fund a functional health system. This really does follow in the great tradition of Liberals who even opposed the establishment of Medicare. It is really no surprise today that they are lining up to speak on this bill and to undermine significant public health commitments because they have never really been about universal health care; they have really been about ensuring that they stand up for only the privileged few.

We however have made our priorities in health very clear. We have increased hospital funding by \$20 billion since 2008. We have committed to more cancer services, including 22 regional cancer services. We have committed more than \$2.2 billion to mental health—the largest ever mental health package in Australia. We have provided funding for preventative health and for primary health care. We have removed the cap on GP training places. We are funding over 1,000 new nurse training places every year. These are some of the headline changes that we have made in health. But there is so much more to do. In this debate, it is important to remember that there is so much more to do and that is why we are trying to get the balance right and ensure that funds which are currently going back to some of the wealthiest people in our society are more appropriately used for the betterment of the health of more Australians—Australians who really rely on public health services and Australians who I am sure would like to get access to some of the new treatments that we know are available and which this bill would allow government spending to be freed up to be used for.

We know that under the bills before the chamber today, a single person has to earn above \$129,000 a year and a couple \$258,000 a year before they stop getting the private health insurance rebate. To put the fearmongering by those opposite in context, it is important to know that around 20 million Australians will not be affected at all by the change. Most Australians understand that means-testing is about giving the greatest benefit to those in our society who need it most. That is what the government have been about since coming to office. It is what Labor have always been about. I think that most people would rightly be shocked to learn that the way that the private health insurance rebate is structured actually gives the greatest benefit to those who need it least. They would find that somewhat peculiar. They would find it something that government should act on and act to reform. That is certainly what we are doing today.

We have heard quite a lot in this debate and through the previous debate on this issue from those opposite about the prospects of the private health insurance industry seemingly taking pressure off public hospitals. Yet it is interesting that in at least a couple of studies into this issue no meaningful correlation has been found between the private health insurance rebate

policy and reduced pressure on public hospitals. Indeed, one of these studies is reflected in the *Australian Health Review* September 2004. It states:

The presumption that an increase in the number of private hospital patients (associated with the increase in PHI membership) would reduce the 'pressure' on public hospitals and decrease queueing for public hospital services is not necessarily correct.

It is fairly interesting to read and I would encourage those opposite to have a look at it. It goes on to state:

... while the policies to support PHI have been successful in expanding the uptake of PHI, this has been a costly way of channelling resources into the hospital sector and has had little, and possibly a perverse, effect on access to public hospitals.

That is a report from 2004 by Jeff Richardson and Leonie Segal. It seems to indicate that there is in fact no correlation between the PHI rebate policy and reducing pressure on public hospitals. But I am sure that will not stop those opposite from continuing on with that line of argument.

Those opposite have been remarkably quiet about the prospect of repealing the means-testing measures in the bills before us today. They have queued up to speak on this legislation—they have come out in their droves—because ultimately they are about enshrining benefits for those who effectively could afford to pay more tax dollars towards the health budget. They are about standing up for those members of society who are earning the most. But we have not heard much from them about what they would do if they were in a position to repeal this, or whether indeed they would repeal it. It seems as though those opposite are unable to give a clear picture to their own constituency about their position on this bill, a bill that is about reforming our health system for the better and making Australian taxpayers' dollars go far further in relation to health than would be the case under a regime operated by those opposite.

I am very pleased to be able to speak in favour of this legislation today. It is an important reform. It is about making the greatest benefit available to the most people in our society. That is what this government has stood for since coming to office, and we continue to stand for it in all of our reforms.

**Mrs PRENTICE** (Ryan) (12:31): Once again, here we are debating the introduction of a means test for the private health insurance rebate. Despite going to the 2007 election with a promise not to alter private health insurance policy—that is, not to reduce the rebate—the Labor government, under then Prime Minister Rudd, blatantly backflipped and introduced a bill similar to the ones we are debating today into parliament in 2009. While the member for Griffith has since been relieved of his position as Prime Minister and the member for Gellibrand of the health portfolio, it is now one of the first acts of the new health minister, the member for

Sydney, to introduce this appalling legislation to the House of Representatives.

The government failed in its attempt to have this legislation passed in the Senate in May 2009. That was because the legislation was rightfully considered to represent a broken election promise—yet another deception of the Australian people. However, the government was not content with this outcome and attempted once again to pass the bill in November 2009. Members and senators, representing the views of their constituents, voted down this legislation not once but on two separate occasions. So this legislation has been put before parliament on two occasions and defeated on two occasions, yet this Gillard government still sees fit to introduce it a third time. This is indeed a sustained attack on private health insurance.

I wonder what a certain Russell McGregor, a reader of Queensland's *Courier Mail*, would be thinking today. Does he remember the strident response on 23 September 2004 from then opposition health spokeswoman Gillard to his letter to the editor expressing concern for the future of private health cover? I quote:

Your correspondent Russell McGregor (Letters, Sept 15) should have no concern that Labor will "erode" or abolish the 30 per cent government rebate for private health insurance. Labor is committed to the maintenance of this rebate and I have given an iron-clad guarantee of that on a number of occasions. —Julia Gillard, Opposition health spokeswoman, Canberra

I too can give this House an ironclad guarantee, and that is that this legislation will significantly erode the private health insurance incentives, implemented by the coalition, by reducing the 30 per cent rebate and increasing the Medicare levy surcharge for those without private health insurance in accordance with their income. This is quite literally making it more expensive to have private health insurance while simultaneously making it more expensive to not have private health insurance. Either way, with or without, Australian families will be paying more, yet will have more strain on their cost of living—the stress of their mortgages, electricity prices, the flood tax, reduced discounts for paying university fees upfront and the other huge broken election promise: the carbon tax.

Australians are struggling. This Gillard government may not realise that, but my constituents certainly do. Students, singles, families, pensioners and self-funded retirees—people across the spectrum—are seeing their hard-earned wages meet fewer and fewer of their needs. This Gillard government wonders why retail is struggling, why jobs are being lost, why Australians are angry. It is because they are all feeling the impact of the Labor government's poor and reckless financial management. It is because it is getting more difficult for them to provide for themselves and for their families. And it is because innovation and hard work

are punished rather than rewarded under this government. These bills represent yet another step in that direction. They show, yet again, that this Labor government is out of touch. It has introduced 19 new taxes in the last four years and done nothing to relieve the strain on Australians or businesses—this from a government who undertook to introduce no new taxes.

The bills we are debating today make yet another essential cost of living—health care—more expensive. It is not only the direct loss of the rebate for those who remain in private health care but the increased premiums for everyone covered by private health insurance—that is, everyone, both those whom this Labor government thinks are wealthy and those whom it thinks are not wealthy. Deloitte has estimated that premiums will rise 10 per cent above what would have otherwise been expected—hardly an incentive to join private health cover. More than 104,000 Ryan residents are currently covered by private health insurance. These are families who will face higher premiums—more strain on their cost of living—if they make the decision to help ease the burden on the public system. This is just another example of how this Labor government punishes self-sufficiency and innovation in Australia.

This government considers that, possibly, it will not hurt Australians too much—just a couple of dollars more per week. We continue to hear that the carbon tax will raise prices by just a couple of dollars a week and that the flood tax will cost Australians only the price of a cup of coffee. That may be true when looking at the isolated facts. But, coupled with the effects of the 19 new taxes Labor governments have introduced since 2007, it all adds up to a considerable amount. But it is more than that. These simple cups of coffee, these few dollars on the weekly grocery bill or that pair of school shoes have a multiplier effect throughout the entire economy. Just one cup of coffee less for each resident at Chapel Hill who visits Simon's Gourmet Gallery in my electorate of Ryan certainly adds up to a large loss for that business, for its suppliers and for its employees. Those extra few dollars mean that perhaps the Chapel Hill newsagency next door will sell 100 fewer magazines to 100 fewer customers, again having rather a large effect on a small business. This bill today will simply add to these negative effects—again multiplying through the economy.

People value their health, as they should. Over 10 million Australians have made a choice to sacrifice in order to provide for private health insurance, rather than relying on an overburdened public system. This is a good choice for our nation and for our hospitals. The Howard government recognised that the relief that this individual investment generates was of great benefit and introduced the private health insurance rebate accordingly. The proof is in the pudding, as they say, as private health insurance membership increased from

about 30 per cent in the 1990s to 44.7 per cent in 2008. The Howard government took this measure as dwindling private health insurance membership was of real concern after being decimated by 13 years of the Hawke-Keating Labor governments. During that time, private health insurance participation rates dropped from 67 per cent in 1983 to just 33.5 per cent in 1996—13 years of Labor governance halved private health insurance membership. That is why this rebate is important. It improves participation rates, which then have a flow-on effect or multiplier effect, if you will, of relieving the strain on our public system.

The Australian Institute of Health and Welfare has reported that private funding contributes to approximately 57 per cent of all surgery in hospitals—over half. In some areas, such as same-day mental health episodes, private funding covers about 70 per cent. The Wesley Hospital, in my electorate of Ryan, has written to me raising major concerns regarding this proposed legislation, as they perform more than 32,000 procedures annually. They fear the impacts of this legislation not out of greed or a wish to retain business, but out of great concern for their patients, who do not need the direct increased cost that will be added through the reduced rebate. They are also worried about the indirect cost impacts, including increased premiums, as membership decreases and about the additional burden on already strained public hospitals. The Wesley Hospital also has a dedicated breast clinic whose tireless work I have witnessed on numerous occasions. When you consider approximately 55 per cent of all treatment for malignant breast conditions is privately funded, it is obvious why the Wesley Hospital is concerned.

If private funding is already contributing to more than 50 per cent of serious health services and we are all aware that our public system is already under enormous strain, how will this rebate cut assist a system that is already struggling to cope? The reality is that it will not help in any way. Furthermore, would this government have even chosen to go down this path if they had not so totally mismanaged the economy? They certainly were not considering it when they were riding high on a zero net debt legacy left to them by the Howard government. Both former Prime Minister Rudd and his then health minister, Nicola Roxon, repeatedly reassured the Australian people that the private health insurance rebate was not under any threat from them, making statements such as:

Labor understands that people with private health insurance—now around 9 million Australians—have factored the rebate into their budgets and we won't take this support away.

Perhaps this statement explains the government's attitude: they cannot seem to get their own budget right, so they may assume that ordinary Australians treat their money with the same disregard as they do.

It has been estimated by the Gillard government that as a result of this proposal, 27,000 people will drop their private health insurance cover, resulting in only 8½ thousand additional hospital admissions. I doubt that the patients who have been waiting for years for elective surgery will be comforted by the news of an influx of an additional 8½ thousand people into the system. And if they already balk at that conservative figure, imagine their reaction when they listen to Medibank Private's estimates of 37,000. Taking that to a national level, a Deloitte report commissioned by the AHIA found that up to 175,000 people will drop their membership in the first year alone, with over half a million people downgrading. That is not an outcome I want to see. I do not think it is good for our health system and I do not think it is good for Australians and that is why I oppose this bill.

The Gillard government's Labor colleagues in Queensland have so destroyed the public health system that this could prove to be the final straw. The basket case that is the Queensland public health system is not coping now and an influx of thousands more patients could spell its death knell. This is bad legislation—legislation that totally lacks vision for the bigger picture. In the short term it may save this government some money, funds for which they would not be so desperate if they had not ploughed ahead with such reckless financial management over the past four years. It comes at the cost of great additional strain to the public health system. Australians need to be encouraged to take out private health insurance and relieve the strain on the public system.

Our health system is struggling. Already it is not coping with the demands placed upon it. Yet this government seems to believe that it can support even more people who will drop their private health membership when they can no longer afford it. This does not make sense and it is not fair in any sense of the word. It is ironic that the name of this bill is the Fairer Private Health Insurance Incentives Bill. Abolishing a rebate for higher income earners does not suddenly mean that health insurance is fairer for lower income earners, or indeed that it will become cheaper. As we have seen from numerous reports and heard from many speakers, this 'fairer' private health insurance will actually make it more expensive and make public hospital queues longer. What is fair about that?

**Mr CHEESEMAN** (Corangamite) (12:43): I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011 and associated bills. Labor is the very proud builder of a modern healthcare system. I think it is worth reminding the House that Labor has invested significantly in our healthcare system both now and when it was in government in the eighties, not only to make it fairer but also to put in place the capital to build a modern healthcare system that can treat

people no matter what their individual backgrounds are and no matter how wealthy they are. Labor fundamentally believes that the healthcare system should be strong and should be capable of treating people no matter what their financial circumstances are. It was Labor that put in place the Medicare system to ensure that everyone can access the healthcare system when they need it.

To find a contrast with the efforts of Labor in office in building a modern healthcare system we need look no further than when Tony Abbott, the Leader of the Opposition, was the health minister in the Howard government. His agenda was to rip money out of the public healthcare system and make it harder for people to access the healthcare system when they need it. Labor is the proud builder of a modern healthcare system that enables people, no matter what their financial circumstances are, to be able to access high-quality treatment, whereas the coalition's approach has been to remove money from the healthcare system and deliver budget cuts which make it much harder for our hospital system to treat people when they need access to the Medicare system.

Labor has also invested substantially in ensuring people are able to access the hospital system in their local communities. Down my way we have invested very substantially in the broader Geelong area to ensure that we have a modern healthcare system. I am very proud of that record of investment that we have put in place. I see at the table my parliamentary colleague Richard Marles, who has advocated with me to ensure the government is investing in the local Geelong community. I think we have managed to secure substantial funds to improve our system. In the last budget we were able to secure a lot of investment for a modern cancer centre to help people who are dealing with cancer. It will be interesting to see whether the Baillieu government comes to the table and matches the contribution that we have made to ensure that that cancer centre is delivered. I will be talking to the Baillieu government about the importance of having a modern cancer centre in our area to support cancer sufferers.

The reality is that we do have very challenging fiscal circumstances. We have come through the global financial crisis and our economy is strong, particularly if you look at our economy in the context of how Europe and the United States are going, but for us to build that modern healthcare system that enables everyone, no matter what their financial background is, to be able to access high-quality care, we do need to put in place mechanisms to ensure that money is going where it is required. I certainly do not believe it is appropriate for people earning salaries perhaps as high as those of cabinet ministers or indeed the Prime Minister to get a tax break from the government for them to be able to buy private health insurance. That is

middle class welfare. It is inefficient and it will mean that we are not able to invest at the bottom end and give everyone the opportunity to access affordable healthcare when they need it. These very important Labor reforms are about putting additional money into the healthcare system where it is required. It is required for families who are perhaps earning \$50,000, \$60,000 or \$70,000. That is the approach that we have taken.

The opposition are saying no to this measure, as they have been saying no to most of the initiatives that this government has been taking. In my community in Geelong people do not believe that it is appropriate for people earning hundreds of thousands of dollars a year to get middle class welfare from the Commonwealth to help support them in having private health insurance. People are saying to me that there should be support for people taking out private health insurance, but it should be means tested. That is the approach that we have taken.

As I said earlier, it is Labor that has had a very long track record of building a modern hospital and health system. The reforms that we have put in place are important reforms. They are reforms that will make our healthcare system more sustainable, recognising that as we live longer our health needs become greater and we need additional money in the system to support people.

There are a number of initiatives that I might also inform the House about that I think are important, particularly in the Geelong context. I had the great delight late last year of attending the graduation of the first lot of doctors from the School of Medicine at Deakin University. It was delightful to see men and women coming out of the medical school who have a real passion for medicine and importantly have a real passion for the regions. I have worked, as has the member for Corio, very closely with Deakin University to help deliver the resources from the Commonwealth that are required for Deakin to train additional medical practitioners. We have both advocated strongly on behalf of the university. And I note, Madam Deputy Speaker, that you also have a Deakin University campus in your electorate—and I am sure you have been advocating as well on behalf of your community the important role that Deakin plays.

Over the last few decades the role of Barwon Health and Deakin University have become increasingly important to the Geelong community. The efforts that the Geelong community have put into Barwon Health, our hospitals and the university are leading to better health outcomes in our region. Again, it is through the efforts of Labor, and a strong Geelong community, advocating for a strong healthcare system, that have seen these additional resources being put in. But we do have to pay for it. We do have to ensure that the budget bottom line of the Commonwealth is strong and that we return the budget to surplus. And we should be

removing, where it is not appropriate, middle class welfare—and certainly high-income earners should not be getting a tax break from the Commonwealth for them to be able to have private health insurance.

In conclusion, these bills are fair. They are appropriate. It has been a consistent position that we have held for a long time. People understand the approach that we have adopted on this. I encourage everyone in this House to vote in favour of this so that we do have a fair healthcare system that is sustainable and is providing resources where they are required, particularly for working families. I think that is very important. I commend these bills to the House.

**Mr ALEXANDER** (Bennelong) (12:54): I rise to speak in opposition to these private health insurance bills. This is the third time we have debated this legislation. It was bad legislation the first time, it was bad legislation the second time and—lo and behold!—it is still bad legislation.

For the average Australian concerned about protecting themselves and their family's health, this is most certainly third time unlucky. These changes will directly force people to cancel their private health insurance cover or to select a cheaper level of cover. The government does not deny this. This will place immediate upward pressure on the insurance premiums paid by mums and dads wishing to have some security for their family and will force more people into our already overstretched public hospital system. The government does not deny this. On this Valentine's Day it is clear to see that there is not a lot of love coming from the government benches to those dependent on private health cover.

What we are witnessing here is a simple game of cost-shifting from the federal purse to the states, of passing the buck, of inflaming the blame game that former Prime Minister Rudd promised to end. This government's warped policy focus, regardless of the impact on broader society, is chalking up yet another victim. The government uses fanciful metaphors about the circumstances of the cleaners of this chamber to justify this money grab as a tax only on the rich. However, it is without doubt that the people who vacuum the floors and empty the rubbish bins in this place will be slogged with higher insurance premiums or forced to wait in even longer queues in the public hospital system as a direct result of these changes—not to mention that those who pay the largest portion of tax and contribute to our economy through wealth creation and economic productivity will face premium increases of up to 43 per cent.

This government has put together a consistent record of punishing those in our society who succeed: the carbon tax, the mining tax and now what is effectively a health tax. What this government fails to understand is that an economy is driven by those

striving to get ahead. Whilst we must protect those in disadvantaged circumstances, we must also ensure that the road out of disadvantage is not littered with obstacles and punitive measures. The coalition has long supported a policy that all Australians should have access to affordable health care and have real choice in the management of their healthcare needs. This includes the choice for private health insurance, and the Howard government was active in supporting that choice in order to take pressure off the public health system. As a result of that policy, private health insurance coverage increased from 34 per cent in 1996 to over 44 per cent by 2007.

In my electorate of Bennelong there are 101,274 people covered by private health insurance—72.9 per cent of the voters in Bennelong depend on private health insurance. Labor's insistence on ripping away the much-needed security from the mums and dads of Bennelong is just another example of this government's total disconnect from the reality of life in the real world. They will claim that it is only the rich who will pay, yet 2.4 million people will face immediate premium increases in the order of 14 to 43 per cent. Curiously, the government, despite their protestations of the benefit of this change, have kept hidden their predictions on the number of people expected to downgrade their cover as a result of this change. One does not need to be a brain surgeon to realise that, as products become more expensive, mums and dads will seek out cheaper products that will then leave more of the load to be carried by the public hospital system. Do not just take my word for it: the government owned insurer, Medibank Private, has predicted that, as a result of this legislation, 37,000 of their members will cancel their cover and 92,500 will downgrade their level of cover. Internationally acclaimed auditing firm Deloitte predict that, across the industry, 175,000 people will withdraw from private hospital cover in the first year of this change and a further 583,000 will downgrade. What a beautiful set of numbers—not! Over the next five years they expect that 1.6 million will drop cover and 4.3 million will downgrade. This will put an astonishing level of stress on the public system. But of course the federal government can then just blame the states for that. For those that stick with it, Deloitte predict that premiums will rise by 10 per cent above what they would otherwise be without this flawed legislation.

Private hospitals treat 40 per cent of all patients and perform 64 per cent of elective surgeries in Australia. Independent economics firm Econtech has found that every dollar of funding provided for the private health insurance rebate saves \$2 of costs that are then paid by private health insurers. Any argument for this change simply does not stack up.

We all know that this government has little concern about making a promise before an election and doing

something else afterwards. So I can only presume that government members are not concerned that the former health minister put out a press release just prior to the 2007 election, stating:

... Federal Labor has made it crystal clear that we are committed to retaining all of the existing Private Health Insurance rebates ...

Perhaps members on the other side will share a greater concern about a recent Ipsos survey that found that 64 per cent of Australians believe that the \$4.5 billion a year the government spends on the private health insurance rebate is a good use of taxpayers' money.

Or perhaps their collective moral compass will be attuned to the fact that the changes in this bill will impose an enormous compliance burden on the industry and individuals completing their tax returns—that is, our constituents and those who care for the health of our constituents. There are many residents of Bennelong who do not have steady or predictable incomes. It is a great unknown how insurers will administer a system that will adjust premiums according to an individual's income.

Or perhaps members opposite will show concern because Deloitte has estimated that the public hospital system will face additional operating costs totalling \$3.8 billion over the next five years, including \$1.4 billion in the fifth year alone, as a direct result of this change. So far we have seen no concern from the opposite side about the multifaceted impact this legislation will have on all levels of our society.

In conclusion, I will read a succinct email from Mr Simon Hughes, one of many Bennelong constituents who have written to me recently on this issue. He wrote:

Dear Mr Alexander,

Analysts predict the Federal Government's proposal to means test the Private Health Insurance Rebate will make health insurance more expensive for everyone.

The Private Health Insurance Rebate doesn't just affect patients with private health insurance. By encouraging more Australians to choose private cover, it takes pressure off our overburdened public hospitals.

But as the means test forces Australians out of private insurance, queues for life-saving treatments will get longer and longer.

I call on the Government to retain the rebate in full, in its current form.

Failing that, I intend to reassess my private health insurance needs and costs as a result of this stance by the government in what can only be seen as a slap in the face for ordinary Australians attempting to provide health care for their family and another election promise that has been broken.

Kind regards, Simon Hughes

This is a bad policy. It was the first time, it was the second time and it is again. Labor's attempt to turn this bad policy into a type of class war, an attack on the

rich, can be seen as the transparent move that it is—a feeble effort to resolve a budget in crisis.

Yet again, we on this side of politics stand united, voting in the best interests of the Australian constituents we have been sent here to represent and protect. On behalf of the 101,274 people in Bennelong with private health insurance, and all the others reliant on the public system that will also suffer as a result of this legislation, I strongly oppose this bill. I urge all my parliamentary colleagues to stand with me in opposition to this attempt to replace a good, working system that has the support of the wider community with yet another example of ill-conceived, flawed government policy.

**Mr HAYES** (Fowler) (13:04): I also rise today to speak about the Fairer Private Health Insurance Incentives Bill 2011, the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011 and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011, which implement the 2009-10 government budget commitment. This is the third time that these bills have come before this parliament. In the hope of developing a system of fairness, a system of preserving equity, let us hope that, the third time, the legislation receives the assent of parliament.

The amendment bills before us today effectively institute a change of the start date from 1 January 2012 to 1 July 2012. The new start date will align with the start of the incoming financial year. The main purpose of the bills before us is to introduce three private health insurance incentive tiers. These tiers will ensure that taxpayers with progressively higher incomes will receive decreasing proportions of government rebate for private health insurance, while offering higher costs if they opt out of the private health system. The rebate will progressively fall as incomes increase—in other words, the bills will create a means test for private health rebate entitlement.

The first tier is for individuals who are earning over \$80,000 a year and for couples who are earning over \$160,000. The rebate will be at 20 per cent with a one per cent Medicare surcharge for those who opt out of private health insurance. The second tier is for those who earn more than \$93,000 or, as couples, \$186,000. They will have their rebate at 10 per cent with a surcharge of 1.25 per cent should they elect to opt out. The third is for singles that earn more than \$124,000 a year and couples earning more than \$248,000 a year, who will receive no rebate but will have a 1.5 per cent surcharge should they not take out private health insurance.

The surcharge applies in order to ensure higher income earners acquire and keep their private health cover. This would alleviate a significant amount of pressure on our public health system. Having an

incentive to take out and keep private health insurance is not new, but what is new is having a tiered system where the 30 per cent government subsidy for people taking out private health will be affected. The tiered system is effectively introducing a means test on a progressive basis for those who can afford to take out private health insurance.

These bills will also ensure a fairer distribution of benefits within the health system. The Labor government has traditionally stood for a fair distribution of benefits, ensuring that those who need assistance are the ones who receive it. The Labor government believes that the main purpose of private health insurance rebates is to assist working families, those people struggling to make ends meet, and to make sure that they, first and foremost, are able to be protected. Private health insurance rebates also ensure that retirees are able to meet the costs of their premiums and get access to proper health care. I do not know about you, Madam Deputy Speaker, but singles earning \$124,000 a year are not exactly the people that I would describe as being on struggle street. They are obviously hardworking; nevertheless, what goes with that is privilege and the capacity to be able to meet private health insurance.

The bill also allows us to ensure that low- to middle-income taxpayers are not forced to spend over \$2.4 billion a year to subsidise the insurance of higher income earners. This taxpayer money is better spent on priorities such as health, schools, hospitals and pensions. Health is an area that needs particular attention, with increasing demands emanating from new treatments, new medicines coming onto the market and new technologies to do things such as preserve life and increase the quality of life in our community. This money can be better used to ensure that further development occurs in those areas.

The changes that would be implemented by the bills before us would also ensure that the rebate matches more closely not only the means of the various groups but also the population share. For instance, since 14 per cent of taxpayers earn more than \$80,000 a year, their private health insurance will be in the vicinity of 12 per cent of the total rebate. Compared with the present, theirs would accumulate to 28 per cent. Similarly, 12 per cent of taxpayers earn over \$160,000 a year. Under the new system they will receive nine per cent of the total rebate, rather than 21 per cent.

The rebate will remain at 30 per cent for individuals on less than \$80,000 a year and, in fact, will be higher for various groups, particularly our elderly—and rightfully so. The elderly are the ones who are going to ordinarily need more assistance in the provision of healthcare services, but they are also the ones who are often most financially disadvantaged. I am therefore glad to see that the bills include a special provision for

them. For instance, 65-year-olds on a lower income will receive a 35 per cent private health rebate. Indeed, a 70-year-old will receive up to 40 per cent of the rebate. That is not something that has been spoken about much so far in this debate, but it is providing a rebate to people who probably need it most.

As I have already mentioned, fairness and the fair distribution of benefits is one of the main purposes of this bill. You are aware, Madam Deputy Speaker, that I come from an electorate which is rated very lowly in the socioeconomic rankings. As a matter of fact, according to the ABS, my electorate of Fowler is ranked the second lowest. I have the most multicultural electorate in the whole country. Many in my electorate are newly arrived to this country. They work very hard for themselves and to look after their families. It is difficult for many of those who come here at a later stage in their lives to complete higher education and, as a consequence, many of the jobs that they take are very much in the lower income bracket. That does not mean that they will not work two or three jobs to try to look after their children—they do. Approximately 88 per cent of individuals in my electorate earn well under \$80,000 a year. According to the most recent census data, less than one per cent earn over \$160,000 a year.

I know this is not going to be a debate just about who earns what and what people are entitled to, but I clearly state that in an electorate such as mine the vast majority of people will benefit not only by having their rebate held as is but also from the additional benefits that are being put into health, particularly in that area. Mine is one of those very much working-class areas, mine is an area that is home to many new Australians and mine is an area that needs greater investment. We should not do what the state government has just done, which is to rip money out of our systems, particularly in the south-west of Sydney, to go on some other ventures across the other side of the river. I represent an area that needs to be viewed positively when it comes to providing welfare income assistance. This is a debate that gets us to look at that. The area I represent is one of high need. The people I represent are low-income earners. Yet we have this discussion taking place on the other side where they reckon that we should not discriminate and that everyone should be entitled to be subsidised in terms of their health rebate, because if you do not subsidise them people will get rid of their cover.

**Mr Schultz:** Come on, Chris, my background is a lot poorer than yours.

**Mr HAYES:** Not even the member for Hume would really believe that. They have a written script on this thing. If you look through the contributions from the other side of the House, they have all been identical: this is about a right to be subsidised.

This is not the first occasion when we have had a debate such as this. Go back to 2008, when we increased the Medicare levy threshold. The member for Hume sat in the chamber at that time, as did many others. People remember the contribution of the member for North Sydney, when he pounded away and said it was Armageddon and that it was going to be what destroyed the health system of the country. The coalition waxed lyrical about millions of people who would abandon private health. They said that the public health systems of New South Wales and Victoria would be destroyed because they would be overstretched to breaking point by people wanting to vacate the private health system. What happened? Since 2008 there has been an increase in people taking out private health insurance.

Despite the politicians wanting to try to score points, the truth is that mums and dads out there do what is necessary to look after their families. Mums and dads in my electorate will work their two or three jobs to look after their families. I imagine that mums and dads in the seat of Hume or anywhere else are going to do similar things. After hearing the earlier contribution from the member for Bennelong, maybe they do not have to work their two or three jobs to do that. But parents take their responsibilities seriously. They do not get a set of rules. They do it to look after their families. They take that part seriously. No amount of discussion in this chamber is going to change that. Mums and dads are going to do what is necessary to look after their families. The member for Hume—and I know his electorate quite well—too, should be thinking seriously about this because I know the age distribution in his electorate and a significant proportion of them are going to be the ones whose rebate will increase by up to 35 per cent, and many of them will be up to 40 per cent.

In their approach to this debate, people should have a clear view as to not only what has been said in the back of the party room but to what we are going to say in this chamber. I have not seen one member on the other side come in here and say, 'If we get the power at the next election we will scrap this and bring the rebate back in.' The reason they have not said it is that they are never going to do it. They are looking for us to make the hard decisions. They are going to go out and score political points, but they are not going to come in here and change that system, because they know this is the right way to do it. We have had the courage to pursue it.

**Mr Schultz:** I do not think you are in a position to lecture us about what we will and will not do.

**Mr HAYES:** I challenge the member for Hume, or anyone else, to get up on their side and say how they would pledge to reinstitute the rebate to private health, because it is just not going to happen. They are not

going to do it because they know it would be bad policy. But in the process they want to score political points. I commend the bills to the House.

**Mr SCHULTZ (Hume) (13:19):** I rise to raise my very serious concerns regarding the Fairer Private Health Insurance Incentives Bill 2011 and cognate bills and the inevitable implications for both the private and public health sectors in Australia, should the bills be passed. It was interesting to hear the comments of the previous speaker, the member for Fowler—a member of a government that has never honoured promises to the Australian people.

The Minister for Health asserted last week in question time that the Labor government want to implement this legislation so that they can spend every dollar well—that is, siphon rebate moneys paid to hardworking Australians with private health insurance towards Labor initiatives in the health sector. I want to know why hardworking Australians should believe that Labor are suddenly going to spend every dollar well when they do not have the track record necessary to make such a commitment, which is particularly concerning when we are talking about health. I often use the phrase, 'Don't believe what Labor say, look at what they do,' and I think people are doing that more today than they were a couple of years ago.

This is the third time the parliament has considered this legislation. It was introduced in the last parliament, despite explicit promises at the 2007 election:

Federal Labor has made it crystal clear that we are committed to retaining all the existing private health insurance rebates.

That was a quote from a media release from the then Minister for Health and Ageing, Nicola Roxon, on 26 September 2007.

In stark contrast to the Labor Party, the coalition believes all Australians should have access to affordable health care and real choice in managing their healthcare needs. The coalition has strongly supported providing all Australians with choice through affordable private health insurance.

The measures currently before the House are expected to have considerable impact upon some 52.9 per cent of Australians with private health insurance through direct increases to insurance premiums, which will force people out of private health and into the public health system. In turn this will affect all Australians who seek health care, no matter how much money is thrown their way.

A total of 2.4 million Australians will be directly affected by these changes, with immediate increases in premiums, from 14 to 43 per cent, depending on their income tier. As many as 175,000 Australians are expected to withdraw their private health cover altogether within the first year alone—increasing to 1.6 million over five years, according to a Deloitte

analysis. This huge influx of numbers from private health into the public health system will create insurmountable problems for an already overburdened system as more and more individuals and families are forced to relinquish their right to private health care as a result of the Labor government's proposals. This increased burden will not only result in more and more debate about the inefficiencies and incompetencies of our health system; it will also, significantly, fail to achieve anything in the provision of health care in this nation.

I am particularly concerned for healthcare services for my constituents within my electorate of Hume, for whom the adverse effects of changes to private health insurance will be costly. I am against this legislative change as it will damage regionally based health services and discourage health professionals and services—which we remain in desperate need of—from coming to country areas.

As a result of the introduction of the private health insurance rebate, the Medicare levy surcharge and Lifetime Health Cover under the previous coalition government, private health insurance coverage increased significantly, from 34 per cent in 1996 to over 44 per cent by 2007.

The issues around the impact that this change will have on country people in particular are very significant and should not be treated as lightly as they are being treated by those on the other side. Over 40,000 residents of Hume, the equivalent of 46 per cent of the electorate, hold some form of private health insurance. This significant proportion of constituents will be directly affected by a rise in insurance premiums, which will see a majority forced to downgrade or drop their cover altogether. This will place significant additional stress upon public hospitals and specialist services across the electorate.

I believe there are people who are currently on elective surgery waiting lists who have been waiting, in some instances, up to 18 months in the areas that I represent in the electorate of Hume. We will see nothing positive in this move by the current government, with its ideological attack—class warfare—on private health insurance. This blatant cost-shifting measure is irresponsible as it takes away my constituents' rights to accessibility of health care.

The introduction of legislation that will impact so significantly upon the way in which Australians choose to ensure and safeguard their own health is indicative of Labor's utter contempt for their right to choose. Labor is once again legislating for the removal of the average Australian's right to choose what is in their own best interests in terms of health care, a right which enables people such as me to receive timely and urgently needed surgery.

What is this change going to do for people who may be in a situation like I was in February 2011, when I had major surgery? I was fortunate, because of my private health cover, to get access to some IT equipment that is going to prolong my life for the next 15 or 20 years. Why are we not thinking about the impact that this attack on private health insurance is going to have on those people who are struggling and who were referred to by the previous speaker? They are struggling and going out of their way to raise enough money to put into insurance schemes so that they do not have to be confronted with a significantly costly outcome from a piece of major surgery in the future. I dread to think that any constituent of mine experiencing a life-threatening illness will not be able to receive the care they need because an increase in private health insurance premiums as a result of this legislation has forced them to drop out of private health insurance and go onto public health waiting lists.

It must be made clear that the implications of this measure do not only affect high-income earners who will cease to receive private health insurance rebates; they will impact upon the average Australian who scrimps and saves to provide their family with peace of mind, knowing that their sacrifices will have been worth while when urgent health care is required, as I alluded to in my previous comments. These people are going to be penalised for taking greater responsibility for their health, and the rest of Australia will suffer as a result of the inevitable flow-on effects across the system.

In addition to the impact upon private health membership in Australia and the consequences for the public health system in the process, the implementation of a means-tested rebate is yet another way in which this Labor government has proposed to bureaucratise the administration of health care in this country. Labor has also once again created ideological aspersions about those who have private health insurance in Australia, as being undeserving of the 30 per cent rebate.

Every dollar of funding provided for the private health insurance rebate saves \$2 of costs that are then paid by private health insurers. Private hospitals treat 40 per cent of all patients in Australia. The people treating that 40 per cent make up about 60 per cent of the surgeons that operate in this country—great surgeons with great skills, who are amongst some of the best in the world. In 2009-10, private hospitals treated 3.5 million patients. Private hospitals perform the majority of elective surgery in Australia, approximately 64 per cent. Twelve million Australians, or 52.9 per cent, have private health insurance. Ten point three million people, or 45.6 per cent, have hospital treatment cover.

Let us look at the impact that this change by the government will have. A 2012 Ipsos survey found that 64 per cent of the population believed that the \$4.5 billion a year the government spent on the rebate was a good use of taxpayer money. The change will impose an enormous compliance burden on the industry and individuals completing their tax returns. Private health insurers will have to make significant changes to their systems to be able to adjust premiums according to incomes. It is still not clear—which is not unusual for this government, because it does not do its homework—how the rebate will be administered under these arrangements, especially where a person is not able to accurately predict their income for the current financial year. There are many people in professions that cannot do that. Of course, that is not known to those people in the bureaucracy, who have their regular rates of pay coming to them on a day-to-day, week-by-week, month-by-month, year-by-year basis. The government owned insurer, Medibank Private, has predicted that 37,000 of their members alone will drop their cover and that 92,500 will downgrade. That is considerably more than the deceptive figure of 27,000 that the minister has claimed will drop their cover throughout the entire sector. So once again we have got the Labor Party spin and deceit out there, not telling the people of Australia the full truth of what they are about.

Deloitte analysis of the changes show that, in the first year, 175,000 people are expected to withdraw from private hospital cover and a further 583,000 are expected to downgrade. Over five years it is expected that 1.6 million will drop cover and that 4.3 million will downgrade. The government has yet to disclose the numbers of people expected to downgrade, but as premiums increase significantly for those in the income tiers it is reasonable to expect they will seek cheaper products, which will have second-round effects for public hospitals. Deloitte predicts that private health insurance premiums will rise 10 per cent above what they would otherwise be. There will be \$3.8 billion in additional recurrent costs for the public hospital system. The change will also have an impact on access to allied health services, with 2.8 million people with general treatment cover expected to withdraw and 5.7 million expected to downgrade over five years.

This bill is the result of the Labor government once again misleading the public as to what they would undertake in government. I oppose this legislation because it will create even more pressure on the public health system by forcing Australians with serious health issues to wait in a life-threatening queue for treatment while well-equipped private hospitals, surgeries and their associated professional medical teams stand by.

**Mr HAWKE** (Mitchell) (13:32): It is a privilege to follow my colleague the member for Hume and his fine

remarks in relation to this legislation. I rise today to oppose the Fairer Private Health Insurance Incentives Bill and cognate bills purely on the basis that this government is once again revenue raising at the expense of good public policy. Whenever you see the word 'fairer' in the title of a Labor Party bill, you can bet your bottom dollar that it is anything but fairer for the hardworking people out there who have to generate the resources to build this country. Fairer for whom? That is the question that should be asked in relation to this legislation. It is certainly not fairer for those hardworking mums and dads who put aside their hard-earned money to pay their own capital into the private health system and take out insurance, thereby lifting the burden off the public system.

It is Orwellian for us to hear about this fairer system that Labor want to introduce without putting in context the health debate in Australia today, without going back and saying, 'Well, the Labor Party were the ones that brought in so-called universal health care so that extremely rich people would get access to the same public system as anybody else.' It was their idea. It is quite Orwellian for Labor to come in here and tell us that this is all about poor people.

I am sure many members of this House would have had the time last night to witness the *Four Corners* program and the dynamics in the leadership of this government. Once again the victims of that dynamic, of this leaderless government floating around, are the ordinary, hardworking Australian people. In a desperate attempt to get into surplus this year they have cast around and asked, 'What is it we can axe desperately? What policies can we quickly pull off the shelf so that we can grab together billions of dollars to cover for the waste?' They have just announced billions of dollars to subsidise the car industry. They have just announced billions of dollars to subsidise the aluminium industry. They are spending tens of billions of dollars on a broadband network that will make broadband more expensive in this country, competing with the already existing market. But of course we have to rip \$3 billion out of private health to try to rebalance the books after all that expenditure, not realising of course—perhaps actually realising it but not caring—that in doing so we will increase the burden on the public system, the cost to the public health system. We will probably do a lot of damage to the revenues of the government in the future when people are simply unable to afford private health insurance due to the changes proposed by these bills.

We know that in Australia today most Australians do take out private health insurance in addition to their rights under universal health care. They do so so that we can have a system which can fairly treat as many Australians as possible. But many poorer Australians put aside their money—they scrimp, they save, they

work hard—so that they can guarantee a standard of care for themselves and their families.

We know of course that the Labor Party promised not to do this. This is the third time proposals of this nature have been considered in this chamber since I have been here. It is the third time they have been considered since the election. They have already been rejected twice by the parliament. This is the third time they are seeking to do the same thing to the Australian people. Why has it been rejected twice in the past? Call me old-fashioned, call me a liberal, but we keep our promises that we make to the electorate. And of course that is a little old-fashioned in terms of politics. I know the new dynamic is beyond 'whatever it takes'. 'Whatever it takes' was what Graham Richardson said. I note that the Parliamentary Secretary for Agriculture, Fisheries and Forestry, who is at the table, agrees. It is now 'whatever it really truly does take' to get the budget into surplus, which involves breaking your promise to the Australian people that you would not alter the private healthcare rebate for Australians—'We desperately need those billions. The future of the healthcare system? Secondary.'

This is not a crusade about a better health system. This is not a crusade on behalf of poor people. In fact, you know a political party in this country is truly desperate when they reintroduce the notion of class into this country, because we are one of the greatest societies on earth today, having in effect a pretty classless kind of place. We do not have people being treated, upon their birth, in any special way. Yet in the last week, Labor has deliberately sought, through this legislation, to reintroduce the notion of class in Australia today such that poor people—cleaners—are subsidising wealthy people, are subsidising billionaires' health care. Labor is completely in denial of the absolute fact of our healthcare system: universal health care was brought in by a Labor government. Everybody pays a one per cent surcharge under the Medicare levy—in some cases huge amounts of their income. Taxes are paid by the wealthy on a sliding scale, and of course there are people who earn more money and who work very hard for that money. What we see in these changes is that people who are not so well off will be adversely affected. If they decide not to have private health care or decide to scale back their insurance, as is their right, the burden will fall on the public system to the detriment of everybody.

There is a concept in Australian politics, and in politics more generally, that you should lift everybody up, not push everybody down. Labor, of course, in a desperate attempt to balance the budget, has proposed in these bills the abolition of the 30 per cent private healthcare rebate. It has done that to raise \$3.5 billion. What it is really trying to do is restart a series of fake class warfare ideas that somehow poor people are paying for rich people. Why? To mask the fact that it is

breaking an election commitment. The abolition of the private healthcare rebate is another election commitment that has been broken. We know that, given that this is the third time the parliament has considered this legislation, the Labor Party is pretty determined to break this commitment to the Australian public. We must now look forward and say that any commitment that the Labor Party makes prior to an election should not be trusted. It is not just the cynical nature of politics to think that. We now have good documentary evidence in relation to the private healthcare rebate—three times it has attempted to break its promise, even though ironclad commitments were given prior to the election—and the carbon tax. It has a regular pattern of breaking promises in relation to its election commitments. I think people have really had enough of that.

Anyone who cares to analyse what these changes will do, whether it be private health insurers, Medibank or anyone else, will see that it is an almost complete certainty that premiums will rise in one shape or another for everybody because of these changes. That is a very serious contention. If this were so good for poor people who were subsidising rich people—the words of the Labor Party—then they would somehow be better off because of these changes. How will people who are on lower incomes and who take out private health insurance be better off? We know that 11 million Australians on all kinds of incomes, some on very low incomes, take up private health insurance. How will they be better off under these changes? How will they be better off if premiums rise? If you have fewer people in any insurance system, if the pool of capital available to insurers is reduced by punitive changes, how will insurers be able to provide that product at the same rate to their customers? Everybody knows the answer. The government knows the answer. The government knows that premiums will rise, but it does not care: it will blame the greedy companies. The Labor Party has a constant notion that it is the government versus the economic generators. Just as the Treasurer is relentlessly targeting the banks: 'How dare they manage their businesses the way they need to? How dare they raise or lower interest rates with the demands of the price of capital in the marketplace?', so it will be the health insurers' fault: 'How dare they raise premiums? How dare the health insurers do this?'. That is the line the government will take, there is no doubt about it. But actually, in this case, those increases, or at least significant parts of those increases, will have been generated by these bills, which remove a piece of public policy brought in by the Howard government. As we know, the government's borrowing in the capital markets has put pressure on interest rates for the banks. If the government sucks up all the available capital to borrow, banks have to look further and wider to find

the capital at higher and higher rates, so of course there will be pressure on interest rates.

By any benchmark that you care to examine this is poor public policy. We have done recent surveys, and they are good quality surveys, of the Australian population that say that 64 per cent of people think that money spent on health rebates is a good use of taxpayer funds. I endorse that sentiment of the Australian community. That is why we argue for such high rates of taxation generally in Australia today. We say we need to pay all this tax so we can have a good quality healthcare system and so that we can look after those people who cannot look after themselves ordinarily. It ought to be one of the first priorities of business for a government to put that money into health care. Why would 64 per cent of Australians support healthcare rebates, even if they were for wealthier people? It is because they know that under that small incentive based policy you provide great benefit for the healthcare system. Not only do you give a rebate, the 30 per cent rebate given by the Australian government, you encourage those people who can afford to put more of their capital into private health insurance to do so. They put more of their capital into the healthcare system and so the total pool of people putting money into healthcare increases. It is better for every stratum of Australian society. That is good public policy.

That is why the coalition is so committed to these measures. It is why we introduced them. It is why the coalition is fighting so hard for the private healthcare rebates. We know that this produces a better healthcare system for every person in this country today. That is an inescapable fact that the government refuses to acknowledge. Instead, it focuses on class warfare, cleaners versus billionaires—its fake construct. If focuses on anything that will disguise the fact that it is desperate for revenue because it is throwing away billions of dollars of Australian taxpayers' money on every crazy project going around. Industry that cannot compete? Here is \$3 billion. Couple of hundred workers in a key seat? Have another billion.

The Prime Minister responded to a tweet of mine. She said that Labor is providing \$3.5 billion for the aluminium industry. It is very unusual for the Prime Minister to respond to a backbencher on Twitter, but she did—her team did, I should say: JGteam. As I tweeted back to her, it is not the Labor Party that is providing that \$3.5 billion for the aluminium industry; it is the Australian taxpayer. It is not her money and it is not the Labor Party's money. She is taking that money from hardworking Australians—or in this case borrowing at high interest rates money that will have to be repaid by future Australians—and giving it to the aluminium industry. It just so happens that the \$3.5 billion that the Labor Party and Julia Gillard have now handed to the aluminium industry on behalf of

Australian taxpayers is the same amount of money that the abolition of the private healthcare rebate will recoup in the first year. Once again, every time you hear one of these announcements from the government, you know that there is a significant price to pay in relation to good public policy. Every dollar of funding provided for by the private health insurance rebate is estimated to save \$2 in costs paid by private health insurers—that was determined by Econtech in 2004—and it could be even more. It is a worthwhile public policy goal to have as much money going into health and into education as possible, and it is not unreasonable at a governmental level to put in place incentives in order to encourage people in society to do so. It is a proper function of government to encourage people to put their capital into health and into education. That is what this public policy does. We know private hospitals today treat 40 per cent of all patients in Australia. Private hospitals treated 3.5 million people in 2009-10. They are already doing a significant amount of the work that cannot be done by the public system. So why would we interfere with a system that is making it easier for us to administer public hospitals by getting people who can afford it out of that system? Any measure that would damage that system or encourage people back to the public health system should be opposed.

Most people in my electorate have private health insurance. In fact, over three-quarters of my electorate has private health insurance today. The people who can afford it and the people who cannot afford it view it as a worthwhile use of hard-earned capital. It is appropriate that the government provide incentives, not subsidies, for people to take out private health insurance—and the government knows it. It is desperate for revenue to get into surplus. This is low-hanging fruit for the government to target—the people who put aside their hard-earned money into private health—and that is why I oppose this legislation.

**Mrs ANDREWS** (McPherson) (13:46): Today I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011 and associated bills. I note that it is the third time this legislation has been brought before the parliament. I do not support this bill. It is yet another Labor government attack on the aspirations of all Australians, their choices and their cost of living.

I would like to begin by highlighting the poor history that Labor has on this issue and what appears to be an entrenched pattern of behaviour—which is not to honour its promises. At the 2007 election, Labor promised Australians that if it were elected to government all existing private health insurance rebates would be retained. Like most of the promises made by Labor, it was a commitment that it would not keep. In May 2009, less than two years after forming government, the Labor government announced that there would be changes to private health insurance.

This was near the beginning of what would be a long list of appalling policy backflips from this government. I am not sure whether this was a promise that the Labor government set out intending to keep or whether it never had any intention whatsoever of keeping it from the start. However, whatever its intentions were, the reality is that the Gillard government is pushing ahead with its poor public health policy, walking away from a key commitment and demonstrating little regard for the impact that this will have on the everyday lives of millions of Australians.

As Michael Roff, Chief Executive Officer of the Australian Private Hospitals Association, recently said:

Means testing the private health insurance rebate will affect everyone. If you have health insurance you will pay more, regardless of your income. If you rely on the public system you will wait longer for treatment and the increased cost to taxpayers will outweigh any savings the government makes.

Anyone who tells you that you won't be affected doesn't understand the full impact of the measure.

The Gillard government's plans to means test the private health insurance rebate through this legislation will mean that private health insurance becomes more expensive for 2.4 million Australians. For these people there will be an increase in their premiums, which, depending on their income tier, will be 14 per cent, 29 per cent or 43 per cent. This is a significant hit on household budgets, and it comes at a time when singles, couples and families are continually being hit with rising costs.

The 30 per cent rebate is only a relatively small part of total healthcare expenditure—less than 10 per cent. It is important to note that the rebate has increased proportionately by only 0.2 per cent over 10 years. It is therefore hard to rationalise the claims by the Labor government that this is the fastest growing area of health expenditure. It is also difficult to understand why, when this rebate has not escalated significantly over the past 10 years, the Labor government is prepared to inflict an additional cost burden on so many Australians.

I would now like to look at some key statistics relating to private health insurance—statistics that demonstrate the inherent danger in Labor's proposed changes. Over 12 million Australians or over 52 per cent of our population have either hospital or ancillary or both types of private health insurance cover. Over 45 per cent of the population—that is, approximately 10.3 million people—has hospital cover. Figures for 2011 from the Australian Health Insurance Association, now known as Private Healthcare Australia, show that 71,174 people from my electorate of McPherson on the Gold Coast are covered by private health insurance. The fact that such a large proportion of Australians seek to have private health insurance cover is a positive, and it should be recognised as such. It should not be seen by the Labor

government as another opportunity to impose a disincentive, which is precisely what means testing the private health insurance rebate is.

I note particularly our senior Australians who, as they age, become more frail and focused on their health needs. By taking out private health insurance our older Australians—pensioners, part-pensioners and self-funded retirees—find peace of mind knowing that they have chosen their health coverage and are not reliant on the public system. There are two important aspects which Labor will be harming: firstly, the choice of individuals to take out private health insurance and the opportunity and means to do so; and, secondly, the pressure which is taken off the public health system by the private health system.

The impact on seniors is significant. On the Gold Coast we have a large seniors population—people who have worked hard, saved and done their very best to get ahead. And now, at a time when their earning potential is likely to be not as great as it was five, 10 or maybe 20 years ago and they have reached the stage in their life where they need more health and medical support, they are faced with difficult choices because the government is going to means test the private health insurance rebate. What can they do? They can reduce their overall expenditure, which for many is simply no longer possible, they can reduce their level of private health cover or they can withdraw from the private health sector altogether and rely on the public health system. None of these are attractive options. None of our seniors should be placed in a position where they need to be considering this decision.

The government is attempting to justify these changes by claiming only the rich will be affected. This is just not true. I mentioned earlier that there were 12 million Australians who have hospital cover, ancillary cover or both types of private health insurance cover. Government figures show that 5.6 million people have an annual household income of less than \$50,000 and, of those, 3.4 million have an annual household income of less than \$35,000. These are not rich people, as claimed by the government, and it is their premiums which will rise courtesy of the Gillard government's private health insurance changes.

We are fortunate enough in Australia to have a healthcare system that allows us to present to a public hospital and receive treatment at no cost. This is a principle supported by both sides of politics in Australia. What we do not want to do is push people out of the private health system and force them into the public health system. The government claims it is trying to get the balance right, but the reality is that these proposed changes will not get the balance right. They will simply overload an already stretched public health sector.

The public health system in Australia is under pressure, there is no doubt at all about that, and we need to take steps to alleviate that pressure not increase it. An obvious way to do so is to encourage more patients to access private health providers. Private hospitals treat 40 per cent of all patients in Australia, equating to 3.5 million patients in 2009-10. And most of the elective surgeries are performed in private hospitals as well. The private health insurance rebate has seen an additional eight million patients treated in private hospitals over the past 10 years. This has taken pressure off our public health system and has saved taxpayers \$26 billion. We need to continue to encourage Australians to take up private health insurance cover. We should not be implementing policies that will force people out of private hospitals and into the public system. In 2009-10 there were approximately 37 registered private health insurers offering a range of policies. Approximately \$12.23 billion of benefits were paid by these private health insurers to policyholders during this period.

There is no doubt that this legislation will drive up the cost of living and detrimentally affect those millions of Australians I mentioned earlier who are not rich but have private health insurance. For those Australians who do have private health insurance there will be an effective increase in their premiums of between 14 and 43 per cent. Premium rises are already driven by several factors, such as an ageing population, that increase utilisation and benefit outlays. Younger people are also forgoing health insurance and this has resulted in adverse selection, despite the fact that they will endure higher premiums the longer they do not take up insurance. Taking into account these factors, which already play a role in premium increases, it is amazing and very disappointing that this government is still happy for premium increases of between 14 and 43 per cent to take place.

People in my electorate of McPherson on the Gold Coast are already hurting from increases in the cost of living and they cannot afford yet another Labor government induced price increase like we have seen in electricity, water, petrol and groceries. The southern Gold Coast also has a significantly older population. Those who have private health insurance will be hit hard. Many of these seniors are on fixed incomes and these increases in their premiums could force them out of their private health cover altogether. There are people who just will not be able to withstand these increases and they will either opt out of private health insurance or change to less expensive coverage.

The government knows this but claims that there will only be 27,000 people with private health insurance who will drop their cover. But a Deloitte analysis of the changes predicts significantly different figures. Deloitte's figures show that 175,000 people will withdraw from private hospital cover in the first

year of these changes. Their analysis also predicts that 583,000 people will downgrade their private cover. Medibank Private for example predicts that 37,000 of its members will drop their cover, while 92½ thousand will downgrade their cover. Deloitte's analysis predicts that over the following five years 1.6 million Australians will drop their private health cover and 4.3 million will downgrade it. The people who drop their private health cover will end up in the public hospitals. Why would a government seek to implement a change such as this, which further puts the squeeze on our already stretched public hospitals?

The public health system on the Gold Coast is already under significant pressure to deliver the health services needed in a region that has both a growing and an ageing population. I believe that we are a nation of people who ultimately want to help ourselves by making the right choices for ourselves and our families. Australians invest money towards their health care and by doing so help alleviate the costs of government. If cheaper outcomes are achieved for government and choice of healthcare service is achieved by individuals then we ultimately reach a mutually beneficial balance between costs and service providers. The Gillard government's changes to private health insurance will not do this; but rather exacerbate current public health system pressures and push up already high costs of living.

I would like to make it unequivocally clear that I am extremely concerned about this bad health policy proposed by the Gillard government. The people of McPherson, particularly pensioners and low-income earners, will be most vulnerable to these changes. While Labor remains consistent about its inconsistency in policy commitments, we on this side of the House stay committed to our opposition to these changes. We oppose the means testing of the private health insurance rebate and increases to the Medicare levy surcharge.

**The SPEAKER:** Order! It being 2 pm, the debate is interrupted in accordance with standing order 97. The honourable member will have leave to continue speaking when the debate is resumed.

### MINISTERIAL ARRANGEMENTS

**Ms GILLARD** (Lalor—Prime Minister) (14:00): I inform the House that the Minister for Sustainability, Environment, Water, Population and Communities will be absent from question time today for personal reasons. The Minister for Regional Australia, Regional Development and Local Government, and Minister for the Arts will answer questions on his behalf.

### QUESTIONS WITHOUT NOTICE

#### Carbon Pricing

**Mr ABBOTT** (Warringah—Leader of the Opposition) (14:00): My question is to the Prime

Minister. I remind the Prime Minister of her statement: 'The Labor Party is the party of truth telling.' I also remind her of the government's own modelling showing that Australian aluminium output will decrease by 61.7 per cent under her carbon tax. When will she finally be truthful with aluminium workers and admit that her policy will cost their jobs?

**Ms GILLARD** (Lalor—Prime Minister) (14:01): About a week ago the Leader of the Opposition was channelling Dirty Harry, saying 'make my day' regarding a debate about the economy. Since then we have seen a lot of 'dirty', and I am sure we will see more of that today from the henchmen sent in by the Leader of the Opposition. What we will not see is a responsible debate about the economy. The only thing the Leader of the Opposition has to say about Australia's economy and the global economy are the misrepresentations he peddles about carbon pricing. It truly is a disgrace that the Leader of the Opposition would come into this place and try to pretend to Australian workers that the only thing—

**Mr Abbott:** Mr Speaker, a point of order on direct relevance: why is the Prime Minister in denial over her own modelling?

**The SPEAKER:** The Leader of the Opposition did not word that point of order particularly well. However, the Prime Minister will become directly relevant.

**Ms GILLARD:** The Leader of the Opposition, in asking this question, is continuing to peddle his mistruths to the Australian people: that the only thing that explains change in the Australian economy is carbon pricing. Anyone who has done high school economics would be able to tell you that long-term changes are underway in the Australian economy, and they are being accelerated by the structural transition in our economy now. Anybody who has done high school economics would be able to tell you that the percentage of the Australian economy deployed in manufacturing has been in a long-term decline, but it continues to be a very important industry segment to Australia, employing, as it does, one million Australians. The Leader of the Opposition seeks to deny that economic truth and pretend that all structural change in our economy is about carbon pricing. That is a falsehood. It is peddled to the Australian people for political advantage, in a manner calculated to raise concern amongst the Australian community.

I say to the Leader of the Opposition that he should do the right thing and listen to the workers at Alcoa, who have a very sophisticated understanding of what is driving change in their business, a very sophisticated understanding of the global market they relate to and a very sophisticated understanding of the business structures in their own business and in the global business they relate to. It insults their intelligence and

demeans their capacity when the Leader of the Opposition comes in to this place and peddles this nonsense that would get a fail in high school economics. It certainly demeans anyone who is putting themselves forward for consideration as Prime Minister. You cannot do the job by making up facts.

### Economy

**Mr SYMON** (Deakin) (14:04): My question is to the Prime Minister. How is the government supporting jobs and building the Australian economy of the future?

**Ms GILLARD** (Lalor—Prime Minister) (14:05): I thank the member for Deakin for his question. I know that the member for Deakin, like other Labor members here, is concerned about structural change in our economy and concerned about the impact on working Australians. Labor members understand that our economy is strong by the standards of the world. We can hold our heads up proudly, having worked together during the global financial crisis—government working with employers, employers working with unions, and unions working with representatives of civil society, including those who provide emergency relief to those in difficult circumstances to bring our nation through so that we can now present with a growing economy, low unemployment, strong public finances and strong banks.

To chart the course for the future, we need to understand what has been achieved and understand the dynamics of change. Those dynamics will be driven in part by the aftershocks from the global financial crisis, including what is happening in Europe. Those changes will in part be driven by the rise of our region and the spectacular growth in countries like China, India and Indonesia. Those changes will be driven by the strong Australian dollar and will be fed by a huge pipeline investment—more than \$400 billion into resources alone. That is driving jobs and prosperity not just in the mining sector but also in businesses in other sectors that serve the mining industry—in construction, in services and in highly skilled jobs working with mining. So there is this opportunity for our nation. But it will be joined by other opportunities as we see a growing middle class in our region that will want to buy the things we have: great food, good wine, good tourism, international education, the best of legal services and beyond. We can seize those opportunities, but these are days of change and days of pressure. That pressure is falling on the shoulders of workers in areas like manufacturing and we are determined, as we bend change to shape the future for working people, that we will not leave those workers behind.

On the other side of politics, they want to put car industry workers on the scrap heap. On the other side of politics, they want to deny what is happening in the global economy. On the other side of politics, they

want to pretend nothing is happening in our economy except a price on carbon coming on stream on 1 July. This lets the nation down. We are ready for the sophisticated economic debate this nation needs. Unfortunately, there is no one in this chamber across there to have it with. *(Time expired)*

### Carbon Pricing

**Mr TRUSS** (Wide Bay—Leader of The Nationals) (14:08): My question is to the Minister for Employment and Workplace Relations. I refer the minister to his statement yesterday with respect to Treasury modelling showing aluminium production will more than halve by 2050 under the carbon tax. I quote his statement:

First of all it's how you use the modelling and that depends upon the rest of the world doing nothing.

As the document actually states 'The modelling assumes comparable carbon pricing in other major economies from 2015-16', does the minister stand by his statement?

*Honourable members interjecting—*

**The SPEAKER:** When the House becomes silent I will call the Minister for Employment and Workplace Relations to answer the question. The House now being silent, he has the call.

**Mr SHORTEN** (Maribyrnong—Minister for Financial Services and Superannuation and Minister for Employment and Workplace Relations) (14:09): I would like to thank the member for his question in regard to what I said yesterday. He is referring to an interview where we were discussing the future of the Alcoa plant. Let us put the whole context in place.

*Opposition members interjecting—*

**Mr SHORTEN:** It is all right for the opposition to selectively catcall, but if you want to bring on some of the discussion you have to have all of the discussion.

*Opposition members interjecting—*

**The SPEAKER:** Order! All honourable members are entitled to respect and under the standing orders to be heard in silence.

**Mr SHORTEN:** Alcoa announced last week that they intend to review their Point Henry operations. This is a serious development and a serious announcement.

**Mr Pyne:** Mr Speaker, on a point of order: the minister was asked very specifically about the Treasury modelling and whether he stood by his statement. He was not asked a general question about the aluminium industry; he was asked about the Treasury modelling and whether he stood by the statement he made yesterday. It is as simple as that, and I would ask you to bring him back to the question.

**The SPEAKER:** I do apologise. My attention was temporarily diverted by the Attorney-General. The minister will be directly relevant to the question.

**Mr SHORTEN:** I was asked by the Leader of the National Party about comments yesterday in the context of the future of Alcoa.

*Opposition members interjecting—*

**Mr SHORTEN:** If you are too lazy to watch a whole interview, that is not my fault. The issue about carbon—

*Opposition members interjecting—*

**The SPEAKER:** Order! The minister will be heard in silence.

**Mr SHORTEN:** Alcoa made an announcement last week reviewing their Point Henry operations. This is a serious issue. I had the privilege of representing Alcoa smelter workers for 14 years before coming into this place. For 14 years I have had the opportunity to see the good work that is done at Alcoa Point Henry. Alcoa Point Henry have made a decision to review their operations—

*Opposition members interjecting—*

**The SPEAKER:** I have said the minister will be heard in silence, and that does include the Manager of Opposition Business.

**Mr SHORTEN:** They are raising this issue for a couple of reasons. First of all, the Point Henry smelter has been a terribly efficient smelter in terms of industrial relations—I bet you hate that.

**Mr Pyne:** Mr Speaker, can I, in making my point of order, wish you many happy returns of the day, as I understand it is your birthday. Putting that to one side, you have asked the minister to be directly relevant to the question. You know what the question is. I ask you to force him to answer the question whether he stands by his statement and, if he refuses to answer it, to sit him down.

**Mr Albanese:** Mr Speaker, on the point of order: standing orders clearly provide for just one point of order on relevance to each question. What we have done is reduce the time for answers to three minutes. That should not be an excuse to double the time for points of order. I would ask you to ensure that the opposition is permitted only one point of order per question.

**The SPEAKER:** The Leader of the House will resume his seat. This does give me the opportunity of saying that when a point of order is taken on direct relevance or I discern that a minister is not being directly relevant I will draw the minister's attention to that fact. If the minister does not become directly relevant, he will be asked to resume his seat. I call the minister.

**Mr SHORTEN:** The context of the interview, which I am being asked about, was about the future of Point Henry—

*Opposition members interjecting—*

**Mr SHORTEN:** You are guilty of premature interjection over there. The whole interview was about the future of Point Henry and the use of carbon, and I certainly stand by the sentiments which I expressed in that interview. Carbon, and the price on carbon, which is a necessary reform for our economy, has nothing to do with the review on Point Henry.

*Mr Randall interjecting—*

**The SPEAKER:** Unless the member for Canning wants to be the first person sent out today he will desist from comment.

**Mr SHORTEN:** Those Point Henry smelter workers did not come down in the last shower. They know they are getting a review because of the high dollar and the low price of aluminium on the London Metal Exchange. They know that Alcoa New York is reviewing their operations at Point Henry. They know they have a severe challenge in front of them and they also know that you lot do not care about their jobs. You know it is unrelated to carbon and all you are trying to do is make political hay.

**The SPEAKER:** The minister will resume his seat. I now give the call to the honourable member for Robertson.

### Economy

**Ms O'NEILL** (Robertson) (14:14): Mr Speaker, my question is to the Treasurer. Will the Treasurer outline for the House the importance of responsible economic and fiscal management in supporting Australian jobs and economic growth? What are the risks to this?

**Mr SWAN** (Lilley—Deputy Prime Minister and Treasurer) (14:15): I thank the member for Robertson for her question because there is no doubt there are very large challenges in the global economy. We have seen that demonstrated in the last 48 hours. Just as we should not hold out false optimism, we should not get carried away with false pessimism. Despite all of the global challenges, our economy does walk tall in the world. We have got solid growth. We have got low unemployment. We have got a very big investment pipeline. We have got strong public finances. What the government has for the future is a very big productivity agenda with investment in skills, investment in infrastructure through the NBN and fundamental tax reform. All of these are very important given our global circumstances.

This government got the big economic calls right during the global recession. We did not experience a recession in this country because we got the big calls right. The consequence of that has been the creation of

something like 700,000 jobs. Overnight we have just seen that Moody's has put the United Kingdom on negative watch. That means Australia is now among an elite group of eight countries with the stable, gold plated AAA rating from all three major agencies globally—the first time in our history and not something that was achieved under the previous government. We obviously do have job losses in parts of our economy, even in parts of our economy where the companies are extremely profitable, but we should not lose sight of the fact that unemployment in this country is 5.2 per cent, half the rate in Europe and substantially lower than just about every other developed economy.

All of this global uncertainty just underscores why it is so important to bring our budget back to surplus in 2012-13. The global volatility makes that an imperative. Those opposite have been fumbling and bumbling around over the past week and running away from their commitment to a surplus, which is so important to Australia at this time of global volatility. We know they are running away from that because they have got a \$70 billion crater in their budget bottom line. I do not think anyone on this side of the House would be too surprised by that because those on the other side of the House have got form. They were found by the Treasury to have covered up an \$11 billion hole in their election costings. We have got further proof of that because the auditors in whom those opposite had great faith have been found guilty of professional misconduct. So they took a lie to the people of Australia— (*Time expired*)

### Carbon Pricing

**Mr HUNT** (Flinders) (14:18): Mr Speaker, my question is to the Prime Minister. I refer the Prime Minister to her statement that the impact of the carbon tax on aluminium will be equivalent to a 1c rise in the dollar. Does she stand by that statement?

**Ms GILLARD** (Lalor—Prime Minister) (14:18): Yes, I do. I made that statement in order to give a sense of the context for the aluminium industry because of the complete misrepresentations we have seen coming from the other side. First and foremost the misrepresentations we have seen during the course of this week have been from those on the other side coming in here and trying to pretend that modelling that shows the long-term economic effects in our economy as well as—

**Mr Pyne:** Mr Speaker, on a point of order: when you assumed the speakership you indicated that, if the opposition asked short direct questions, you would ensure that the Prime Minister and her ministers would be directly relevant. We simply asked her if she stood by the statement she made yesterday, nothing else.

**The SPEAKER:** I said that I would insist that answers be directly relevant and it is easier for me to

insist that answers are directly relevant when questions are short and sharp. The Prime Minister has the call.

**Ms GILLARD:** I was explaining why I made that statement. It was to give lie to the misrepresentations we are seeing from the opposition about impacts on the aluminium industry. What they are refusing to acknowledge is all of the economic forces that are on aluminium and on manufacturing. No amount of coming into this place and fearmongering changes those facts. Look at the statements put out at management level from Alcoa where they say the strong Australian dollar is causing difficulties for them, where they point to factors like low global prices. Talk to the workers, who have a very sophisticated understanding of what is happening in their business. When you have done those things—actually absorbed the information and talked to the workers—you realise how insulting this campaign is to the working people in the aluminium industry and how insulting this campaign is to workers in manufacturing generally.

They understand that our economy is in a position of structural change and that it is structural change driven by strength and coming off a basis of strength. Let us remember that. When our nation has faced structural change in the past, often it has been off a basis of weakness when we have had economic downturns that have caused high unemployment and other weaknesses in the economy. We come to this period of structural change in a position of strength, but that does not mean there are not industries that are feeling that structural change in a painful way. Aluminium is one of them and we are determined to keep working with the industry and Alcoa during this period.

**The SPEAKER:** If the Prime Minister could just pause for a moment. The Prime Minister is being directly relevant because she is explaining why she in fact made the statement that the questioner asked whether she made.

**Ms GILLARD:** Thank you very much, Mr Speaker. In conclusion I would say to the member who asked the question: the one thing he knows to be true is that the changes being wrought by our carbon pricing system will come at the least change to the economy, and the changes that he is seeking through their inefficient system will come at a higher cost per tonne of carbon—and, certainly, that will have greater economic impacts and effects. He should be honest about that, as should the Leader of the Opposition.

**Mr HUNT (Flinders) (14:22):** Mr Speaker, I ask a supplementary question. I refer the Prime Minister to Alcoa's 9 January 2012 earnings presentation that reveals the change in company earnings is \$11 million for every 1c change in the Australian dollar. Given Alcoa's evidence to the Senate of a \$40 million carbon tax bill for the Victorian operations alone, is the

company misleading the market or is the Prime Minister misleading the House?

**Mr Albanese:** Mr Speaker, I rise on a point of order. The member sought to introduce completely new material into his question; it was not a supplementary question.

**The SPEAKER:** The Leader of the House will resume his seat. I allow the supplementary question and call the Prime Minister.

**Ms GILLARD (Lalor—Prime Minister) (14:23):** The last thing I ever do is accept figures from the opposition, because they are normally misrepresented. So I will have a look at today's figures from the opposition and analyse them. But can I say to the member who asked the question: one thing that should not be misrepresented in this place is what Alcoa has said about the changes at Point Henry.

*Opposition members interjecting—*

**Ms GILLARD:** Of course, the opposition are screaming away because they never want the facts; they want to insult the intelligence of working people by denying them the facts. Well, the facts are these: Alan Cransberg, the Managing Director of Alcoa, said:

A combination of factors, including metal prices, input costs and exchange rates, have resulted in the Point Henry smelter becoming unprofitable—

and that his goal is to continue operating, that this is an unsettling period but that he believes that the smelter can be competitive. That is the news from Alcoa, and no amount of fearmongering—

**Mr Hunt:** Mr Speaker, I rise on a point of order on relevance. The question was in relation to an \$11 million figure given in the company's statement in terms of a 1c rise versus a—

**The SPEAKER:** The member will resume his seat. The Prime Minister will be directly relevant to the supplementary question.

**Ms GILLARD:** On the facts about Alcoa, as opposed to the things that the opposition have been misrepresenting over the last few days, let's conclude with these words of the Managing Director of Alcoa, where he said:

It [is] important to note that the review—

that is, the review of the Port Henry smelter—

has not been prompted by a future price on carbon.

Stop coming in here and insulting the workers in that place. *(Time expired)*

**Mr Hunt:** Mr Speaker, I seek leave to table Alcoa's 9 January earnings presentation.

Leave not granted.

*Mr Hunt interjecting—*

**The SPEAKER:** Leave has not been granted. The honourable member will resume his seat and will not engage in chit-chat across the table.

### Defence

**Mr WILKIE** (Denison) (14:26): Mr Speaker, my question is to the Minister for Defence. Minister, Australia's plans to purchase as many as 100 Joint Strike Fighters is obviously crucial to our national security. The confirmation this week that the US is postponing the production of 179 airframes apparently puts Australia's program at risk. Minister, what are the facts of the matter and does the government remain prepared to purchase more Super Hornets?

**Mr STEPHEN SMITH** (Perth—Minister for Defence and Deputy Leader of the House) (14:26): I thank the member for his question. I think the member last asked me about this matter in August or September last year. There have been some developments since then, in December and January, and also a development overnight, to which the member refers—namely, the presentation to the congress of the President's budget, which includes the United States Department of Defense proposed budget for 2013.

The member refers to our national security interests, and it is absolutely essential that Australia continues to maintain its air combat capability. That is the absolute focus that I have had in this area. Currently, we have 71 classic Hornets, we have 24 Super Hornets—12 of which are wired up to potentially receive the electronic warfare capability, the 'Growler'—and we have the proposal to receive Joint Strike Fighters.

Since July last year I have been saying the absolutely essential decision for this year is a judgment about whether we are at risk of a capability gap. What would potentially cause that capability gap? It would be a delay in the production of the Joint Strike Fighter and the ageing of our classic Hornets, which have served us very well, and continue to serve us well, but are currently the subject of a deep maintenance program. So that is the risk to our capability—that the Joint Strike Fighter is delivered later than was originally expected or anticipated. I have indicated that we will do an exhaustive review of that this year and make a judgment about any gap in capability this year.

I have said that the Super Hornet is an obvious option so far as any filling of a gap in capability is concerned. We have made no decision about that, but the fact that we have 24 Super Hornets and the fact that 12 are wired for 'Growler' is a relevant, material consideration.

What have we seen in the course of December and of January this year? We have seen, variously, Secretary Panetta, Deputy Secretary Carter, Under Secretary Kendall, the Director of the Joint Strike Fighter Program Admiral Venlet and the Chief of the US Air Force General Norton Schwartz indicate that

we have to look to potential delay, that there was, as Admiral Venlet had said, a miscalculation about concurrency—which is, namely, seeking to produce while development issues are still in hand. What we have seen overnight is confirmation of that—179 fewer planes to be purchased by the United States, or produced by the program, over the 2013-17 period. I have said we are committed to receiving two for test and trial purposes in the United States in 2014. That is still on-track. We have publicly said we will take another 12. The schedule for that is now under consideration, just as the United States's schedule is under consideration. What we will not allow is a gap in our capability, and the decision about gap in capability will be made in the course of this year—we will not leave it to the last minute—and Super Hornets fall directly into consideration in that respect.

**The SPEAKER:** I extended some indulgence to the minister because of the importance of the question.

### Tasmanian Economy

**Mr ADAMS** (Lyons) (14:30): Mr Speaker, I thank you very much for the opportunity to ask a question of the Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts. I ask the minister: how is the government assisting Tasmania's transition to a more diversified economy to support jobs and sustainable, long-term growth?

**Mr CREAN** (Hotham—Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts) (14:31): I thank the member for Lyons for his question. He, like all Tasmanian members in this House, has been working to ensure that the Tasmanian economy does diversify and does it in a sustainable way. The truth is that the Tasmanian economy, like all of Australia, is an economy in transition, but the Tasmanian economy has a hugely strong future, and members on this side of the House know it.

Think of the comparative advantages that Tasmania has: clean air, clean energy, clean water, sustainable industries. Given that they, like so many other parts of the economy, are being impacted by a high dollar that takes competitiveness away, we need to find ways in which to make those industries and those comparative advantages more competitive.

We are in the circumstance of the greatest economic transformation the world has known. It is not just coming from China; it is coming from Asia; it is coming from India. Those on the other side want to stick their heads in the sand and do not think they need to play a role in it. We do.

The Prime Minister and the Premier of Tasmania signed a partnership agreement. I have been to Tasmania more than half-a-dozen times since that framework was put in place to talk about the detail.

Forestry is an important part of this equation. We have the opportunity for the first time, through that agreement, to move to a forest products industry based on a sustainable resource. If we are able to move to a sustainable resource, why wouldn't we want to value-add to it? And that is what we want to do.

The trouble is that we have people down there seeking to run the industry down, while those who are in the Liberal Party in Tasmania sit silent. I say that when you enter an agreement you have to honour it. The agreement that was entered was to ensure that there would be wood supply—and that is what we say the Greens and all of the NGOs need to do. I say, and we know, that if this agreement falls over there will be no increase in reserves, no social licence and no ballast to underpin the industry. But listen—

*Opposition members interjecting—*

**The SPEAKER:** Honourable members on my left will remain silent, including the member for Forde—and the member for Cowan!

**Mr CREAN:** If the circumstances are that the Greens want to oppose this, there is the opportunity for the Liberal Party to get behind this forward-looking agenda, not stick their head in the sand, as Tony Abbott does, and say, 'In the opposition we can't fix things, so don't even get bogged down with them.' That is the opposition approach here. It should not be the opposition's approach in Tasmania. *(Time expired)*

**Mr Billson:** Mr Speaker—

**The SPEAKER:** The member for Dunkley will resume his seat, because I suspect that the member for Lyons is seeking my attention, possibly to ask a supplementary question.

**Mr ADAMS (Lyons) (14:34):** You read my mind, Mr Speaker. Your skills continue to impress the House.

**The SPEAKER:** Your time is running. You only have 20 seconds.

**Mr ADAMS:** I ask the minister a supplementary question on whether he could give some examples of that transition in the Tasmanian economy. I know he has been in Tasmania just recently contributing to that.

**Mr CREAN (Hotham—Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts) (14:35):** I can, and they relate to two important opportunities for the Tasmanian economy. One is the dairy industry and one is the aquaculture industry, which the honourable member knows lots about. In the north-west of Tasmania we see the potential to grow extensively the dairy industry, but, unless they get the skills base and unless they get the infrastructure of electricity and power, that will not be able to expand. That is why, last weekend, we ensured that we invested in the training base and connecting the electricity to important parts of the economy.

The mention of water is rightly made because one of the great comparative advantages that Tasmania has is water and a surplus of it. The question is: how do we harness it? That is why the discussions that we have been having also go to the question of how we can expand the irrigation industry so that the water is not lost. That is going to advance the aquaculture industry down in the Huon Valley. It is going to expand the dairy industry, the grazing industry, the horticulture industry and the viticulture industry. This is what we have been able to do because this government committed resources to the diversification of the Tasmanian economy. Not only have we sat down and tried to give effect to the agreement reached; we want to help industries and jobs and workers—and we will do it. The opposition should get on board— *(Time expired)*

*Honourable members interjecting—*

**The SPEAKER:** The minister no longer has the call and he will resume his seat. The member for Dunkley does not yet have the call. It is good that the member for Moncrieff is back from New York. There is no need, though, to be so vociferous that you are making up for lost words during the period of your absence.

### DISTINGUISHED VISITORS

**The SPEAKER (14:37):** I take this opportunity on behalf of all honourable members to welcome the President of the Human Rights Commission, the Hon. Catherine Branson, and a number of commissioners including, I see, former minister and former senator the Hon. Susan Ryan. On behalf of all members I give you a very warm welcome to the House of Representatives.

**Honourable members:** Hear, Hear!

### QUESTIONS WITHOUT NOTICE

#### Carbon Pricing

**Mr BILLSON (Dunkley) (14:37):** My question is to the Prime Minister. I refer to a survey report, recently released by the Queensland chamber of commerce, that stated that over two-thirds of businesses believe the carbon tax will negatively impact upon them. It said:

... the Australian business community will face the extraordinary challenge of competing against international businesses with much lower operating costs.

It went on to say that the carbon tax will affect the price of all goods and services and increase costs for all businesses. Will the Prime Minister scrap the world's largest carbon tax, or are expected job losses just more growing pains?

**Ms GILLARD (Lalor—Prime Minister) (14:38):** This is the third or fourth day that the opposition has come in and misrepresented what I said in my speech about the economy because they cannot debate the economy. Their days are filled with falsehoods, and we

are seeing more of that from the member today in his question.

I say to the member, regarding the impact of carbon pricing on small business, that it is no surprise to me that small businesses are concerned given the nature of the fear campaign that the opposition has run with no facts. We know that opposition members have been out there trying to scare small business, but the one thing that they never say to small businesses when they walk through their doors is that they are committed to taking away \$1 billion in tax breaks from small business. They are committed to taking away from 2.7 million small businesses the benefits that come with tax breaks financed by the minerals resource rent tax.

**Mr Billson:** Mr Speaker, I rise on a point of order on relevance. The question was about the carbon tax and anxieties it is creating. I invite you to ask the Prime Minister to be directly relevant to the question that was actually asked.

**The SPEAKER:** The Prime Minister knows that she will be directly relevant.

**Ms GILLARD:** Thank you very much. I was asked about anxiety in small businesses and I am answering what they should be anxious about. Let us be very clear about this: every member of the opposition, if they were being honest, should walk into the milk bar down the road from their electorate office, the local fish and chip shop and the shops of the small retailers in their high street shopping centres and say to them: 'What we believe is that money should come off you, and it should go to some of the most profitable mining companies on earth. What we believe is that the Australians who are more important than you and your families are Gina Rinehart and Clive Palmer. That is what we believe. That is what we voted for in the parliament and that is what we will do if we are ever elected.'

**Mr Pyne:** Mr Speaker, I rise on a point of order.

**The SPEAKER:** The honourable member is aware that only one point of order can be taken on relevance.

**Mr Pyne:** I fully understand that, Mr Speaker. My point of order is under standing order 91, disorderly conduct. Is it orderly for the Prime Minister to engage in this shrill bluster rather than answer the question?

**The SPEAKER:** I would say that the member for Sturt is an example of the pot calling the kettle black. The Prime Minister has the call.

**Ms GILLARD:** Thank you very much, Mr Speaker. Let me be clear: the difference between me and the member for Sturt is that I could walk into any small business in this country and say Labor are providing them with a tax break, while he would have to walk into a small business and say the coalition is ripping it back off them. In terms of small business anxiety, I say to the opposition the following—

*Opposition members interjecting—*

**The SPEAKER:** Order! The Prime Minister will be heard in complete silence for the balance of her answer. There are 32 seconds left.

**Ms GILLARD:** I say to them: stop your fear campaign; stop your idiot interjections; get out there and tell people the truth—that is, you stand for profitable big mining rather than small business.

### Employment

**Mr MELHAM** (Banks) (14:42): My question is to the Minister for Human Services and Minister Assisting for School Education, Brendan O'Connor. How has the government's record investment in education infrastructure helped to create Australian jobs? How will it continue to benefit Australians in the future?

**Mr BRENDAN O'CONNOR** (Gorton—Minister for Human Services and Minister Assisting for School Education) (14:44): I thank the member for Banks for his important question and his ongoing contribution to policy in the areas of employment and education. Indeed, this is a very pertinent question because it is really about what matters in this country. Education matters and employment matters. I am very happy to say that when the Prime Minister asked me to assist the Minister for School Education, Early Childhood and Youth, Peter Garrett, in a very important area of public policy I was very happy to engage with educators around this country because of the importance of the reforms we have put in place.

The government's investment in school infrastructure is the largest in our history. This government has doubled Commonwealth expenditure on school education in only four years. We have transformed many schools, creating 21st century infrastructure, including 3,100 interactive libraries, 4,500 classrooms and much more. It is an investment to enable our future workers and our future leaders to prepare for the challenges ahead for this nation. It is a recognition that we must ensure the best possible education in a very competitive region and, indeed, a very competitive world.

Beyond the educational benefits, the assistance to our economy, insofar as the BER and other initiatives go, cannot be overstated. It should not surprise anyone in this place, or indeed anyone in this country, that it took a Labor government responding to the global financial crisis to invest in education and create employment. This education initiative has supported around 120,000 jobs. Tradies like carpenters, plumbers, electricians, bricklayers, plasterers, labourers—you name it—and other workers would be unemployed if it were not for the initiatives of this government. As a result of this action Australia's economy and employment figures are the envy of the world. You have only to look around: 8.4 per cent

unemployment in the United States; 8.3 per cent unemployment in the United Kingdom; and elsewhere 10.4 per cent—double the 5.2 per cent figure in this country. That is a direct result of the effort of this government to put in place the stimulus package during the global financial crisis. In regard to the opposition we know that the Leader of the Opposition literally slept through the legislation to support thousands of Australian workers.

**The SPEAKER:** The minister is ceasing to be relevant. He will return to the question.

**Mr BRENDAN O'CONNOR:** In the end he does not support jobs in this country and does not support employment.

### Employment

**Mr HOCKEY** (North Sydney) (14:45): My question is to the Prime Minister. I refer the Prime Minister to her statement on ABC *AM* this morning that the financial services sector 'will employ more Australians'. I refer the Prime Minister to the almost 2,000 jobs lost at ANZ, Westpac, Macquarie, Suncorp and a number of other financial institutions. Prime Minister, do these job losses reflect an industry that will employ more Australians or are these job losses simply, in your words, 'growing pains'?

**Ms GILLARD** (Lalor—Prime Minister) (14:46): To the shadow Treasurer I say yet again: here we have the opposition using the loss of workers' jobs as a political play thing. The only job in this country they are interested in is the office of Prime Minister. That is all the Leader of the Opposition cares about. All that they care about on the front bench of the opposition is getting themselves a pay rise by moving over onto the government benches. They exhibit no concern for the jobs of working Australians. For them, working Australians are a convenient prop for a media interview; they are nothing else. Contempt for working Australians is bred deep into their bones, and it came out when they engaged in Work Choices.

I say to the shadow Treasurer—and it is what he of all people should understand—that we are seeing changes in our economy and we are seeing changes in our banks. Let me make it very clear how I feel about the changes that have been announced by the ANZ. I think the combination of putting up your interest rates, then announcing job losses and then seeking to blame both of those decisions on someone else is reprehensible. That is what I feel about it, and I am very happy to state that very clearly in here. So, in relation to these job losses, of course I am very worried about those Australians and the pressures on them.

I also say to the shadow Treasurer, 'Let's recognise the opportunities that come with change in our region.' Our region is growing in economic power. Its middle class is growing—and we see literally hundreds and hundreds and hundreds of millions of people in our

region joining the middle classes—and as the middle classes grow they will demand services just as we demand services. Amongst the services they will demand will be cutting-edge financial services, and Australia can play a major role in providing them. That is an opportunity. That is why I am optimistic about the future of financial services. It requires us to understand our economy, our region, and to stop talking the simplistic protest nonsense that the opposition walks in here with every day.

### Economy

**Ms BURKE** (Chisholm—Deputy Speaker) (14:49): My question is to the Minister for Climate Change and Energy Efficiency, and Minister for Industry and Innovation. How is the government supporting Australian jobs and small businesses by helping working people to get the skills they need? Are there any risks to this, and how is the government addressing them?

**Mr COMBET** (Charlton—Minister for Climate Change and Energy Efficiency and Minister for Industry and Innovation) (14:49): I thank the member for Chisholm for her question. Labor governments represent working families. We manage the economy to look after working families and in particular to create jobs and stimulate economic growth. As a result of the sound economic management of this government, Australia stands out amongst the industrialised world. We have low unemployment, solid growth, moderate inflation, very significant levels of business investment and low public debt.

As the Leader of the Opposition said late last year in London, when perhaps he did not think anyone here was listening:

On the face of this comparative performance, Australia has serious bragging rights. Compared to most developed countries, our economic circumstances are enviable.

One of the rare moments of truth from the Leader of the Opposition.

While our economic performance is enviable, Labor of course also understands the challenges that our economy faces. That is why we are introducing important reforms that will boost productivity, lift workforce skills and improve the competitiveness of the economy. How are we doing it? Labor wants to help companies invest, and one of the important ways of doing that is to cut the company tax rate to 29 per cent. What is the position of those on the other side? They are opposed to it. In fact, they want to increase company tax.

Also, Labor is helping small businesses by increasing the instant asset write-off to \$6,500, and \$5,000 for the purchase of a motor vehicle. What is the position of the coalition? They are opposed to all of it. They are opposed to assistance for small business.

For small business people who are unincorporated, many will benefit from the trebling of the tax-free threshold, which is part of the Clean Energy Future package. It will treble to \$18,000, a move the coalition has opposed—another measure for small business that the coalition opposes.

We are boosting research and development in our economy through an improvement to the R&D tax incentive. They tore down the R&D tax concession when they were in government, reduced its effectiveness. We are improving skills by investing in things like trades training centres in secondary schools, another measure that the coalition opposed. We are doing the NBN, one of the greatest productivity-boosting initiatives in our economy for many decades. They oppose it. Everything constructive on the economy the opposition opposes. The government is working hard to ensure that working families benefit from— (*Time expired*)

#### Member for Dobell

**Mr PYNE** (Sturt—Manager of Opposition Business) (14:52): My question is to the Prime Minister. I refer the Prime Minister to revelations in Senate estimates today that Fair Work Australia has paid nearly \$1 million in legal fees to the Australian Government Solicitor in its investigation into the member for Dobell, that is now in its fourth year. Prime Minister, how much is too much and how long is too long to keep the member for Dobell in his seat in order to keep the Prime Minister in hers?

**Ms GILLARD** (Lalor—Prime Minister) (14:53): As I have said in this parliament before, Fair Work Australia is independent. It may be the political culture of members of the Liberal Party to go and try and stand over independent bodies, to go and try and stand over the police, as we saw Senator Abetz flirting with last year, but that is not the culture of our political party, because we understand that, when you set up an independent umpire, you have got to let it do its job. So, to the Manager of Opposition Business, who asked the question, I say, as I have said before in this place and beyond it, the opposition continuously invites me to do something grossly improper in relation to Fair Work Australia, and that is to bully the industrial umpire on how and in what time frame it will conduct an investigation. Well, I will not do the grossly improper thing that the opposition so clearly believes in.

#### Trade

**Ms BRODTMANN** (Canberra) (14:54): My question is to the Minister for Trade. How is the government building the Australian economy and seeking out new export markets and opportunities for working people? What are the constraints on the pursuit of more trade with our trading partners?

*Honourable members interjecting—*

**Dr EMERSON** (Rankin—Minister for Trade) (14:55): I am receiving unwarranted encouragement from my colleagues, but I do thank the member for her question.

**The SPEAKER:** The minister does not need assistance. The minister has the call.

**Dr EMERSON:** The Gillard government is continuing to do what Labor governments do in that great reforming tradition, and that is fashion and shape the open, competitive economy. There is a very clear reason why we are committed to the open, competitive economy: it is good for jobs; it is good for working Australians. That is why we are investing in a high-skill, high-wage future for our country. Indeed, some of the figures are coming in to confirm the benefits that are flowing from those economic policies. In calendar year 2011, exports reached \$313 billion. That is a record in calendar year terms. I refer to the *Statement on monetary policy*, which comments on our trade surplus and indicates:

Australia's trade surplus reached a 40-year high as a ratio to GDP in the September quarter ...

That is a very important achievement in this quest for an open, competitive economy. I commend the Treasurer, I commend the former trade minister but I commend mostly the businesses of Australia who have responded to those challenges. The *Statement on monetary policy* also says:

... it is likely that over the next year the level of business investment in the economy will reach its highest level, relative to GDP, in at least half a century.

That is good news for future jobs, for high-skill, high-wage jobs.

There is further positive commentary from the three ratings agencies. All the gold-plated AAA ratings that have been given to Australia by the three ratings agencies were never given to a government in Australia led by the coalition but have been given to a government led by the Prime Minister, Julia Gillard. These are great achievements. There have been other reviews of Australia's economic performance in the context of the *Statement on monetary policy* from the Reserve Bank. We have got the International Monetary Fund, the OECD and even this statement:

This year, Australia's economic growth is expected to be 1 3/4 per cent; our unemployment rate about 5 1/4 per cent; our net government debt, Commonwealth and state, about 8 per cent of GDP; our collective budget deficits just under 4 per cent of GDP and net interest payments just under 2 per cent of government outlays.

That is an accolade. That is certainly a glowing endorsement of the economic performance of this government—from none other than the Leader of the Opposition. He is the very same leader who, when he is overseas, says that the Australian economy is the

envy of the world and, when he comes back here, is into trash-talking the Australian economy. It is Labor that supports jobs in this country. *(Time expired)*

### The Maldives

**Ms JULIE BISHOP** (Curtin—Deputy Leader of the Opposition) (14:58): My question is to the Minister for Foreign Affairs. I refer the minister to last week's coup d'etat in the Maldives, where the democratically elected head of government was ousted by rival forces and his deputy installed. While the new leader of the Maldives says he did not bring about the coup, reports have surfaced that he was involved—

*Honourable members interjecting—*

*Mr Champion interjecting—*

**The SPEAKER:** The Deputy Leader of the Opposition will pause and the honourable member for Wakefield will leave the chamber under the provisions of standing order 94(a).

*The member for Wakefield then left the chamber.*

**The SPEAKER:** I invite the Deputy Leader of the Opposition to repeat her question.

**Ms JULIE BISHOP:** I am waiting for the time clock. I take it that the time clock will start again.

**The SPEAKER:** The clock will start again.

**Ms JULIE BISHOP:** I refer the minister to last week's coup d'etat in the Maldives, where the democratically elected head of government was ousted by rival forces and his deputy installed. While the new leader of the Maldives says he did not bring about the coup, reports have surfaced that he was involved in coup preparations that began weeks earlier. Does the foreign minister agree that the new leader should tell the full truth about his involvement in the coup?

*Honourable members interjecting—*

**The SPEAKER:** Order! The Minister for Foreign Affairs has the call to answer a question about the Maldives.

**Mr RUDD** (Griffith—Minister for Foreign Affairs) (15:00): In fact, the last time I was asked a serious question on foreign policy by the shadow minister for foreign affairs, I do not think Wyatt Roy was even of drinking age. And maybe he is still not of legal drinking age.

**The SPEAKER:** Order! The minister knows that he must refer to the honourable member for Longman by his title.

**Mr RUDD:** The honourable member for Longman was not of legal drinking age and perhaps he is still not of legal drinking age.

The Deputy Leader of the Opposition asks about events in the Maldives. Can I say this: I spoke to the former President of the Maldives only three nights ago—

*Opposition members interjecting—*

**The SPEAKER:** Order!

**Mr RUDD:** Those opposite seem to think that this is a trivial matter, when hundreds of people are being beaten in the streets, when we have had—

*Honourable members interjecting—*

**The SPEAKER:** Order! Members on both sides will remain silent during the response by the Minister for Foreign Affairs for the duration of that response. I notice there are two minutes and nine seconds left. Minister.

**Mr RUDD:** On 7 February, President Nasheed, who attended the Commonwealth Heads of Government Meeting in Perth only last October-November, was removed from office. I, on 9 February, telephoned the Secretary-General of the Commonwealth, as Australia is currently Chair of the Commonwealth and I therefore, as a result, am Chair of the Commonwealth Foreign Ministers conference. As a result of that, the Commonwealth foreign ministers who make up the Commonwealth Ministerial Action Group conducted a teleconference on Saturday evening about what measures to take against what is alleged to have been a fundamental undermining of Commonwealth values in the removal of this democratically elected head of state.

*Opposition members interjecting—*

**Mr RUDD:** Those opposite trivialise the fact that hundreds of people have been arrested, that hundreds of people have been subjected to violence in the streets of the capital city of Male and, on top of that, that we are likely to have seen the forced removal, under threat of armed violence with guns, of a democratically elected head of state. Those opposite regard these matters as being trivial. As foreign minister of Australia I do not regard them as trivial.

As a consequence of the meeting conducted on Saturday evening on the telephone with seven participating foreign ministers around the world, a ministerial delegation of three foreign ministers or their representatives will now be dispatched to Male to establish whether in fact this coup has occurred through violent means and, if so, the necessary course of action would be suspension from the Commonwealth. We take these matters seriously.

**Mr Ciobo:** Mr Speaker, I raise a point of order. The Minister for Trade made a nasty and offensive comment and I would ask you to ask him to withdraw it.

**The SPEAKER:** If the Minister for Trade made a nasty or offensive comment, he would assist the chair if he withdrew. I did not hear the comment, but if the minister made an inappropriate comment he should withdraw.

**Dr Emerson:** I made no inappropriate comment. I will not withdraw.

**The SPEAKER:** I accept the assurance of the minister. I now give the call to the honourable member for Throsby.

### Child Care

**Mr STEPHEN JONES** (Throsby) (15:04): My question is to the Minister for Employment Participation and Minister for Early Childhood and Childcare. Minister, how is the government supporting working people to access child care for their children and better participate in the workforce?

**Ms KATE ELLIS** (Adelaide—Minister for Employment Participation and Minister for Early Childhood and Childcare) (15:04): Thank you very much, Mr Speaker, and I wish you a happy birthday. Can I thank the member for Throsby both for his question but also for the hard work that he does in his electorate for working families.

With this government's focus firmly on jobs and on boosting workforce participation, we recognise just how important it is that we have childcare solutions in place for families. We know that accessible, affordable and quality childcare options must be available to enable parents to be able to return to the workforce, and we are proud of the progress that this government has made towards delivering this.

I am pleased to be able to inform the House that the latest figures show that there has been a massive 36 per cent increase in the number of approved childcare centres in this nation in just the four years that we have been in government—a 36 per cent increase in the number of centres. This of course plays a major role in ensuring that families can find care where and when they need it. But further than this, no government in the history of this nation has done more to assist families when it comes to affordability of care. We have increased the childcare rebate from 30 per cent, as it was under those opposite, to 50 per cent of parents' costs under this government. We have increased the cap on this rebate from \$4,354 under the coalition government to \$7,500 per child under this government. We know that this is having a significant impact for working families. In fact, since 2004, when those opposite were in office, childcare costs for families earning \$75,000 a year have reduced from 13 per cent of their disposable income under the coalition government to 7.5 per cent of their disposable income in 2011 under us. In fact, over the next four years this government will provide over \$21 billion to the early childhood education and care sector, a figure which is almost triple that which it was under the Howard government in its last four years in office. But as important as accessible and affordable child care may be, we know that parents want to have peace of mind when they drop their children off in the morning that

they are going to be safe, well supervised and cared for in a quality environment. We are proud to be leading the national reform process in partnership with every state and territory government to ensure that Australian kids get the best start in life. We are helping families, we are helping kids and, importantly, we are also boosting workforce participation. That is a record I am incredibly proud to stand alongside. In contrast, we know that those opposite stand alongside the member for Mayo, who states that childcare payments create a cycle of dependency. I say: you can stand alongside him; we stand side-by-side with Australian families.

### Prime Minister

**Mr TONY SMITH** (Casey) (15:07): My question is to the Minister for Foreign Affairs. I refer the foreign minister to the statement by the Prime Minister that the Labor Party is 'the party of truth telling'. I ask: in his dealings with the Prime Minister, has he always found this to be the case?

**The SPEAKER:** I rule the question out of order, because it does not refer to the minister's ministerial responsibilities.

**Mr Pyne:** Mr Speaker, on a point of order: I hear the ruling you have given, but I would simply point out to you that the last line of the question is very straightforwardly about the foreign minister's dealings with the Prime Minister. His dealings with the Prime Minister are an essential part of his portfolio. The question could not go more to his responsibilities.

**The SPEAKER:** I thank the Manager of Opposition Business. I give the call to the honourable member for Fowler.

### Education Funding

**Mr HAYES** (Fowler) (15:09): My question is to the Minister for School Education, Early Childhood and Youth. Will the minister inform the House of the investment the government is making in education to skill young Australians for jobs of the future?

**Mr GARRETT** (Kingsford Smith—Minister for School Education, Early Childhood and Youth) (15:09): I thank the member for Fowler for his question. He will know that the investment into the electorate he faithfully represents is in excess of \$10 billion. He will know that schools in Fowler are benefiting from the investments we have made in trade training centres in schools. The Bonnyrigg trade training centre received approximately \$1.5 million from the Gillard government to enable young Australians undertaking certificate III and certificate II qualifications in hospitality to look at areas around the commercial kitchen experience that those kids need before they go off into that area in the future.

The fact is that this government has provided substantial investment in school education at a level unparalleled in this country's history. We heard my

colleague the Minister for Human Services refer to that earlier on, and he was absolutely spot on. We are investing significantly in helping schools to teach kids well so that they have the skills they need for jobs of the future. It is not only through delivering bricks and mortar—the new classrooms, the new laboratories, the covered outdoor learning areas—it is also through the national partnerships, where we are focusing on improving teacher quality because we know that the teacher is the single most important person inside the school gate when the kids come to school. We also know that with that investment those kids will get the best education they can to be the best students they can as they go through their school career. This is a significant investment—some \$65 billion—on the part of this government, with national partnerships worth over \$2 billion as well.

Of course, there is also the national curriculum. The national curriculum provides a solid foundation for kids, wherever they are learning in Australia, in basic skills in literacy and numeracy. It is the sort of solid foundation they need, to go with their education into the future. We want Aussie kids and young people to measure up to be the best in the world and we want to help families have access to high-quality education and training for their kids. That is why it is so disappointing that the Leader of the Opposition, Mr Abbott, thinks only the right kids should stay at school after year 10. I was very distressed—

**The SPEAKER:** The minister will return to being directly relevant.

**Mr GARRETT:** Mr Speaker, the relevance is here: this government has a commitment to providing eligible families with support of over \$4,000 to help with the costs of keeping kids at school between the ages of 16 and 19 if they are studying. The Leader of the Opposition says that sounds like some kind of occupational program of the government's. But helping all those kids is what this government is all about. *(Time expired)*

**Ms Gillard:** I ask that further questions be placed on the *Notice Paper*.

## MATTERS OF PUBLIC IMPORTANCE

### Economy

**The SPEAKER** (15:12): I have received a letter from the honourable member for North Sydney proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The urgent need of the Government to protect the jobs of Australian workers.

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 HOCKEY** (North Sydney) (15:13): The government really is concerned about just one job; it is not concerned about the jobs of everyday Australians. Let us look at its economic record. It promised jobs, jobs, jobs in last year's budget but, for the first time in 20 years, there was no jobs growth. The Prime Minister in her speech to the Australia-Israel Chamber of Commerce said that employers would be looking at changes in the economy, which she described as 'growing pains'. Last year the government promised increased workforce participation, but in fact participation fell. At the beginning of last week it promised lower interest rates for workers, as the Treasurer appeared on the *Insiders* program and suggested that banks are hugely profitable and should be in the business of passing on any impending full interest rate cut. So at the beginning of last week Australians were expecting interest rate cuts and at the end of last week ended up with interest rate rises. It promised bank competition so that people could shop around if they were getting an unfair deal from a bank. Yet, under the Labor Party, the Big Four have now gone from 75 per cent of market share to 86 per cent of market share. The government promised budget surpluses over time. They say they are fiscally responsible, yet we are still waiting for the Labor Party to deliver the biggest fiscal consolidation since the early 1950s—a \$38 billion turnaround—which they say will deliver, not promise, a budget surplus in 2013. We will not know it until September 2013. They promise that productivity will grow, yet productivity stalls. Out of all of this comes the fact that Australians are facing higher everyday costs of living—and they are at the hand of the government—be it the carbon tax, flood levies or the fact that the government have introduced 19 new taxes since they were elected in 2007.

To compound all of that, the government are leaving Australians with a litany of waste—the waste of the BER that they were so proud of today. Over the last four years, we have seen \$900 cheques go to dead people; we have seen the most expensive per square metre construction jobs ever in the education system—thanks to the failed BER. We have seen pink batts go into people's homes causing house fires and deaths. And not only that, but the continuation of the waste lies in the fact that, even in the Labor Party's current jobs programs, as was revealed more recently, an infrastructure jobs program cost \$150 million and the Labor Party did not create one job.

The challenge for Australia today is that the economy is undertaking its own structural change; but, during that change, Australians are yearning for confidence. They are yearning for consistency in government policy. They want the government to make the transition easier, not harder. The best evidence of the incompetence of the Labor Party in this area is in

their denial of the impact of the carbon tax on the aluminium industry. As the Treasury modelling reveals, the impact of the carbon tax on the output of the aluminium industry is over 60 per cent. Even the statement from Alcoa in relation to Port Henry identifies that the carbon tax is going to increase its cost burdens.

When the government cries crocodile tears about jobs, whether it be at Holden or Toyota, look at the dead hand of the Labor government there. The carbon tax itself will increase the cost of a motor vehicle by \$400. Our motor vehicles in Australia compete directly with imported cars made in countries that do not have a carbon tax that imposes a \$400 extra cost on a motor vehicle, let alone our car exports trying to compete in overseas markets, where industry is trying to forge new opportunities, particularly in Asia, but where our cars end up being punished at the production line for the incompetence of this government.

The first thing you need for the stability of the household budget is a job. You need regular income. You need to have the opportunity to carefully plan with confidence the family budget going forward—the burden of the mortgage, the burden of school fees and the burden of healthcare costs. At every point, the Labor Party makes it harder. At the moment there is nothing more pressing than the government's own decision to increase the cost of private health care by abolishing the rebate for more than two million Australian families. Out of all of this, what does the Prime Minister say? She dismisses the job losses across Australia over the last few weeks as growing pains: Westpac 400 jobs nationally; Royal Bank of Scotland, 200 jobs; ANZ, 1,000 jobs.

In the last 24 hours, the Labor Party have spent far more time talking about the job of the Prime Minister than they have about the 1,000 workers at ANZ who are being turfed out. They are spending more time talking about the job of the Prime Minister than they are about the 100 jobs at Holden, the 350 jobs at Toyota that have gone, the 155 jobs at BHP, the 190 jobs at Reckitt, the 70 jobs at Manildra, the 150 jobs at Norsk, the 100 jobs at Tomago, the 50 jobs at Thales, the 31 jobs at Don and up to 1,000 jobs worldwide that are going from Macquarie Bank. On top of this, we are seeing the threat of further job losses at Alcoa but also at Kell and Rigby and at Sleep City, as revealed today on the front of the *Sydney Morning Herald*. These are working Australians—the working Australians that the Labor Party feigns concern about. If they were really concerned about working Australians, they would be talking about how they can get these people back to work, how they can deliver the smooth transition to the new economy that we recognise is occurring. Unfortunately, the government are making this harder, not easier.

I want to compare the Labor Party's record on jobs growth to that of the coalition. When we came into government in 1996, we inherited an unemployment rate of 8.7 per cent. We more than halved that. When I finished as minister for employment in 2007, we left a legacy unemployment rate of 4.1 per cent—in fact, under the Howard government we even got it down to where there was a three in front of it. In February 2008, unemployment reached its low of four per cent, the lowest in 20 years. Labor inherited from the coalition strong participation rates and the strongest employment growth in a generation, and then they blew it.

Of course, the challenge of unemployment or underemployment grows with a deterioration in the cost of living. When it comes to interest rates, the Treasurer believes, for example, that the cash rate is what people pay. I know the Treasurer does not have a mortgage so he is not familiar with what people actually have to pay, but there is no-one in Australia who pays 4.25 per cent on their home mortgage, which is the Reserve Bank cash rate. He keeps talking about the Reserve Bank cash rate. What he has to do is look at what people actually pay. After the Treasurer was leading Australians to believe that there would be a full interest rate cut at the beginning of last week, at the end of that week ANZ customers saw their variable home loan increased to 7.36 per cent, not the 4.25 per cent that he keeps referring to. Westpac customers have gone to 7.46 per cent; Commonwealth Bank customers to 7.41 per cent; National Australia Bank customers to 7.31 per cent. Bendigo and Adelaide banks have increased rates from 7.3 per cent to 7.45 per cent. The Treasurer says, 'Shop around,' but the four major banks now control 86 per cent of the market whereas they used to have 75 per cent. There might be a whole lot of good reasons for that, including the challenging aspect of the potential failure of Bankwest. It also might be the case that others were under funding pressures. But the bottom line is you cannot shop around if the competition is not a better deal.

What is the greatest contributor to the increase that people are facing? It is that the banks have to get more and more finance from offshore. That reveals the Labor Party's state of mind. When you have a government that is borrowing \$100 million a day, and almost 70 per cent of that has to be borrowed from overseas, that is in direct competition with the banks themselves. The banks have lots of sources of money, including pretty expensive deposits at the moment, but when they have to go into the capital markets there is an 800-pound gorilla right next to them competing for the same limited money. That is the Australian government trying to fund its \$38 billion deficit—an Australian government that is increasing gross debt to near the debt limit of \$250 billion; an Australian government that is completely indifferent to the impact of its debt funded National Broadband Network and the impact

that is having on the cost of funds for everyday Australians.

The government's own hand confuses the market and makes it harder. The government claims that its own banking reforms made it easier and not harder to shop around. Yet the government's own Treasury advice released under freedom of information stated:

Banning mortgage exit fees will remove a fee that is designed to address the legitimate cost of offering a mortgage product ... As such, mortgage providers will need to find alternative ways of covering their costs ... increasing interest rates ... increasing other fees ...

We warned about this. We warned in this chamber that the government's own hand would have a negative impact on competition and a negative impact on interest rates. We warned about it and the government did not heed the warning. Treasury went on to say:

As exit fees are generally higher for credit unions and building societies this measure may adversely affect these institutions more than the major banks and therefore reduce the ability of credit unions and building societies to effectively compete.

So not only have we seen the majors get more market share but we have seen the government by its own incompetent hand make it harder for credit unions and building societies to compete.

Do you remember the days when the Treasurer was running around saying he would create the fifth pillar in banking? What happened to that? Where is this fifth pillar? Where is it? Is it in the despatch box? Is it under the table? Where is the fifth pillar that is meant to be the great saviour of competition in the banking sector?

I will tell you what we look at, as people that understand the challenges of everyday Australians. We look at what people actually have to pay. The standard variable mortgage rate under the coalition was on average lower than it has been for Labor—even when the Labor Party had the most significant drop in the cash rate for many years. Under the coalition the standard variable mortgage rate averaged 7.26 per cent; under Labor it is 7.51 per cent. That makes a difference.

What is more telling is our beloved small business being hit. The average small business unsecured overdraft rate under the coalition averaged 8.89 per cent; under the Labor Party, 10.23 per cent.

**Mr Billson:** The spread is getting wider.

**Mr HOCKEY:** The spread is getting wider and the challenge is getting greater. The government stands up here and says it cares about small business; yet what we are seeing is the challenge for small business getting greater. The challenge is getting harder. For so many small businesses, that overdraft matters. They often go so far as to secure their own home to try and keep their business afloat. And this indifferent Labor Party does not care.

It does not care about its own Fair Work laws and their impact on small business. It does not care about the fact that inconsistency in regulations makes it harder for small business. It does not care about the fact that there is inconsistency in its interest rate message—it sends a confusing signal when people start the week with an interest rate cut and finish the week with an interest rate rise. It sends an inconsistent message to small business when the government says it is fiscally responsible and it is careful with taxpayers' money and then goes and sends \$900 cheques to dead people, or it goes and wastes money on pink batts, school halls or on billiard table references committees. It wastes money right across the nation. This is becoming symbolic of what the Labor Party really is—a party that does not understand the aspirations of Australians. It does not understand the aspirations of small business. It does not care about the workers and it does not care about the economy.

**Mr CLARE** (Blaxland—Minister for Justice and Minister for Home Affairs) (15:28): In May 2010, I met a young bloke called Joshua at a jobs expo I was running up on the Central Coast when I was the Parliamentary Secretary for Employment. Joshua was a young bloke who had left school when he was 16 and he had never had a job in four years. He got a job that day at the jobs expo working at the Ali Baba shop in Westfield Tuggerah Shopping Centre. He got a start, after being unemployed for four years. I remember talking to his mum a few weeks after that. She told me that he was a different boy, a different person, after he had got a job after being unemployed for four years. I checked up on Joshua just the other day. He has now moved out of home and he has got another job working full time as a security guard. So he is on his way. This is just one story, just one job. Since this government has come to office we have created 700,000 jobs, 700,000 stories just like that.

The member for North Sydney made some comparisons. He invited us to compare the record of this government and that of the former government, and I am happy to take up the challenge. The fact is that this government has seen 700,000 more people getting a job than when the Liberal Party was last in power. Look at the topic of income tax. Income taxes are lower now than they were under the Liberal Party. Someone who is on \$50,000 a year is now paying almost 20 per cent less in tax than they were when we came to office. The member for North Sydney also talked about interest rates. Interest rates are also lower now than when the Liberals left office.

**Mr Robb:** That is not true.

**Mr CLARE:** It certainly is true.

**The DEPUTY SPEAKER (Ms AE Burke):** The member for Goldstein does not have the call. The minister will be heard in silence.

**Mr CLARE:** The cash rate would have to go up 10 times before interest rates could get back to where the Liberal Party left them. If you want proof regarding what interest rates look like now compared with what they looked like under the Liberal Party, you need go no further than my electorate. In my electorate four years ago, when the member for Goldstein was a minister, 60 families a month had their homes repossessed. That is something like three families a day losing their homes. Today, with interest rates lower, with cash rates lower, that number is in single figures—single figure numbers of people are having their homes repossessed, compared with the numbers when the member for Goldstein was a minister, when the Liberal Party was last in office. These are the facts.

The Australian economy is now stronger, compared with the rest of the world, than ever before. The strength of the Australian dollar is an indication of that. For the first time in our history we have a AAA credit rating from all three credit agencies—something the great Liberal Party never achieved. We are also a fairer country than we were four years ago. Four years ago more than a million workers had their wages or their entitlements cut by the Liberal Party's Work Choices legislation. We got rid of that. Four years ago pensioners received \$148 less per fortnight than they do now. And four years ago there was no such thing as paid parental leave. The Leader of the Opposition said at the time that it would happen over his dead body. Well, it did happen, and now new mothers get 18 weeks of paid leave at the minimum wage. The next big reform to build a fairer country is the National Disability Insurance Scheme, which will provide lifetime care and support for the disabled—the sort of thing that only a Labor government would ever do.

All of this is because of the action this government has taken. That is the difference a Labor government makes—more jobs, a stronger economy and a fairer country. That is the story of the last four years. They would have been a very different four years if the Liberal Party had won the 2007 election. There are at least two things we can be certain of: they would not have got rid of Work Choices and they would not have taken the action we did to stop the impact of the global financial crisis. In other words, we would have had Work Choices and we would have had a recession. We would have had higher unemployment and lower wages. And the Liberal Party has the gall to come in here and have a debate about jobs.

If we had taken the action that the Liberal Party proposed, unemployment in Australia would now be more like it is in the United States. Unemployment in my electorate in Western Sydney would have been something like 15 or 16 per cent, and a generation of people across the country would have suffered. It would have taken us five or maybe 10 years to get unemployment back to where it is now.

It is worth remembering what the opposition leader said in his first major economic speech, a speech made a couple of years ago called 'Economic fundamentals'. This is what he said:

The economic stimulus wasn't necessary to strengthen Australia's economy at a time of global recession.

This is the man who expects the people of Australia to put him in charge of a \$1.4 trillion economy, and in his first major speech on the economy he says that the stimulus was not necessary to protect jobs, the stimulus was not necessary to avoid going into recession, the stimulus was not necessary to protect Australia's economy.

This is not the party of Howard and Costello anymore. It is now led by a man whom Peter Costello says he would not trust on economic matters—and with good reason. One day they say they are going to deliver a surplus; the next day they say that cannot. Last year they promised tax cuts in their first term—we all remember that—and now they say that is not possible. A few months ago they admitted they had a \$70 billion black hole in their costings; now they are denying it. It is all over the shop.

*Mr Fletcher interjecting—*

*Mr Frydenberg interjecting—*

**The DEPUTY SPEAKER:** The member for Bradfield and the member for Kooyong will listen in silence.

**Mr CLARE:** I tell you this: Peter Costello never would have made the sorts of mistakes we are seeing from the member for Goldstein, the member for North Sydney or the Leader of the Opposition. No wonder they were so keen to get Senator Sinodinos into the parliament: he is someone from the Howard years who knows something about economics.

*Mr Frydenberg interjecting—*

**The DEPUTY SPEAKER:** The member for Kooyong!

**Mr CLARE:** Last week the Leader of the Opposition, in his party room, said that every time we talk about jobs or the economy they are going to talk about 'carbon tax'. In other words, the scare campaign continues. Let us have a look at this scare campaign. Remember those bold predictions we had last year, that it was going to 'wipe Whyalla off the map'? Or that it was going to be the 'economic death' of the steel industry? It was all nonsense—not real. My favourite one—the one I always remember—came in June last year, when the Leader of the Opposition said that the carbon price would be 'the death of the coal industry'. The best way to find out if this is the truth or not is to follow the money; look at the investments that have been made in the coal industry since we announced the carbon price or since the Leader of the Opposition made those statements. Has it gone up or has it gone

down? According to the Bureau of Statistics, in the year to September spending on coal exploration has jumped 167 per cent. But it gets better than that.

*Mr Frydenberg interjecting—*

**The DEPUTY SPEAKER:** The member for Kooyong might be going if he is not careful.

**Mr CLARE:** As I told the House last year, one in six members of the opposition have bought shares in coal or resource companies since we announced the carbon price. It is worth the House remembering who those members are: the member for Wentworth, Senator Adams, Senator Cash, Senator Fisher, Senator Humphries, the member for Stirling, the member for Brisbane, the member for Flynn, Senator Ronaldson, the member for Fadden, Senator Johnston and the member for Kooyong. They all bought shares in coal or resource companies after the Leader of the Opposition said that the industry was going to die. The member for Kooyong is a pretty smart man. When you look at this list you think they are either stupid or they just do not believe what the Leader of the Opposition is saying. As Deep Throat said to Woodward, 'Follow the money.' Follow the money and you find the truth.

It gets better than that, because a very interesting document was lodged on the last sitting day of last year. Senator Sinodinos, the new senator for New South Wales, lodged his statement of registrable interests. Senator Sinodinos is an impressive man. He was John Howard's policy brain, his right-hand man. He came out of Treasury; he understands government; he also understands the private sector. If there was ever anyone to test the argument of the Leader of the Opposition that carbon pricing is going to kill the coal industry, it is Senator Sinodinos. What does Senator Sinodinos's return tell us? Like his colleagues—like the member for Kooyong—he also owns shares in the resources sector. He also owns shares in a coal company. But that is not all. A month after the Leader of the Opposition told the country that this would be the death of the coal industry, Senator Sinodinos became the boss of a coal company. He became the chairman of Blackwood Coal, an Australian coal company based in Sydney.

While the brawn of the Liberal Party is running around the country saying, 'This is going to kill the coal industry', you have the brains of the Liberal Party becoming the boss of a coal company. It just goes to show what a bunch of hypocrites the Liberal Party really is. You have the boss of the party out there trying to scare everyone by telling them it is going to be the death of the coal industry, whilst you have all the rest of them out there buying shares in coal companies. And the smartest one of all is running a coal company. Follow the money; follow the money and you find the truth. It shows this opposition leader

for what he is. This Leader of the Opposition's answer to everything is either 'No' or it is 'No idea'.

*Mr O'Dowd interjecting—*

**The DEPUTY SPEAKER:** The member for Flynn may have an interview outside if he is not careful.

**Mr CLARE:** That is not good enough. The people of Australia expect their government and their opposition to have plans for the future. They expect more than just a stop sign in a suit. That is what they have with this Leader of the Opposition. They need more than a dodgy scare campaign. As Senator Sinodinos has shown, if you keep crying wolf, eventually you get found out.

**Mr ROBB (Goldstein) (15:42):** The last 13 minutes says it all. There are thousands of jobs being lost in our community and the person the government throws up to defend their management of this economy—to set out what they are doing to stop this loss of jobs that is so damaging to so many thousands of families across the country—could not even use his full 15 minutes. He did not even spend any time describing what the government is doing. No defence. We had the Prime Minister here last week urging an economic debate. Here is an economic debate. Here is an economic problem: thousands of jobs lost. What did we hear? Just a whole lot of scuttlebutt derived from Google from the member opposite. This is pathetic.

This is a classic example of why there is a crisis of confidence throughout our community. That is at the heart of the problems we are facing; it is at the heart of the job problem. It is why last year there was no net increase in jobs in the middle of a mining boom. Off goes the member for Blaxland, who did not even know that the market interest rates are different to the cash rate. No wonder this government is incompetent from an economic point of view. There is no confidence in this government amongst every Australian and amongst every business in Australia. It is evidenced by the fact that over the last 12 months savings rates amongst families have skyrocketed to plus 13 per cent of their disposable income. They are paying off the mortgage, they are paying off the plastic and they are putting money on deposit, because they are scared. They have no confidence; they have no sense of direction; they have no feel that this government is on top of its job. That is why they are saving like they never have before. They have sensed the vulnerability in our economy for 12 months, and yet this government has had a sense of complacency. It has a sense of entitlement about sitting on those benches; it has an obsession with holding onto its members' jobs and not worrying about other people's jobs. This crisis of confidence has also infected business. We have got a business sector that has not created one new net job in the last 12 months. We had a situation today where Dick Warburton, who is the Executive Chairman of

Manufacturing Australia and a most experienced manufacturer, someone who has been asked by both sides of politics to assist with major policy decisions, warned that up to 400,000 Australians are in danger of losing their jobs during this year. What a chilling warning that is from someone who has got his finger on the pulse. When did you last speak to the manufacturers in some sort of serious way, other than for a photo op?

I put it to the parliament that we have a crisis of confidence and that is the reason people are saving like there is no tomorrow, the reason they are waking up at 2.30 in the morning worrying about what losing their job will mean for their mortgage payments and their ability to look after their families and the reason that business people have got lots of money on their balance sheets but are not spending or investing any of it. I put it to you, Madam Deputy Speaker, that we have a Treasurer and a Prime Minister who have created this crisis of confidence. We have a Treasurer who has displayed some very special talents over the last few years. This Treasurer has taken the highest terms of trade in 140 years, a balance sheet with not an ounce of debt on it, a balance sheet with nearly \$70 billion of reserves, a highly skilled workforce, a workforce which had unemployment rates at four per cent and an unprecedented and prolonged global mining boom and he has wasted it. He has taken all of that and he has wasted the boom. He wasted terms of trade at 140-year highs. He has presided over a panic reaction to the global financial crisis—\$87 billion, \$900 cheques, pink batts and school halls. The waste that this Treasurer has presided over is just criminal.

This Treasurer has presided over the four biggest budget deficits in our history—\$167 billion. This Treasurer has now increased the spending of this government by around 40 per cent. In 2007 the budget was \$262 billion. The budget for 2010-11 is expected to be \$370 billion. That is an increase of almost \$100 billion. This is like a household who are spending a certain amount of money and then one year decide to put on major extensions. So they have a real spike in their spending for that year. It is a bit like a stimulus for that family for one year. Then the next year, what do they do? They go back to their original level of spending. Have the government done that? Not on your nelly. They have gone up above the spike. The \$87 billion is now embodied in every year's budget. They are spending it on other programs. Yet they had the gall to talk about fiscal prudence and this fastest fiscal consolidation, using mumbo jumbo words that no-one can understand when in actual fact what they are doing is hiding the great deception of a government that have spent like there is no tomorrow.

An increase of 40 per cent is \$100 billion. What would be the inflation rate over the last four years? It pales in comparison, yet they try to tell us that they are

fiscally responsible. No wonder we have had the four biggest budget deficits in our history. No wonder we have got a debt which is approaching \$136 billion. No wonder we have got exchange rates under pressure. That \$100 billion a day in the market has pushed up the price of money, which has attracted more overseas capital. Some of that exchange rate increase is directly at the door of the government, yet they wash their hands of it. They do not do anything about it. Some of the interest rate rises are a result of the government's spending, which continues.

We have got a Treasurer who is a dangerous lightweight. He is a wholly owned subsidiary of Treasury; he has not got an original thought. They say 'You jump' and he says 'How high?' On Friday I did my 76th boardroom since I got this job two years ago. I can report that the Treasurer is viewed with contempt in boardrooms across Australia. He is seen as out of his depth. He is seen as hapless and he is seen as anti business. No-one for a second believes he can sell your economic story because he has not got one. He is not up to it and he cannot fashion an economic program that is suited to the problems. The Treasurer has created a vulnerability in this economy, yet he has the gall to walk in here today and say Australia's economy walks tall—said with a sense of complacency born of ignorance. This is a Treasurer who, combined with the Prime Minister, has no vision, has no direction and cannot be trusted—

**The DEPUTY SPEAKER (Ms AE Burke):** The member will be careful with his terminology about members in this place.

**Mr ROBB:** Thank you, Madam Deputy Speaker. I thought I was being quite judicious.

**The DEPUTY SPEAKER:** I get to decide if you are being judicious and I do not think you are.

**Mr ROBB:** Yes, Madam Deputy Speaker, you can decide. The Prime Minister is a leader with no authority. She is a leader who is just consumed with looking after her job and not the jobs of thousands and thousands of Australians who are out of work now or are in jeopardy this year. With all of the nonsense decisions—the live cattle exports, the attack on private health insurance and the culture war that is now starting to be introduced into this parliament for the first time in about 20 years—this is an incompetent, ignorant, dysfunctional government and it needs to go. (*Time expired*)

**Mr HAYES (Fowler) (15:52):** I have to say, after seeing the MPI from the member for North Sydney, it is a little rich for the coalition to be having a debate about protecting the jobs of Australian workers. Just looking around the chamber, I see that there are not that many members here who were here under the Howard-Costello government. And there are probably not that many members here who, when they had the

opportunity to look after Australian workers, went and saw how that mob went about it. I actually was here. I did see the ravages of Work Choices and what it did to my local community. I did see people who were being paid the award minimum rates who, for the first time in the history of this country, could be paid below those minimum rates. I did see that mums and dads trying to make ends meet just could not withstand that sort of pressure. And, like the member for Goldstein, I also had the opportunity to go and visit boardrooms at that stage. I went and asked a board at a particular company—quite a large company that was operating in my electorate; and they had a number of their overseas representatives there—'Why are you doing this? The people out there are not wealthy; they are on minimum rates. The courts have decided these are the lowest rates you can pay them; why are you trying to get them to sign an individual contract for lower rates?' And their answer, in a very distinct American slur, was, 'It was your government'—referring to the federal parliament—that gave us permission to do it.'

So, in other words, if we want to make it okay to go out and slash and burn, and pay below the minimum rates of pay, that is on the head of this parliament. That is what the Howard government did when they had the opportunity to look after Australian workers. I saw the ravages of that, as it played out in my electorate. I saw the real contest that occurred out there. I saw workers going on strike, workers like Warren Small and people from Esselte. These people were paid absolute minimum wages, and they were out for nine weeks to try and bring attention to that. So don't come in here and lecture us about preserving Australian jobs, when you had all that opportunity—12 years—to do something and your crowning achievement of looking after Australian workers was Work Choices. And let's face it: everyone knows that, in the party room, they are under pressure to bring that back again. This is about having some 'incentives' in the Australian economy. I tell you what: it is not about looking after Australian jobs.

Another thing that was very interesting, when we go through the speeches from the other side, was the member for Goldstein waxing on about interest rates. I was also in this House when we counted seven interest rates rises in a row! I was here when we saw the tally just keep going up. I was one of those paying a mortgage and watching the impact on my mortgage. So to come in here and try and lecture people about the management of this economy! Well, they had their opportunity and, in the 12 years that they had it, the tally sheet did not come out in their favour.

But what really concerns me, and those who have sat through this debate, is to again be told about the 'wasteful spending', as they call it, on pink batts or school halls, and their attempts to demean the efforts that were made to protect the Australian economy from

the worst financial shocks in 60 years. Not once in this whole debate has the global financial crisis been referred to. Not once has Australia's position in coming out of that global financial crisis been referred to, nor the fact that the International Monetary Fund, with respect to our handling of the economy through those shocks, said that we were probably the best economy to emerge out of the global financial crisis and we handled the challenges better than most economies around the globe. That is not an accurate quote, but the international representatives of the International Monetary Fund certainly used words to that effect.

The fact is that Labor did invest in school halls. But what we also did was invest in science blocks, in language centres, in higher education, in school partnerships. We invested money not only in bricks and mortar and in building schools for today but in the development of skills for young people for their futures—all those things those opposite want to demean and just refer to under generic titles like 'school halls'. We are the ones who have doubled investment in education. In the 12 years that they were in power they took billions out of the education budget. It is something that we refer to continually because, what they decided to do was to take that away, strip all the money that they did not want to spend—and, sure, they had a \$22 billion surplus, but they did it by not spending on education, by cutting \$1 billion out of health and also by not spending on infrastructure development in this country. All of those things I have referred to are great criticisms of the former government, quite frankly. It is not just the balance sheet you need to look at here: look at interest rates, and at where they were when we took over; look at the issue of jobs, where at least we have returned fairness and decency in the workplace.

And they have the gall to mention small business. Only recently, with much fight, we were successful in establishing the mining tax. Don't forget: one of the aspects to the mining tax, apart from it being the leverage for increasing the superannuation of Australian workers from nine to 12 per cent, is reducing company tax on small business down to 28 per cent. Those people over there voted against that. They are committed to actually increasing the tax on small business. That is what they want to do—they want to make sure that Gina Rinehart, Twiggy Forrest and their other mates at the top end of the pole in the mining sector get a tax reduction and do not pay their fair share of tax. We actually want to ensure that the benefits of Australia's booming resource sector is felt throughout our economy—not just by a few but by all. I mentioned the global financial crisis, but one of the things that has certainly impacted more recently is the Australian car industry. In Fowler I do not have a car industry but I do know the strategic importance of maintaining a car industry. I know that there are

probably only 12 countries in the world that have the strategic capacity to manufacture a motor vehicle. If you lose that, it is not just the fact that you may not be selling motor vehicles or exporting motor vehicles but the fact that you will not have the skill sets—and for all those other trades that are not simply for the manufacturing but for the componentry. All those matters come together and are symptomatic of our being in a highly skilled economy.

We are one of the lucky countries. There are about 12 countries, as I say, around the globe that can manufacture a motor vehicle. We are one of them. We have those skill sets. We need to ensure that we retain them. One thing I am absolutely convinced of is that if we lose motor vehicle manufacturing in this country we will never, ever get it back. You cannot re-establish it. It will be just taken over. If we lose those skill sets we will never get them back.

What has been the response? As I said, I am a person who does not have motor vehicle manufacturing in my electorate or my state, but I know the importance of it. I would have thought that so would the opposition. Many of them actually come from a state that has motor vehicle manufacturing. And they are going to cut by half the investment in the motor vehicle industries.

Motor vehicle industries around the globe operate in only two ways. Either they are subsidised or alternatively they are restricted, highly protected by tariffs. We are trying to provide the incentive to develop those skill sets, maintain this industry and keep it viable. It is a good export industry for us and it showcases our skills and shows that we can do these things. The downstream aspects of motor vehicle manufacturing, the componentry and everything that goes with that, are such that people are not just supplying the motor vehicle industry; they are supplying elsewhere into our manufacture based economy. Those people too would be in jeopardy. But the opposition are just walking away from it.

They are not walking away because they do not believe it. They are walking away from this because there is a \$70 billion black hole that the member for North Sydney has said they have to fill now, because of where they need to cut and slash to make their budgetary aspirations. This is just taking too much of a chance.

This government does have a track record when confronting a crisis. It showed it in respect of the global financial crisis. It can be trusted to invest wisely in developing jobs. It has shown it in protecting Australian jobs with the amendments to Fair Work Australia. This is in direct contrast to what those opposite did when they had the opportunity during 12 long years of the Howard government. (*Time expired*)

**Mr McCORMACK** (Riverina) (16:02): There is an urgent need for the government to protect the jobs of Australian workers. Workers and the families they support across the nation are hurting. They are hurting because Labor does not grasp the everyday reality of just how hard it is for long-suffering families to make ends meet. They are hurting because Labor is persisting with its plan to impose an economy-wide carbon tax, the biggest in the world, which will push prices up across the board, especially for the everyday essentials: electricity, groceries and petrol. They are hurting because they know that, more than likely, they have to put up with a government beholden to the Greens and their radical, unrepresentative ideals until possibly later next year when the next election is due. An election cannot come soon enough. We know it. The Australian people know it.

Labor cares more about political spin and retaining power at any cost than it does about the things which matter most to the man and woman on the street. That is palpably obvious to anyone with only the remotest interest in politics. Workers and families have every reason to be scornful of a Prime Minister who dismisses job losses such as those already announced this year from the Australia and New Zealand Banking Group Ltd, BHP, Don Smallgoods, Holden, the Macquarie Group, Manildra, Norsk Hydro, the Royal Bank of Scotland, Reckitt Benckiser, Thales, Tomago Aluminium, Toyota and Westpac and threats to 600 Alcoa workers as 'growing pains'. The best thing the government can do to protect Australian jobs is scrap the carbon tax.

More than 4,000 Australian jobs have been lost already this year, and it is only the third week of February. Four thousand jobs are gone, and it is only the third week of the second month of the year. What a disgrace. And what is the Prime Minister's response? 'Growing pains.' Other popular terms trotted out by the Gillard apparatchiks for the fact that they have bled the nation's coffers dry and are destroying confidence and ruining prosperity are 'transitioning', 'structural readjustment' and, as we heard from the Prime Minister in question time today, 'days of change', 'days of pressure'. This is 'moving forward' the Labor way, which is code for one step forward and three steps back.

Families have every reason to be angry about a Prime Minister whose office engages in dirty tricks such as the Australia Day affair, when what the Australian public so desperately needs is leadership—real leadership. It is a matter of trust. At the moment and for most of the four years since Labor took over, certainly for the entire time the current Prime Minister has been in the role, that is the major thing where the government has failed dismally: building trust.

The government harps on about the coalition opposing its policies, about being negative. It is, I must say, difficult to be positive about a government which wastes taxpayers' money like there is no tomorrow, which continues to borrow money like it does not have to pay it back, ever, and which puts a higher priority on the 24-hour media cycle than it does on providing meaningful and lasting assistance to workers worried about job security—to struggling families.

It is not the opposition's job to give carte blanche approval to a reckless and frivolous government which has no grasp of the meaning of the terms 'budget surplus' and 'fiscal responsibility'. The coalition's role is to hold the government to account, to ensure, as much as possible, that taxpayers' dollars are being prudently, responsibly and wisely spent and to show the public that we are a worthy alternative administration if and when we are given the opportunity—hopefully soon.

We are fulfilling those objectives, admirably and competently. Mums and dads know we care about what is important to them: the cost of living, being able to afford to give their children a good education and a decent holiday, affordable interest rates to enable them to pay off their home, and job security. Workers know we are committed to ensuring they have a future.

Small business, the engine room of the Australian economy and invariably family owned and operated, knows that the coalition has policies to provide welcome relief from the high-taxing, high-compliance, red-tape-enforcing rabble opposite. That is because we understand farms. We understand small business. Many of those on our side have run them successfully. We know what it takes to make the books balance and to work hard to keep the doors open, the paddocks cropped and the workers employed. We have the acumen, daring, entrepreneurship and vision to make things happen, to profit and to produce, which is in direct contrast to those opposite, many of whom are ex-union hacks who worked their way up through the party system.

Getting your hands dirty in Australia used to be about rolling up your sleeves and producing something. It was about using a bit of elbow grease and sweat, not making phone calls on Australia Day to cause a commotion to gain cheap political points. Robert Menzies talked of the forgotten families. 'Black Jack' McEwen felt that nothing was more important to Australians than jobs. Let us start to do things the Menzies way and the McEwen way, not the Sussex Street way.

When Julia Gillard gained the top job by knifing a first-term Prime Minister in the back she said Labor had lost its way. However, as Janet Albrechtsen wrote in the *Australian* just last Wednesday:

The Rudd government didn't lose its way. The Labor Party lost its way, and well before Rudd became leader.

She continued:

Choosing Rudd as leader was a symptom of a deeper existential problem: the party that started out in 1891 imbued with working class values now attracts votes from urban elites who think they understand the working class because they drank VB or Tooheys at university.

Kevin Rudd might have lost the way but, as the Nationals leader has said many times in the past, if that is so then Julia Gillard lost the map—in fact, she has lost the atlas.

Workers know how important it is to live within their means: you cannot spend more than you earn. It is a shame the government cannot adopt the same thinking. All the while, families are bearing the brunt. In my Riverina electorate there is so much despair and uncertainty among families in irrigation communities while Labor makes a mess of the Murray-Darling Basin process. Investment is on hold, real estate prices have fallen, businesses are not hiring staff, those with a job are rightly concerned and farmers, who just want to be able to do what they do best by growing food to feed this nation, do not know if they will have water in the future. Water security equals jobs in regional Australia. Water security equals food availability. Water means life. It means everything.

Farmers are among this nation's hardest workers. They are among this nation's most unrecognised. Indeed, in this the Australian Year of the Farmer it is interesting to reflect on just how many times our Prime Minister has mentioned farmers in this the 43rd Parliament. She has talked about carbon farming, wind farms, farms damaged by the Queensland floods and even Pat Farmer, the former Liberal member for Macarthur and indefatigable Pole-to-Pole marathon runner. But how many times has the Prime Minister praised farmers and the fantastic job they do in the national interest despite the vagaries of the weather, the volatility of markets, the high Australian dollar and the requirement for them to put in more and more hours for less and less return? Not once. That is because the Prime Minister and Labor neither know nor, worse, care about farmers.

The fact that not one Labor cabinet minister lives in regional Australia is no excuse for the government to show such contempt and complete disregard for our hardworking farmers, who are the best in the world. Workers and families throughout regional Australia and, indeed, in the western suburbs of Sydney, Melbourne and Brisbane, many of whom are the working poor, are doing it tough, and federal Labor has not helped, is not helping and will not help these good, fair dinkum, true blue Australians with its Greens tinged policies and its unnecessary, unwanted and undemocratic carbon tax.

This is the worst possible time to be hitting the Australian economy, our workers, our farmers and our families with the world's biggest carbon tax. With Europe in financial meltdown, uncertainty in the United States of America and our own debt and deficit levels far greater than they ought to be, now is not the time to be imposing an economy-wide carbon tax which will cost many Australians their jobs. It will not decrease the sea levels and it will not decrease the temperature.

Every day newspapers report more job losses. A thousand domestic jobs will go from ANZ Bank, about four per cent of its local workforce. Banking is one of the most profitable sectors at present, so if it is shedding jobs at that rate you just know a carbon tax from 1 July is not appropriate. While the big companies, which Labor would probably label as 'big polluters', are cutting staff, small businesses across the country, especially in regional areas, are laying off workers—one here, two there. These cuts do not make front page news in the *Australian* or the *Sydney Morning Herald*, but they all add up.

In reference to the economic debate, the Prime Minister said during the first question time for 2012, 'Bring it on.' Yes, bring it on—the economic debate as well as an election—and sooner rather than later, for the sake of Australian workers and families, for the sake of Australian jobs.

**Mr CHEESEMAN** (Corangamite) (16:12): It is with some pleasure that I rise today to address this matter of public importance proposed by the Leader of the Opposition. I must say upfront that Tony Abbott and his economic team should stop trashing the Australian economy. They are trashing the Australian economy in every forum that they can. The reality is that we have a strong plan and a strong vision for the Australian economy. It is an economy that produces high-paying, high-skilled jobs. Tony Abbott and his economic team are trashing the Australian economy at every chance that they get.

Let us have a look at the record. Let us introduce some facts into this debate. The reality is that when we came to office in 2007 Australia and the world economy faced a depression set of circumstances. The Australian economy was at risk of going into recession, following Europe and the United States. Australia, the Australian government and the Australian Labor Party stepped up with an economic stimulus plan to protect jobs and the Australian economy. And guess what the Liberal Party did. They said no. Guess what Tony Abbott did. He could not even be bothered to go along and vote—he was too busy sleeping. That is how much he cares about the Australian economy. We care about jobs, we have a plan for this nation and we are taking steps to build a modern Australia. Let us go further than that. How many jobs are economists saying were

protected or created as a consequence of our stimulus plan?

Seven hundred thousand jobs were created, and Tony Abbott was asleep at the wheel. The reality is that the Australian community is sick and tired of Tony Abbott and his financial goon squad standing over the Australian economy. We are building a nation. We are out there articulating a jobs plan, a plan to create opportunity for every Australian.

Let's go to the next opportunity for us to contrast what we are doing and what the opposition are doing. We are putting in place a modern national broadband network. This network will create opportunity for Australians. It will create opportunity for small businesses right throughout the economy. Guess what they stand for? They stand for saying 'no' to having a modern high-speed broadband network. They stand for denying rural and regional Australians the same internet speed as city folk. Again, it is trashing the opportunity for us to grow our economy.

Let's now go to manufacturing. There has been a lot of debate about manufacturing in more recent times. The Australian government has put in place a \$5.4 billion new car plan to help support car manufacturing in this nation. A little earlier a member indicated that we are one of 12 countries that can produce motor vehicles from design right through to manufacture. Guess what their contribution to this debate is? It is to cut \$500 million today from the new car plan, putting at risk an important sector of this economy. But they actually go further than that. They have indicated very clearly through statement after statement that in 2015 all support for the Australian motor vehicle industry will cease, if Tony Abbott is elected as Prime Minister. That will directly put at risk 200,000 jobs in the motor vehicle industry. It will put at risk 2,000 jobs in the Geelong economy and community. Again they have no plan to develop and grow our economy. The car industry is far more important to this country than almost any other sector because it is one of those catalyst industries that provide skills right throughout the economy. The Labor government believes in manufacturing motor vehicles. What do they stand for? Tony Abbott stands for no car industry in this country.

On top of that, some \$400 billion in private sector investment is coming through the mining boom. This is creating opportunities for Australians—for small to medium manufacturers to participate in that investment and create opportunities. But there is a bit of a downside on this, and that is the structural adjustment we see happening to the Australian economy as a consequence. In the last two weeks Alcoa, an aluminium smelter, has indicated that because of the very high Australian dollar and a very low metal price on the London exchange their smelter at Point Henry needs to be reviewed. I can tell you right now that

workers at Alcoa have a very sophisticated understanding of their industry. They are disgusted at the attempt by the Liberal Party to blame it on the Clean Energy package. It is wrong. The workers say it is wrong, the unions say it is wrong and, importantly, the company says it is wrong. They have said it at the highest level possible in Australia: through Alan Cransberg, the CEO of Alcoa in Australia.

The Australian community has become disgusted with the opposition and the approach they have taken to our economy. We have a plan to create jobs. We have a plan to give working families the opportunity to grow their incomes. Those on the other side do not stand for that at all. They stand for privilege. They stand for denying workers the same opportunities they might have experienced. We have a strong plan to support manufacturing, to support high-speed broadband and, importantly, to give people the opportunity to participate in the economy.

The efforts of Joe Hockey and Andrew Robb, as the financial spokesmen of the Liberal Party, are shameful. Tony Abbott does not stand for a strong Australian economy as we do. We are investing and giving people the opportunity to invest. But we do have some challenges and we are working with industry and with workers to address those challenges, which are coming from the high Australian dollar. We know the challenges and we are working with industry to address them.

The Liberal Party have embarrassed themselves in the past few weeks. We have a plan to grow jobs and create opportunities in Australia. High-skilled, high-wage jobs are what we stand for and we are proud of it. It is the Labor way.

**The DEPUTY SPEAKER (Ms AE Burke):** Order! The discussion is now concluded.

## COMMITTEES

### Public Works Committee

#### Report

**Ms SAFFIN** (Page) (16:21): On behalf of the Parliamentary Standing Committee on Public Works, I present the committee's report entitled *Report 1 of 2012: referrals made September to October 2011*.

In accordance with standing order 39(f) the report was made a parliamentary paper.

**Ms SAFFIN:** by leave—This report deals with four inquiries, with a total estimated cost of \$617.5 million. In each case, the committee recommends the House of Representatives agree to the works proceeding. I shall now outline our reasons for this.

The new works include construction of a new Australian embassy complex including chancery and head of mission residence in Bangkok, Thailand; the redevelopment of HMAS *Albatross* at Nowra, New

South Wales; the redevelopment of RAAF East Sale in Victoria; and the Defence LAND 17 artillery infrastructure project.

Let me first deal with the new embassy plan in Bangkok. A new embassy complex is required to provide more secure and appropriate accommodation for our ambassador, and for the Department of Foreign Affairs and Trade and nine other Australian government agencies. The new complex will be an efficient and effective modern office environment, and, importantly, the complex will act as a hub for other Australian missions in the region.

However, the committee was told that the driving need for this construction project was to meet security considerations not able to be met adequately in the current facility. Evidence tendered supports this. Our existing embassy, unfortunately, cannot meet the enhanced standards that have been applied since the Jakarta embassy bombing in 2004. The new construction will meet all security requirements.

With Bangkok's history of floods, and with the 2011 Bangkok floods at the forefront of the committee members' minds during the inquiry, we were concerned to ensure that the Department of Foreign Affairs and Trade had appropriately assessed and mitigated the risk of flood. The committee noted the department's plans to undertake a comprehensive geological survey to confirm subsoil conditions once the Commonwealth took possession of the proposed site; however, plans for a hydrological survey had not been made. The committee recommended that the Department of Foreign Affairs and Trade conduct a hydrological survey of the site as one part of a thorough review and investigation into the risk of flooding on the proposed site, and investigate further measures which may be undertaken to mitigate any risks.

The committee examined the redevelopment of two significant Australian Defence Force bases. The first redevelopment is at HMAS *Albatross* at Nowra, New South Wales. The purpose of the project is to upgrade facilities, infrastructure and engineering services to meet the base's projected operational needs and support capabilities over the next 30 years. The committee noted that the underground services have not had a base-wide upgrade since the base commenced operations in 1942.

Overall, the committee was impressed with the evidence provided by the Department of Defence regarding the proposed redevelopment of HMAS *Albatross*, especially considering the broad range of scope elements in the project. The committee was greatly assisted by the department's private briefing on the project, and by the supplementary submission to the inquiry, which addressed a number of outstanding queries.

Moving to the second defence base works, the committee examined the redevelopment of RAAF East Sale in Victoria. The purpose of this project is to improve the functionality and capability of the base by upgrading or replacing inadequate and non-compliant facilities, infrastructure and engineering services. The committee was told that the majority of base engineering services are at the end of their design life, are at capacity, have no redundancy and are in a very poor state.

The committee heard evidence regarding the opportunity for local engagement in construction works for the base redevelopment—a matter the committee pursued as well—and how the Department of Defence and community groups in the Sale region were attempting to maximise local employment while ensuring that local subcontractors were treated equitably.

The committee recognises that the relationship with the base and the Sale community has been mutually beneficial. The committee noted the overwhelming view that the proposed redevelopment will foster a number of economic and social benefits for the Sale community and surrounding region. I note the honourable member for Gippsland is here, and he was present and gave evidence at the inquiry when the committee was there.

The fourth inquiry for this report examined the Department of Defence's LAND 17 infrastructure project, which forms part of the force's new artillery capability. This project aims to provide new and upgraded facilities to support the introduction of new M777-A2 lightweight towed guns into the Australian Defence Force. They are big guns!

**Dr Emerson:** Is that official?

**Ms SAFFIN:** It is official: they are big guns! I saw them. The committee queried the Department of Defence on the possible implications on the value of LAND 17 phase 1A to the Australian Army if LAND 17 phase 1B and 1C were not approved by the government. The Department of Defence stated that phase 1A does deliver a capability outcome with the delivery of the new guns and operating systems. The committee is satisfied that the value of the works would not be diminished should phases 1B and/or phase 1C not be approved to proceed.

There are some substantial works being undertaken at Gallipoli Barracks in Queensland, including the Enhanced Land Force Stage 2 project approved by the previous Public Works Committee, and now the LAND 17 project. These considerable works, with hundreds of associated construction staff, have contributed to traffic congestion in the local area.

It is clear that it is not Defence's role alone to resolve the issues relating to traffic in the vicinity of Gallipoli Barracks. The committee understands that the

Queensland Department of Transport and Main Roads is the agency primarily responsible for developing a resolution to the issue of traffic congestion. However, the committee is of the view that Defence should take a leading role and drive the negotiations to resolve the traffic concerns around Gallipoli Barracks at the earliest possible opportunity, noting the impact of these issues on the success of construction at the barracks and the importance of maintaining positive relationships with the local community surrounding the barracks. I would like to thank members and senators for their work in relation to these inquiries. They are substantial inquiries and the Public Works Committee conducts a lot of them. In particular, I would like to thank Senator Sue Boyce, who joined the committee in September 2011. I would also like to commend my deputy, the honourable member for Mallee, who provides me and the committee with great support and who makes a wonderful contribution. I also thank the secretariat for the work they do and for the knowledge and skill that they apply. I commend the report to the House.

**Mr CHESTER (Gippsland) (16:30):** by leave—I appreciate being given leave to speak. I would like to briefly welcome today's announcement and the report from the Public Works Committee, because it does cement the role of the East Sale RAAF Base as a key strategic defence asset. In doing so I would like to pass on my regards to the Chair of the Public Works Committee, the member for Page, and to all committee members for taking the time to come to Sale and hear evidence, which I think was very strong and very supportive. It was very important that the community had the opportunity to see the parliament at work. It was a great thing that the Public Works Committee did come to Sale and listen to the local community; it was a very worthwhile process.

It is hard to stress enough how important this project is to the future of Gippsland. The East Sale RAAF Base has a long history in the Gippsland region and has a very strong relationship with the local community. As I told the hearing in Sale, it is a mutually beneficial relationship. I think the Defence Force has done well through its association with the Sale and the broader Gippsland community. Also, Sale businesses have benefited from the relationship and stand ready to benefit again into the future.

It is critical that as this program is rolled out at East Sale there are opportunities for local businesses to share in the works program. That is something that was made very apparent during the evidence that was given to the Public Works Committee. There is a great deal of enthusiasm throughout the community to make sure that, wherever possible, local contractors do have the opportunity to at least tender for works. Again, in the longer term I think it is mutually beneficial for the Defence Force to make sure that the surrounding

community has the capacity to deliver important services to make the base a success into the future.

It is certainly a good news day for the broader Gippsland community. I do thank the committee for its work. I assure the people of Gippsland I will continue to work with local, state and federal governments to promote the East Sale facility as an ideal location for further developments.

Debate adjourned

## BILLS

### Tax Laws Amendment (2011 Measures No. 9)

#### Bill 2011

#### Report from Committee

Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy of the bill presented.

Bill agreed to.

#### Third Reading

**Dr EMERSON** (Rankin—Minister for Trade) (16:33): by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

### Fairer Private Health Insurance Incentives Bill 2011

#### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011

#### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

**Mrs ANDREWS** (McPherson) (16:34): Before the debate on the private health insurance legislation was interrupted, I was speaking about Labor's inconsistencies in its policy commitments and how we on this side of the House have stayed committed to our opposition to changes to the private health insurance rebate. I will support the right of the people in McPherson to choose private health insurance and I will continue to encourage those who currently do not have insurance to take out private health insurance cover.

I will represent the interests of the people in my electorate and fight to ensure they have a choice to cover their health needs with private health insurance should they so wish. This will help ensure our public health system does not continue to buckle under increasing pressures.

This government is out of touch and out of its depth and these proposed changes should not be allowed to pass.

**Mrs BRONWYN BISHOP** (Mackellar) (16:35): In rising to address the private health insurance legislation, I think it is important to look at the context in which the government is trying to reimpose a tax obligation upon people who have taken out private health insurance. It is important to have an understanding of the way private health insurance works in order to understand just how unfair this government's move to penalise people who have taken out private health insurance is—and that means all people.

Firstly, we have a universal healthcare system called Medicare. It is universal. It has no means testing. It is simply available to all. Medicare cannot function at all unless it has a strong private health component. That means that it needs a large number of Australians to be covered by private health insurance and to use the private hospital system with that insurance in order for pressure to be taken off the public system and for the public system to have a chance of serving the needs of those who do not carry private health insurance.

Private health insurance itself is not truly insurance in that it does not take into account risk factors. It is community rated, which means that everybody pays the same premium, irrespective of their state of health, their age or other things that may be relevant to risk insurance. Community rating works because those people who take out private health insurance whilst they are young do not use it as much as those people who take it out when they are older and who use it more as they age. When the younger cohort ages it is replaced by a new younger cohort and so on, so that the system works. When you start to impose distortions on the system, those so-called healthier people who are non-users of the system drop-out, which means that the system becomes less workable to the extent that the burden is being borne by the fewer number of those contributing and while those who remain in the fund are those who utilise it more.

When we took office in 1996 the coalition realised that Labor had so downgraded private health insurance, particularly former health minister Carmen Lawrence who refused to take it out herself and who relied on self-insuring and on the tax deduction she could get, and had so badly treated private health insurance that the percentage of people covered by it was plummeting. It was worked out that if less than 22 per cent of the population was covered it would collapse. We in the coalition knew that we had to increase the number of people being covered by private health insurance. Therefore, it was necessary to make it more attractive. There are two ways of doing that: either by tax deductibility or by offering a tax rebate. It is a

taxation measure. The coalition government decided that it would provide a rebate of 30 per cent for premiums paid to enter private health insurance. The rebate increased when people reach the ages of 60 and 75 to make it more attractive and more affordable for those people to remain in private health insurance.

There are now 10.3 million people covered by private health insurance, and last year forty per cent of operations and 2.5 million procedures were carried out in private hospitals. It is an important—indeed, vital—service for certain country areas. If members look at the statistics they will see that a member in a metropolitan area is likely to have 60 per cent of their electorate covered by private health insurance, that in a regional area there is more likely to be around 40 to 45 per cent coverage and that in a truly rural area there will be about 35 per cent coverage. It is private health insurance that enables regional and rural areas to have a private hospital, which then attracts specialists to their areas. If patronage drops off and the private hospital disappears, so do the specialists in those areas. That is what is likely to happen with this pernicious legislation.

When asked about the rebate before the 2007 election, the promise was made that 'not one bit, not one iota' would Labor touch the Private Health Insurance Rebate. Yet one of the very first things it did in an early budget was to put in an item to impose means testing. That was defeated because there were Independents in the Senate who saw how unfair, pernicious and bad the policy was. The government tried it again, and once again it was defeated by the same Independents in the Senate. Now this legislation is back before the House. It remains the same pernicious, unfair and bad policy that it always was.

Several people have done some serious research into the impact of this legislation. Booz and Co. published a report dated 9 February 2012 in which it challenges Treasury's figures. The Minister for Health and Ageing, Ms Plibersek, has said that if this means testing comes in—this pernicious move—the government will save \$100 billion over the next 40 years. Booz and Co. has taken a good look at just where the rebate fits into the total cost of providing health care. It highlights that the rebate has remained at a constant 3.5 per cent of total public and private health expenditure over the last decade and that that is a small component of the healthcare spend. It has increased by only 0.2 per cent over the last 10 years. Booz and Co. said that nobody should rely on the government's modelling and that there are not the savings to be found in this measure that the government claims. None of that would surprise us, because some of the modelling that Treasury does these days shows that it is a highly politicised department.

Deloitte did some very serious work on it last year. It found that consumers who withdraw from private health insurance are less likely to have claimed healthcare benefits than those people who stay in. It says that over five years 1.6 million consumers will withdraw from private hospital cover and 4.3 million will downgrade. Downgrading is very important. Because the surcharge that is applied to the Medicare levy is to be increased, downgrading will become an important option. It means that less will be paid by people who are not users of the system at the present time rather than by users who are. Again, you get this distortion. As I said, this is a tax issue. It is a tax rebate that is received by people who can elect to notify their healthcare provider and the tax office that they wish the 30 per cent to be deducted at the front end, rather than waiting for it to be refunded when they submit their tax return. There may be people, I suppose, who have paid in advance, who may be asked to make a refund of their rebate; but that remains to be seen. Deloitte also point out that by 2016 premiums will be at least 10 per cent higher than they would have been from any normal increase in premiums over that period. So whatever the normal premium increases will be, there will be a 10 per cent impost on top of that.

ANOP did some very good research last year as well. They found that the importance of the rebate is tremendously well known to people. Something like 95 per cent of all people are aware of it and of their entitlements and a lower figure—somewhere around the low 60s—are aware of the penalty that is payable by way of the Medicare surcharge if they do not take out private health insurance when they are obliged to do so. So it is a very important issue. ANOP found that 13 per cent of people would drop hospital cover entirely and an additional 33 per cent would downgrade. So when we are discussing the impact of this legislation, we are in fact pointing out that we are going to penalise those people who can least afford it.

Minister Plibersek is pretty rich. There are a couple of good salaries coming into that family. She will not feel it. If she chooses to drop private health insurance, it will not matter much to her. But if she is in it and she is one who drops out, that will impact all the way down the chain. The fewer people paying premiums, the more premiums will rise. This will impact people on fixed incomes, which certainly includes Australian seniors. It includes pensioners. It includes superannuants. It includes part-superannuants and part-pensioners. It also includes people who value their private health insurance and who have an awareness of just how much they can afford to spend—which was another finding of ANOP. So when I call this legislation pernicious, I mean it. It is going to penalise the people who value private health insurance the most and who are very aware of how much they can afford. They are going to be pushed into a situation where they

will be forced to withdraw from private health insurance and have to rely on the public sector.

The research has shown that between now and 2016 something like 845,000 new bed days will have to be found at a cost of \$3.8 billion. As the state governments are responsible for the hospitals and provide over 50 per cent of the funding, they will bear the greatest burden of having to provide that funding—and that means infrastructure as well.

At every count, it is legislation which is ideologically driven. The Greens, the alliance partners of the Labor Party, certainly want to see private health insurance abolished. The Labor Party itself has a track history of wishing to see private health insurance downgraded, if not abolished. So we see an attack on and a misleading of the Australian people once again—on so many issues that it has become the Labor Party's natural way—that will see people who value their private health insurance penalised and greater stresses put on the public sector.

Mr Oakeshott, who once voted against this legislation and once voted for it, has more people over the age of 60 in his electorate than in any other electorate in the country: 29.1 per cent of his electorate is over the age of 60. These people need his support. They do not need him to penalise them. The Port Macquarie Private Hospital had 200 demonstrators outside it saying: 'Save our hospital. We need high private health insurance numbers to maintain the hospital and specialist care to that community.' If he will not listen to the sorts of arguments that we in the coalition are putting forward then perhaps he will listen to his own electors. They do not want this legislation passed. They want private health insurance to remain universal in character.

I repeat my opening remarks: Medicare is universal in nature. It needs the universality of the private sector in order for it to survive. They are mutually bound to one another. To attack the private sector is to attack the public sector, because it will put the waiting lists way out for people who are using the public sector. This legislation will be for no good purpose except to try and meet the government's ideological aims, which is to see the end of private health insurance.

**Mr NEVILLE** (Hinkler—The Nationals Deputy Whip) (16:50): As someone who supports a sustainable, balanced and functional private health insurance regime, it will come as no surprise to honourable members that I oppose the Fairer Private Health Insurance Incentives Bill 2011 and related bills.

Time after time, the government has tried to get these bills through the parliament and it has been thwarted on each occasion. There is one resounding reason why these dogs of bills should not pass, and that is that it will jeopardise the health of Australians by

weakening the private health sector and ramping up the pressure on the public system.

These amendment bills will proportionately lower the private health insurance rebate for those on higher income tiers and increase the Medicare levy surcharge for those on higher incomes who do not hold private health insurance. In effect, the amendments are attacking the viability of the private health insurance sector by making it a far more expensive option for the ordinary Australian and his family. The amendments will place further stress and strain on our public health system by driving people from the private health sector to the public sector. They will take choice away from citizens—and I have always believed that choice is paramount in this matter—and this will be to the detriment of Australia's health profile overall.

This is not the first time that the government has tried to phase out the 30 per cent private health insurance rebate or jack up the Medicare levy surcharge. As I said, this is the third time that the parliament has considered this legislation, despite the former health minister, at the 2007 election, making the explicit promise:

Federal Labor has made it crystal clear—  
note 'crystal clear'—

that we are committed to retaining all existing private health insurance rebates.

That was a media release on 26 September 2007. There are 10.2 million people, or more than 45 per cent of Australians, who have private health insurance. Around 2.4 million of these will be directly impacted by the proposed changes because they will see their premiums increase overnight due to the government's plan to bring three new index tiers into line as the assessable measures for health insurance. For singles, the proposed tier 1 is over \$70,000, the proposed tier 2 is over \$90,000 and proposed tier 3 is over \$120,000. People earning over those amounts will see the amount of their rebate reduced. These people will face immediate increases in premiums of 24, 29 and 34 per cent respectively. For families the bill proposes that each of these thresholds be doubled and in the case of each additional dependant the income tier threshold would increase by \$1,500 for each dependant.

The former health minister tried to dismiss the impact of the changes by saying that only 27,000 people were expected to drop their private health insurance cover because of these increased premiums. This is complete poppycock. When families and older Australians in particular are already struggling to cope with the cost of living they will obviously be forced to reconsider staying in private health insurance; if they do not, they are going to cop double-digit increases in their premiums. The government's rubbery figures have been exposed by its own private health insurer, Medibank Private, which predicted that at least 37,000

of its members would drop their cover entirely and 92,500 would downgrade their cover. A further analysis by Deloitte shows that in the first year alone following the proposed changes 175,000 Australians are expected to withdraw and a further 583,000 people to downgrade their coverage.

But, more frighteningly, the Deloitte study found that the situation would worsen over time and within a five-year time frame following these proposed changes 4.3 million people would downgrade their coverage and up to 1.6 million people would drop out entirely. That is out of the current total of 10.2 million. That is a significant impact by any standards. It means that 1.6 million people over five years will rely on the public system to cope, and we know what the public system is like right now. In Hervey Bay in my electorate the hospital operates with an occupancy of over 100 because people come in and out on the same day and use beds on the same day. What happens sometimes is that you have three or four—and I have heard that on one occasion there were five—ambulances lined up with the stretchers and the ambulances being used as temporary accommodation until the people can be taken into the hospital. This queuing of ambulances has simply got to stop. What chance have they got with another 1.6 million people coming into the system?

More than 40,000 adults living in my electorate have private health insurance, with almost 53,000 people, including children, covered by their policies. Hinkler is not a wealthy electorate. We have one of the largest over-65 demographic profiles in the country and we face challenges in terms of unemployment, with average household income amongst the lowest in Australia. That profile is quite common amongst Australian households with health insurance. There are 5.6 million Australians with health cover who earn less than \$50,000 a year and around one million of those have incomes of less than \$24,000. You might say: 'Why are you mentioning that? These people are not caught by this reduction in the rebate.' But, yes, they are. If we go back to Deloitte's findings we will see that they predict that there will be a 10 per cent increase in premiums. The reason for that is simple: as the 1.6 million people drop out, we are going to get to a situation where the pool will be smaller for private health insurance and therefore the premiums are going to have to rise. So everyone, not just the ones in the higher categories, will be caught up in this. Every single one of my constituents who holds private health insurance is trying to do the right thing by taking care of their own health needs, by spending their own money on health insurance. Just why this government wants to push them even further is beyond my comprehension.

This brings me to another point, and that is the blatant cost-shifting between the federal and state systems which will occur if these bills are passed. The

realities of life are that if you hit millions of Australians with increased premiums many of them will drop their insurance entirely, leaving, as I said before, the remaining policyholders with higher premiums. As I also said before, Deloitte has told us that this will increase premiums by as much as 10 per cent. In a double-whammy, those people who have left private health will turn to the public system, adding further to the pressures that exist there.

I want also to bring to your attention, Mr Deputy Speaker, another factor that is not talked about a lot. In country areas, larger provincial cities and some of the larger country towns, we have private hospitals. In my own case, in Bundaberg we have two private hospitals and Hervey Bay will shortly have two. When you have three hospitals in the town you have a much greater ability to attract specialists. The specialists come to those sorts of towns because they can do sessional terms at their public hospital and then can work perhaps at their surgeries at the private hospital or out in the community and operate at both the private hospitals. They find that very attractive, a good lifestyle, and they are not captive of the public system entirely. That brings specialists to the country. If you weaken the profile of the private hospitals in the country, you are not going to get those specialists and everyone will suffer—not just the people who have private health insurance, but everyone. Even those people in the public hospitals may miss out on having a sessional specialist available. So it is a very serious matter.

There is one hospital in the Wide Bay area—it is not in my electorate but it is close to my electorate—and I know that this cutback in private health insurance will affect that hospital dramatically. We just cannot afford to have that happen.

Last year, the Queensland AMA spoke out about a patient who had been refused access to a specialist at a Gold Coast public hospital. They condemned this 'new low in service provision by Queensland Health'. The AMAQ received a copy of a letter, from the hospital's executive director of medical services to the GP, advising that regrettably the waiting list was lengthy and that his or her patient would not be seen in a reasonable time frame. The letter said:

... we are therefore returning this referral to you and ask that you consider other options—

which, the letter said, could include—

... referral to a private practitioner or another appropriate hospital within the southern area.

That is the sort of thing which is likely to happen and happen on an even greater scale.

In a press release issued by the then president of the AMAQ, he said the letter was an admission of monumental failure by Queensland Health in meeting

the needs of patients forced to rely on the public system for their healthcare needs. He said:

Never before has a public patient been so abandoned by our health system.

If it is that bad now, what is it going to be like when there is a shift of up to 10 per cent from the private system to the public system? The impact of that is going to be quite dramatic. For all sorts of reasons, then, it is a frightening prospect that, of the 10.2 million people currently in private health insurance, 1.6 million might drop out over the next five years and another 4 million or 5 million might downgrade their coverage.

We have one of the best hospital systems in the world. As part of the last coalition government, I take some pride in the fact that we not only introduced the 30 per cent rebate but acted to assist older people—and there are lots of pensioners and lots of self-funded retirees on low incomes who rely very heavily on private health insurance. We introduced increased coverage of 35 per cent at 65 years of age and 40 per cent at age 70. In fact I urged John Howard to go to 45 per cent, but that was not possible.

It is a pity that, in the face of this marvellous increase in people looking after their own health care—going up as a percentage of the population from the low 30s to the mid 40s—this government, for base philosophical reasons, has just turned on private health insurance. I very much urge the Independents to support us on this. Some of those Independents represent cities like Armidale, Port Macquarie, Taree and Tamworth, and those are the sorts of cities I was talking about which need specialists. They need specialists to have effectively operating private hospitals. Without those private hospitals, and without those private hospitals having throughout of private patients, in many of those towns the number of specialists will reduce and the quality of health care will drop. For that reason alone we should be very careful about this whole matter.

As I said at the beginning, it should come as no surprise to the House that I oppose these bills. I know my colleagues in the coalition also oppose them and I urge those on the crossbenches who really care for regional Australia to do likewise.

**Mr ABBOTT** (Warringah—Leader of the Opposition) (17:04): I thank the House for this attention and I also thank my friend and colleague the member for Hinkler for getting this crowd together to listen to my remarks. I am determined to expose the flaws in the Fairer Private Health Insurance Incentives Bill 2011 and the associated bills. But I also foreshadow that, at the conclusion of this contribution, I will be moving an amendment that the legislation in question be laid on the table for the duration of this parliament.

I will be doing that because we do need an election. Minority government in this country is an experiment which has failed. Minority government has given us an administration which is incompetent and dishonest and it has given us a Prime Minister who is incompetent and untrustworthy.

This is a Prime Minister who is guilty of serial betrayals. She betrayed her former leader over the prime ministership, she betrayed the Australian people over the carbon tax, she betrayed the member for Denison over poker machine reform and now, in this legislation before the House, she is betraying the 12 million Australians with private health insurance. In particular, this Prime Minister is betraying the 2½ million Australians who will face massive increases in their private health insurance premium because of her broken promise.

Let us be very clear that the legislation before the chamber today is a betrayal. It is a betrayal of the clear commitments made up hill and down dale by members of the Labor Party. Before the 2007 election, the then Leader of the Labor Party, the member for Griffith, said:

... Federal Labor is committed to retaining the existing private health insurance rebates ...

No ifs, no buts, no qualifications—an absolutely categorical statement. The then shadow minister for health, now the Attorney-General, said again in writing before the 2007 election:

... We are committed to retaining all of the existing private health insurance rebates.

Again, no ifs, no buts, no qualifications, no fine print. That is what the shadow minister said. Finally, the words of the now Prime Minister, at the time the shadow minister for health:

People should have no concern that Labor will erode or abolish the 30 per cent rebate for private health insurance.

No 'concern'—mark this word—that Labor will erode the private health insurance rebate. What is a means test attacking 2½ million Australians if it is not a clear erosion of this rebate? It is an absolute betrayal by this Prime Minister of a solemn commitment that she has made. She said, 'I grow tired of saying this.' Poor, poor Julia Gillard! Poor, poor member for Lalor! She grew tired of saying it. I tell you what: I know why she grew tired of saying it. She knew it was false.

Time after time in this parliament before the 2007 election I would stand up and say, 'As sure as night follows day, if there is a change of government they will rip the guts out of private health insurance because Labor hates private health insurance.' Day after day, the now Prime Minister would stand up and come to the despatch box and say, 'Well, that was a lie.' Well, wrong. It was the truth, and the truth is that this Prime Minister never tells the truth. This Prime Minister is

always guilty of falsehoods, of bluster and of deception.

**The SPEAKER:** Order! The Leader of the Opposition has used—

**Mr ABBOTT:** Strong language, Mr Speaker, and I do not apologise for using strong language, but I will tone it down out of respect for you.

**The SPEAKER:** The leader has cast a reflection on the Prime Minister and he will withdraw it.

**Mr ABBOTT:** I withdraw out of respect for you, Mr Speaker, not out of respect for this Prime Minister.

**The SPEAKER:** No, the leader will withdraw unconditionally.

**Mr ABBOTT:** I withdraw unconditionally out of respect for you, but not out of respect for this Prime Minister. I grow tired of listening to the bluster and the blather and the deception from the Prime Minister.

**The SPEAKER:** Order! The leader will resume his seat.

**Mr Sidebottom:** Mr Speaker, on a point of order, you asked the Leader of the Opposition to withdraw without qualification. He did not. He continued to qualify and I ask him to withdraw without qualification.

**The SPEAKER:** The parliamentary secretary will resume his seat. Initially, he did not. I then drew his attention to the matter and he did. The leader has the call.

**Mr ABBOTT:** This is a Prime Minister who is incapable of honestly explaining her actions, a Prime Minister who is chronically incapable of giving truthful answers.

**The SPEAKER:** Order! The leader will withdraw that imputation and reflection.

**Mr ABBOTT:** I withdraw. The Prime Minister came into the parliament today and the day before and said, 'What I said before the 2007 election doesn't count because there was an election intervening.' Well, let me remind her, she tried to do this immediately after the 2007 election. It is not like she said, 'Oh, I have changed my mind and I am going to take it to the 2010 election.' She tried to break her commitment prior to the 2010 election, and what did the 2010 election give her? Did it give her a mandate? No, because it did not give her a victory.

This was an election that gave her no mandate for anything because this is a Prime Minister who was selected, not elected. This was a Prime Minister who had not won an election. This is a Prime Minister who has won a negotiation, and we all know how she did it. She did it by telling people what they wanted to hear and making commitments that she knew full well that she was never, ever going to be able to deliver.

Let's keep focusing on this because she came into this chamber yesterday and said, 'But there was the 2010 election.' I invite members of this parliament to carefully peruse Labor's health policy at the 2010 election and they will find not a single mention—not one—of Labor's determination to renew this attack on private health insurance. So this is a Prime Minister who has demonstrated again and again and again that she will say or do anything to save her own skin. She said no to the carbon tax to try to win an election and then she said yes to the carbon tax to stay in the Lodge.

*Mr Baldwin interjecting—*

**The SPEAKER:** Order! I do not need any assistance from the honourable member for Paterson. The parliamentary secretary has a point of order.

**Mr Sidebottom:** Mr Speaker, my point of order is on relevance to the question. He has not discussed this question as of his first sentence. Thereafter, it has been an attack on the person of the Prime Minister.

**The SPEAKER:** The parliamentary secretary will resume his seat immediately. The leader has the call.

**Mr ABBOTT:** She said yes to mandatory precommitment to stay in the Lodge and then she said no. The Prime Minister said no when she was threatened with a revolt by the New South Wales right. She goes on to *Four Corners* last night and she says, 'Look, I'm always prepared to answer questions,' and we have seen in this parliament day after day a total failure of the Prime Minister to answer questions. Now, we have the private health insurance rebate betrayal. It is no wonder that there is a leadership challenge brewing. Whose side are you on? I say to the parliamentary secretary: whose side are you on

**Mr Sidebottom:** Mr Speaker, I rise on a point of order. The Leader of the Opposition is reflecting on the chair and asking you questions directly. That is unparliamentary and I ask you to bring him back to the question.

**The SPEAKER:** While I do have, shall we say, broad shoulders, the leader has been here quite a long time and he knows he is supposed to direct his remarks through the chair. I did not take what he said personally but the leader will observe the standing orders.

**Mr ABBOTT:** Thank you, Mr Speaker. Mr Speaker, we know what side you are on and we know what side the member for Dobell is on and I know what side the parliamentary secretary is on—

**The SPEAKER:** Order! I believe I understood the leader to say that 'we know what side you are on', referring to me. As the occupant of the chair, I do not have a side so I would hope that the leader is not reflecting on the chair. I would counsel him against such a course of action.

**Mr ABBOTT:** I would never show disrespect for the chair. As members on this side of the parliament know well, the truth is that you cannot have a strong public health system without a strong private health system. The private health system of this country is necessary if the public health system is to flourish. The problem with the legislation before the House is that it will ultimately impact on every single person with private health insurance, to the damage of the private health system and to the detriment of the public health system. Under this legislation 2½ million Australians will face premium increases—of over \$1,000 a year in some cases.

The Deloitte study has estimated that about six million Australians will downgrade or abandon their private health insurance as a result of this means test. As better paid people, normally younger and fitter people, leave there will be a 10 per cent rise in premiums on top of everything else. This does not just affect the rich. There are 3½ million people with private health insurance who earn less than \$35,000 a year, and these are the people facing a 10 per cent rise in their premiums as a result of this measure. It is estimated by Deloitte that, as a result of this measure and people leaving private health insurance, 845,000 more procedures a year will be needed in the public hospital system—a system which is already under great pressure—at a cost of \$3.8 billion, which will have to be met by the states.

This chamber needs to be reminded that there will not be a single extra dollar for the public health system as a result of this legislation. The government are ripping \$2.4 billion out of the private system; they are not putting, as a result of this legislation, a single extra dollar into public hospitals. There will be no more dollars for public hospitals if this legislation passes than there will be if it fails—which is why members on the cross benches should, even at this late stage, reconsider their position. I know that members on the cross benches have been a little impressed by the claims of government ministers that we should not have poor people paying for the private health insurance rebates of rich people. Let me tell them about the logic there. We have poor people paying for the Medicare rebates of rich people. If it is right for this government to attack the universality of the private health insurance rebate, it would be right for this government to attack the universality of Medicare. By attacking the universality of private health, they call into question the universality of Medicare.

This is a very bad piece of legislation. This is a monumentally bad piece of legislation. It is bad policy based on a lie. I move:

That all words after “That” be omitted with a view to substituting the following words: “this bill, and the related bills, not be proceeded with until after the Parliament has met in the 44th Parliament.”

*(Time expired)*

**The SPEAKER:** Is the amendment seconded?

**Mr LAMING** (Bowman) (17:20): I second the amendment. This fairer private health insurance legislation is a direct attack on Australia—it is not just an attack on those who have PHI; it is an attack on the dual health system that Australia is so proud of. The Labor government perennially hate people who have private health, and now they are having their third attempt to make it even tougher to keep private health insurance. Families that have PHI at the moment—and the average person with PHI in this country earns around \$47,000—are within a few hundred dollars of Australians who do not hold private health insurance. That comes from an ATO one per cent sample that we have been able to analyse. The net income difference between those who hold insurance and those who do not is about \$12 a week. Those who have insurance actually pay out of their own pockets \$1,300 for their private health insurance, so we should never forget that these people make themselves poorer by paying today for the hospitals we need in the future. Older Australians who may be joining private health late in life need to know there will be services available when they need them.

We should never fool ourselves that any money ripped out of the private health system, or any money that is clawed out of this rebate, will ever trickle its way back to public hospitals run by the state governments. There is no better example of that than the stimulus package of 2008-09. I ask this chamber to remember how much of that money was spent on health care when it really mattered. We had a Prime Minister promising us that the buck stopped with him, but how much of the stimulus money was directed into health infrastructure? Not a cent of that money went into health infrastructure. So why should Australia believe today that any of these savings will trickle back to hospitals?

It is quite clear that the second great proposition put by this government is that millionaires do not need their PHI paid for by the rest of Australia. But, as was just articulately put, Australians at all levels pay for the Medicare rebates of people of all incomes, for the PBS services of all Australians, for the childcare rebates of all Australians and for Australians, rich or poor, to go to public schools. We do not charge high-income earners more to send their children to university. No, we are a nation proud of our universal health and education system. We are a nation that is proud that we do not attack people because of their income when they need to access social services.

If one truly hates high-income earners then attack them through the tax system. That is the way to beat down high-income earners—attack them through the tax system, if one wants to be that courageous. But, no,

we cannot do that. Instead, we are going to attack them through their access to the two great pillars of our social services that we are so proud of: health and education. We were once a proud nation that made health services available to everyone, but that will no longer be the case with this legislation.

Everyone can quote studies from all sorts of different sources about who will pull out and who will downgrade. But we know one thing: with elasticity of demand, when you make something more expensive people are more likely to pull out. We know when the cost of living is as high as it is today that that effect will be acute. I do not care which study is quoted, whether it is one by Deloitte, Booz & Co. or any other provider of this information, this is a government that downgrades. The Australian people aspire to upgrade, to save hard and pay for the future and pay for health care. This government are making it harder and harder to do that.

The figure around for the number of Australians who will be directly affected by these changes is 1.5 million. What would a rational actor do? They will sit around a table and, faced with skyrocketing costs of living, say, 'If we can downgrade just a little, we can actually get ourselves a 10 per cent saving and make up for the 10 per cent increase in our rebate.' That is utterly rational. Let me take that to the next level. What would families in rural and remote Australia do, where the value proposition for private health is probably the lowest because there are fewer private providers out there? They will say: 'Let's drop 10 per cent of our cover. Let's make an exclusion and save ourselves the 10 per cent that Julia Gillard is laying on to our cost of living.'

**The SPEAKER:** I think the member for Bowman is referring to the Prime Minister.

**Mr LAMING:** Mr Speaker, I am talking about the entire Labor government. I do not want to name every single member.

**The SPEAKER:** But when the member mentions Julia Gillard, he is aware that that is disorderly. He should refer to her by her position.

**Mr LAMING:** She is just as guilty as her entire government. The entire government is responsible.

**The SPEAKER:** Order! The member for Bowman is stretching the tolerance of the chair.

**Mr LAMING:** I am referring to the Prime Minister.

**The SPEAKER:** The member will also withdraw the imputation on the Prime Minister.

**Mr LAMING:** I withdraw the imputation on the Prime Minister. The value proposition of private health in regional Australia is most tenuous where there are fewer private providers. But, suddenly, when there are no private doctors, social workers, physiotherapists and

psychologists then of course we are undermining general practice in regional Australia. Eight million Australians live in regional Australia, and I know that is often forgotten by this government, and they rely on the private system to draw health practitioners out there. What happens when they pull back? The first thing that will happen is that they will not treat the public outpatients. There will be no VMOs. They will not do the after-hours on call. And we get appalling situations like in Gladstone, and the member for Flynn knows this, where that fine city is completely bypassed for weeks on end by surgical cover in the absence of a surgeon. As a result of decisions like this, the people of Gladstone will be faced with appalling transfers and expensive locum surgeons and no-one will want to stay in the bush and provide continuity of care, because the private delivery of services that support public hospitals has been undermined.

I do not need to explain how the private health system works to you, Mr Speaker, or to anyone else on this side of the chamber, but for those on the other side who always forget: never, ever airbrush away the fact that it is private providers who are called in to fix public hospital waiting lists when they blow out. When a private patient steps in to a public hospital, it is the health service that bills the private health insurer for profit. This is an entwined, dual health system. You cannot poke one side of the health system without a counterintuitive reaction on the other side of the health system. It is exquisitely balanced. It has been so for 15 years. It was the health minister before this one and the one before that who brought in the three pillars of lifetime health cover as well as community rating.

This 30 per cent health rebate has got us to a system where one in two Australians, not the rich and not the poor, can contemplate paying \$11 a week out of their pocket—after the \$4 discount from the 30 per cent rebate and on top of the \$80 a week we spend on the health care of every Australian—and pay for their own cover and take the burden off the public system. It is a very good investment. Never forget the contributions that have been made as a result of that 30 per cent rebate. For every \$4 discount that this federal government provides through the 30 per cent rebate, \$11 a week of a person's own money is poured into the system. That has built the infrastructure and without that it would not exist.

We do not have to go back very far to recall what it was like two decades ago under the last Labor mob, when private health insurance participation fell to 34 per cent and could not be rescued through the wit of the other side. They failed to understand the value of private cover and private health. The productivity report last year made it very clear that the cost per service in private hospitals and from independent providers is very competitive—and, to be honest, it is usually cheaper than getting it done publicly. I put the

proposition to you, Mr Speaker, because you live in an aspirational part of Australia where a large number of people are privately covered: what is the implication of those people downgrading their health care and taking exclusions for surgery—for example, assuming they will never get cancer or electing not to have allied health cover on their policies? What will happen is that they will turn up at a public facility and add themselves to the long waiting list. We know that the services delivered through the public system are slower and more expensive. Eventually, we will pay the tab for this \$700 million that they are trying to claw out of the health system today. We will never forget that the money clawed out today will be paid for in an exquisitely clever cost shift to the state systems which will have to fund locums to replace doctors who leave and public allied health services to replace the private ones. Ultimately, as people add themselves to waiting lists, we will have waiting lists for waiting lists where people will never get a service because they will either pass away or go private. Those are the only two ways to get off a public waiting list in a situation where services are not being delivered.

This is a very serious matter, a matter of life or death, and everyone here feels strongly about it. In contrast, on the other side the government are blinded by the potential for savings. And not because they are passionate about investing savings into the state hospital system. Oh no: that money will never make it there. This is about getting a surplus in the next budget. It is about saving the government's economic reputation and they are using health measures as a Treasury strategy, to find savings to get back into surplus. That is what it is all about. If there were any passion for health on the other side of the chamber, we would have seen it in their stimulus package, but alas, they proved, when the money was there, that they would not spend it on health.

When they inherited the health fund from the Howard government with millions of dollars in it, taken from bona fide surpluses, it was simply shifted across to be used for a completely different purpose but never invested wisely. At the end of this year, that health fund balance will be zero. That money will be gone. It will have disappeared with no plan for the future. The government have no plan for the future and no plan for those who are privately insured.

In conclusion, we have an exquisite dual system of public and private provision. We have doctors, allied health workers and nursing staff who work in both sectors. It is the health providers who work for Australians regardless of which service they choose. Privately insured people use the public system. When waiting lists get too long, public patients use the private system. The two are equal, they are balanced. At the moment they are serving one in two Australians. It is a model which should not be interfered with,

tampered with or molested. It should be left as it is. The 30 per cent rebate works exquisitely well and Australians of all incomes—we have talked about the proportion who earn less than \$35,000 a year—can rationally choose between taking private cover and sending their children to an independent school. It is that choice that the government have always been opposed to.

I have said the government are committed to downgrading the Australian people at just the time when Australians aspire to upgrade, to have options, to have choices. Those choices will be taken away by the Gillard Labor government.

**Mr JOHN COBB** (Calare) (17:33): The relentless attack on ordinary Australians by the Gillard government—and the previous Rudd government—has moved to health care once again this week with another broken promise. Labor's disastrous decision to reintroduce this legislation will have frightening consequences for the provision of health care right across Australia, none more so than in regional Australia, country Australia or the bush.

Our health is the one thing we value above all else. It does not matter how successful you are in life: your family's health and your health is the number one item. In the bush especially we do not have the same access to health care as our city counterparts. We know that and we accept it as fact of life. We know we have to look after ourselves because, should we get sick, there are a lot of hurdles to overcome before we even get to hospital. There are significant distances to travel, which is a physical thing we have to get over and a cost. We have fewer services and specialists to cater for our needs. What is more, by and large our regional hospitals are vastly under resourced, understaffed and underfunded. An example is in the Central West of New South Wales in the electorate of Calare—in fact everywhere in western New South Wales—where there is only one serious health facility west of the Blue Mountains and that is the new Orange Hospital. It has a lot of doctors and a lot of specialists and has to look after the western central region of New South Wales. And heaps of the little hospitals around it have closed in the last decade.

I guess we should not be surprised at the reintroduction, against their promise prior to the 2007 election—

**Mr Shorten:** Not the 2010 election.

**Mr JOHN COBB:** It is the same government. The government promised that they would not take this course. There are some things Labor governments hate, this one in particular. They hate private schools. They hate private health.

**Mr Shorten:** No they don't!

**Mr JOHN COBB:** They most certainly do and all their actions show it. They totally ignore that, through private schools and private health, taxpayers are saved an enormous amount, an amount taken on by individuals and organisations—schools, medical facilities, whatever they might be. People in the bush are already at a disadvantage. For our regional communities private health insurance is a godsend. I have already said that there is a lack of hospitals. Many hospitals are understaffed and that is supplemented by the fact that private hospitals take a load off the system. That system may be overloaded in the cities but city services are pretty good compared with what is available in regional Australia and regional New South Wales in particular.

Forty per cent of regional Australians hold private health insurance and over 50 per cent of all Australians overall. In the Calare electorate, it is something over one-third. That is a third of the population that, by and large, do not have to overload the public hospital system any more.

People insure themselves knowing that, should they be diagnosed with a serious health condition, they have the security of a doctor and treatment when they need it and that that is something they have paid for, mostly, over many years.

The availability of specialist services is one of the most serious implications of not having private health insurance. Without doubt, private hospitals help the public system attract a number of specialists in a region and they tend to work together to make it much more viable for a specialist to operate in a country town. The fact that the private health system is there financially helps doctors more, but most of them are very keen and very willing to work in the public system as well.

The two systems need one another, which is what makes it crazy to deliberately decide to downsize that which we all need. As I have said before, regional Australia needs it more, even though fewer of us are in it than are in it in the cities. In Calare, for example, there are four private hospitals. We almost lost one a couple of years ago with the closure of St Vincent's Private Hospital in Bathurst. The closure came as an enormous shock to the region as it would have been without an essential centre and that would have totally overloaded not just Bathurst's system but Orange's major hospital system as well. Fortunately, through a joint venture between Orange Day Surgery Centre and Day Procedures Australia, the hospital was able to continue operating as the Bathurst Private Hospital. There are still ongoing discussions regarding the redevelopment of the health service.

When you say something political when it is obviously so much about politics, you get accused of being cynical, but I am deeply concerned that, should this Labor government continue on its warpath of

harming private health insurance, the longevity of Calare's private hospitals, without a shadow of a doubt, will be threatened and we may gradually see the deterioration of our limited private health services until we are left with none.

The one thing that sticks out like a sore thumb in all this is that, while Labor are eager and willing to pull a couple of billion dollars a year out of the private health system and out of contributing to its longevity, they are not putting that money back into the public health system, which will have to immediately deal with the overflow of people who move from private to public health. To me, that does not say anything about caring for people; it says a lot about trying to get yourself out of a black hole by playing with people's medical futures.

While there may be few, private hospitals act as an essential hub for regional healthcare delivery. As I said, the over 33 per cent of residents of Calare who have private health insurance are using these services, and it is these families and individuals who can ill afford to lose the benefits they have enjoyed over the past decade, relieving the public system of an awful burden that it would have to bear without any extra funding to deal with it. Those who can no longer afford private health insurance will abandon insurance policies and rely on our already strained public health system. This will mean longer waiting times in our hospitals and reduced access to health services for the already disadvantaged members of the community.

This Gillard Labor government is once again attacking middle Australians, who are already battling with the rising costs of living. When you drive up interest rates by borrowing \$100 million a day you are not going to make things much easier for Middle Australia. For the sake of the Calare community and wider regional Australia—not to mention our whole country—this legislation needs to be buried.

All Australians should have access to affordable health care and a real choice in managing their healthcare needs. This is what the coalition supports and will continue to support—providing all Australians with choice through private health insurance. The reason for this rebate was to not overload the public health system. The reason for it was to keep people in the private health scheme, not because it is elitist but because it is necessary. The public system is incredibly expensive. That goes without saying. All medicine is. They are going to overload it because of the money they are going to save and there has not been one word about putting it back into the public system, which will immediately become even more overloaded.

Every dollar of funding provided for the private health insurance rebate saves \$2 of costs that are then paid by private health insurers. Those with private health insurance make up a huge 52 per cent of

Australia's population—12 million Australians. Of these, 10.3 million have hospital treatment cover. As I said, over one-third of Calare's people will either leave private health insurance altogether or downgrade, seeking cheaper products, which will have second-round effects for public hospitals.

I think the crossbenchers need to think awfully carefully about this policy, given their regional nature. I am not saying it is not going to affect people in the cities. Of course it will. It will overload the public system in the cities as well. But the public system in regional Australia, particularly in New South Wales, is in a worse state than in the cities. Those crossbenchers—who are, by and large, from regional Australia—need to think this through very carefully. They might have defied their electorates before and think they have got away with it, but I can assure them they have not. And they will not get away with this one. With people abandoning or downgrading their health cover, the cost of private health insurance will become so high that it will be beyond the reach of lower income earners. On all of the coalition's and independent analysis calculations, there are no benefits in cutting the private health insurance rebate. It is obvious that they are not going to save money. They are going to have to put more money into the public system when they drive more people into it. So it is obviously not about money. This is about the idea that people should not have private hospitals and should not have private schools. Why? It is in the taxpayers'—

**Mr Shorten:** Mr Deputy Speaker, on a point of order of relevance: I let the member for Calare off a couple of times when he started to talk about the education system. He, a number of times, has said that the government does not support private schools. It is not right, but it is not even relevant. This is about private health insurance.

**The DEPUTY SPEAKER (Mr S Georganas):** The minister will resume his seat. I am listening carefully and the member for Calare is within the scope of the debate.

**Mr JOHN COBB:** Should the government make savings from this venture, they will only be forking them out again, putting them back, because, without doubt, wherever you are in Australia this is going to overload the public hospital system even more. This is a cost-shifting measure by the Labor government. In the 2007 election, shadow health minister Nicola Roxon, now the Attorney-General, declared:

... Federal Labor has made it crystal clear that we are committed to retaining all of the existing Private Health Insurance rebates ...

I notice there is quiet over the other side of the table now.

This is yet another broken promise by an incompetent Labor government which is hell-bent on

punishing ordinary Australians. They are punishing the ordinary Australians who value their health and are willing to take responsibility for their own health care. But this is not a government that encourages private enterprise or responsibility. These are the people who know—they have a sense of obligation—that if they can afford it they should do it; if they can afford health care they should take on that responsibility, wherever possible, and leave public beds for public patients.

I will vote against this legislation and I certainly hope those on the cross bench do their duty to their constituents and do the same.

**Mr EWEN JONES (Herbert) (17:47):** I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011 and related bills. This legislation provides for the means testing of Australia's private health insurance rebate. Make no mistake: these changes will force people out of private health insurance coverage and onto cheaper policies that provide either less coverage or no coverage at all, shifting their healthcare needs to an already overstretched public system.

As with any market, when you have people pull out it pushes the cost up for everyone who wants to stay in that market. That is what we are going to see in private health insurance markets with the passage of this legislation. The smaller take-up of insurance products will drive up premiums, just further entrenching the increased cost of having private health insurance that smaller rebates will create, preventing even more Australians from being able to pay. The government's insurer, Medibank Private, has itself announced that it is expecting 37,000 of its members to completely drop their insurance as a result of these changes, while another 92½ thousand people with insurance are likely to downgrade their cover. Given that this is just from one insurer, the impact across the entire industry is set to be devastating.

For a Labor government that wanted to expand the level of federal funding for Australia's health system, this is a clear U-turn to shift some of the burden from its own health related expenses over to the state funded system. We have a public health system in Australia, particularly in my state of Queensland, that is in tatters. We simply cannot afford to have the consequences of this legislation add to that burden, as they undoubtedly will.

At the Townsville General Hospital, we already saw the consequences of funding cuts late last year with doctors concerned about around \$54 million of funding for the hospital being dropped. It took a public campaign to force the government to reinstate just a small portion of that by supporting a paediatric intensive care unit at the hospital. If the Queensland government cannot afford the public health needs of the region now, and the paediatric intensive care unit is \$8.4 million, how can we expect the Queensland health

system to handle the greater strain of the system unless North Queenslanders can afford private health coverage?

The first point that needs to be made in this debate is that the legislation is not about fairness. Despite the way the Labor Party has tried to argue these changes, it is not the superficial class-warfare argument that low-income earners are subsidising health care for the rich. This bill directly impacts 2.4 million people in those three income tiers who face increased premiums, of 14 per cent, 29 per cent and 43 per cent, for all three tiers. Added to this is the fact that every Australian on a private health insurance policy will be impacted when they have to face higher costs for their coverage as a result of the upward pressure that this legislation places on insurance premiums. There are around five million Australians with private health insurance who are on an annual income below \$50,000. At a time when the cost of living is already going through the roof, those five million people will have to cop higher premiums on their health insurance as a result of this legislation. How is that going to give low-income Australians a fair go?

Giving every Australian access to high-quality health care at an affordable price is a core principle of Australia's healthcare system. Providing choice in health care is not only an important right in itself but further allows government to manage healthcare access and ensure that its quality is maintained by taking pressure off the government funded public systems. For Australia to have a choice, private healthcare options need to be affordable, and a big part of that is rewarding Australians who choose private health care. The previous, coalition, government introduced a raft of measures, including the private health insurance rebate, the Medicare levy surcharge, and lifetime health cover, which provided Australians with more affordable healthcare choices. The outcome of this was to see private healthcare coverage in Australia jump by over 10 per cent to coverage of more than 44 per cent over the course of the Howard government. Econtech states that for every \$1 spent supporting private health insurance \$2 is saved by the public system. In Townsville, a private organisation, Queensland X-Ray, in conjunction with the Mater Hospital and without any funding or support from this government, have gone and bought their own positron emissions tomography or PET/CT scanner at a cost of \$2.4 million. The cost in the public system was \$9 million. The Queensland health system has said that it is going to put in another one now that the other one has arrived. The PET scanner is an outpatient service; it is not an inpatient or dedicated part of oncology treatment. The public system will do a maximum of three scans per day. At Queensland X-Ray they will do up to 15 or, if necessary, 17 scans per day. That is the difference between public and private health care. They will go

through and do the work required because it is there to be done. They are already receiving calls from patients coming from Darwin, Cairns and all over the place to use this new facility, because it is a properly driven, properly funded and properly run machine with no help from this government. The private health system has proven to be a crucial part of Townsville's health network. Thanks to the city's two private hospitals, the Mater Hospital and the Mater Women's and Children's Hospital, Townsville now has its own PET scanner.

Any measure that is a blow to private health cover is a blow to healthcare access in North Queensland. Some 49,435 people in my electorate have private health insurance, with just over 70,000 people covered out of a population of 195,000. This bill poses a serious threat to the standard of health care that those Townsville residents can afford and it poses a serious threat to the availability and quality of health care of everyone in Townsville who find themselves at the already overburdened Townville Hospital. Private hospitals are responsible for treating 40 per cent of patients in Australia. This significant proportion of health care keeps the pressure off the public system. We cannot afford to have that figure plummet as a result of lower private health coverage. It is incredibly narrow-minded of this government to try and save a few bucks on the private health insurance rebate at the expense of not just Australians with private health insurance but also the state government and its provision of public health care.

Forecasts have put the cost of this bill to the public health system at around \$3.8 billion recurrent. Queensland Health is in a shambles and we are going to put more pressure on them here. Who is thinking of these things when they are putting this stuff together? In considering this bill, I spoke with Aaron Newman from Queensland Country Health, a private health insurance provider based in Townsville. Quite apart from being a major sponsor of the mighty North Queensland Cowboys, their research is telling them that up to 20 per cent of their clients may drop out of private health insurance immediately but that there is a high likelihood that people will also drop out of their extras.

A lot of this debate has centred around the hospital system, but I would like to talk about allied health and dentistry—those things which do not appear at the hospital and which are seriously affecting the regions. Places like Ayr, Ingham and Charters Towers, which are not inside my electorate but which currently provide physiotherapy and dentistry, may find that their client lists are diminished as people travel to Townsville and put further pressure on existing government resources. This may lead to yet another drain on the local community, as they are unable to sustain those sorts of businesses. The physiotherapist will go and the dentist will go, as the fabric of the town

slowly but surely disappears because their residents cannot afford to maintain private health insurance and maintain these businesses in those regional centres and the smaller towns which feed into them. Queensland Country Health are very worried about a section of the community refusing to pay the extras and going into the public system.

There is also a real threat that if and when this does happen specialists in regional private hospitals who do complicated surgery will move to bigger cities to get their work. We heard the member for Hinkler talking about his private hospitals and the same stories are being told in every regional centre. As the work dries up they will have to move on. We have just gone through the exercise of trying to get a fair deal on building insurance for strata title buildings in Townsville and North Queensland as other insurers left the market. We have had increases of over 1,000 per cent in premiums as, one after another, insurance companies left the North Queensland market to concentrate on the big cities where they can get an economy of scale. Can this government or anyone in this government with its record of poor management guarantee that this will not happen in the health industry? They cannot guarantee it and you will see these things disappear. Medical professionals are just like everyone else when it comes to work: they will go where they are going to get paid. If the government makes it hard for them to make a living, they will just pack up and follow the others back to Sydney and Melbourne and the public purse will again have to pick up the tab for all the transport costs of people having to go down for routine operations that are being done in private hospitals and public hospitals in Townsville now.

Private health insurance is a key part of Australia's health system. It provides healthcare choice to Australians and relieves pressure from the publicly funded system, which results in savings for government and allows good health care to be provided to those who need it but cannot afford to pay for it. Part of making this choice affordable to all Australians is our private health insurance rebate, which helps make the insurance affordable and acknowledges that those who purchase it are saving the government money. Attacking the structure of this rebate will hurt people in regional Australia and Townsville with private health insurance and it will hurt healthcare institutions in Townsville and across the country. That is why this government said it would not do it before the 2007 election and why I will not be supporting it now. Let me say again that not one dollar of compensation will be going to the states. It is estimated that they will have to pick up 184,000 extra procedures, and the cost is estimated at \$3.8 billion to save \$2.4 billion for the federal budget. There are six seats in Townsville and we have four new candidates standing in seats held by

other parties. Our nurses and doctors have already been belted by the Queensland Health pay debacle and they now have to cop it again with this bill. I call on the three sitting Labor members in Townsville to stand up for the health workers and stop this madness. The state Labor government must come out in support of cancelling this legislation because they simply cannot afford it. Queensland Health is broke now. They are in all sorts of strife. I also call on the four Liberal National Party candidates—John Hathaway for the seat of Townsville, David Crisafulli for the seat of Mundingburra, Sam Cox for the seat of Thuringowa and Liz Schmidt for the seat of Dalrymple—to stand shoulder to shoulder with Rosemary Menkens and Andrew Cripps to bring this down and make sure that they stand up for justice in our city and in our region.

This bill is not about health; it is about the vain hope of this government returning to a surplus. They do not care who or what they have to hurt on the way through. That is why they are willing to pass a cost of \$3.8 billion onto the taxpayers of every state to save \$2.4 billion and try to get back into surplus. I will not be supporting this bill and I will not be supporting inequity in health for any Australians.

**Mr RANDALL** (Canning) (18:01): I am very pleased to speak on the Fairer Private Health Insurance Incentives Bill 2011, the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011 and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011. What an Orwellian title. What is fairer about ripping money from people who want to invest in our health system and take the pressure off the public health system? It is not fair to the people who thought about it. It is not fair because it is a broken promise.

I will try not to go into all the detail as others have done but to introduce new material that reflects the views of my electorate. The effect of the bill is that, starting at \$80,000 of income, people who are privately insured will not get the 30 per cent rebate. The income threshold is higher for couples. Those who do not privately insure and are above a certain income level will start paying a greater Medicare levy surcharge. We are into the class warfare. The Labor Party would say: 'These people do not vote for us, so who cares? We will go and belt them up, grab the money off them where we can and try to paint ourselves as the champions of people on lower incomes.' In Australia the fact is, if you go down the street now and get knocked over by a car or have some sort of accident, you will end up in an Australian hospital in an emergency centre and you will get treated for nothing if you are not self-insured. So much for this being about doing the right thing by those on lower incomes. They already get looked after because we have a very good health system as it stands now.

I was fortunate enough to join this parliament in 1996 and this was one of the great things that the Howard government introduced. A 30 per cent rebate, taken either as a tax return or as a drawdown, put incentive back into belonging to private health care. It was a great incentive for those who did not want to insure to do so. I think we used this example at the time: why should someone like Janet Holmes a Court's mother-in-law get free health care when she can afford to pay for herself? She will not insure because there is nothing in it for her. The incentive was always there with the rebate.

The sad part about this is that it is a broken election promise from a government that does not mind breaking promises almost on a daily basis now. They have no shame when it comes to rolling over on a commitment they have made. We have seen this with the carbon tax. We have seen what the Prime Minister did recently to the member for Denison on his pokies reform because she did not need his vote anymore. This is just cant and craven opportunism by the Labor Party. They have lost twice before but they suddenly decided they have a chance of getting it through. They do not need Mr Wilkie's vote because they got the former Speaker out of the chair so they could get an extra vote. We know how it is all done. It is very Machiavellian. That is why we are standing here today talking about these things.

People will drop their private health insurance. If anybody thinks that this is about the rich, they should think again. Pensioners in my electorate continue to struggle to pay for their private health care because they are high users of health care and they want a choice. That is the difference between the Labor Party and us: we believe in choice; they do not believe in choice. They believe one size fits all. The pensioners say, 'If I want some specialised attention, whether it is a hip or a knee, I can have the doctor of my choice and the specialist of my choice and I do not have to wait.' They say to me, 'Mr Randall, we are really doing it hard,' but they believe in private health care. This will not affect them, but the principle of private health care is being eroded in this whole context. Goodness knows where it will end up.

When I was a young boy my dad was not a wealthy person. He was a carpenter. We were a single-income family. My mother used to take her HBF stamp book into the newsagency and get it stamped. She wanted private health care for her four kids because she thought it would be better for us should we ever get sick. That is the mentality of people who want a choice. Here we are with this continual erosion after the government said in this place and elsewhere that they would not do it. The then health minister, Nicola Roxon, stated on 26 September:

... Federal Labor has made it crystal clear that we are committed to retaining all of the existing Private Health

Insurance rebates, including the 30 per cent general rebate and the 35 and 40 per cent rebates for older Australians.

The Prime Minister repeated it in 2009. They have continually said it on the record. They have misled the Australian electorate. Just as they said there would be no carbon tax, they said there would be no eroding of the private health insurance rebate. What have they done? They have dishonestly turned around and done the opposite. And now, of course, they are in trouble—because they are a high-spending government. They are spending like drunken sailors, as the Treasurer would say. They cannot stop themselves from spending, so they have to get their money from somewhere. This is a form of reverse tax; they are actually taking the money off those who are privately insured, just as they are doing to the miners and to industry with the carbon tax. This is a high-taxing government that want to find money anywhere they can to prop up their bad behaviour. They want to rip money out of the pockets of Australian families and seniors to try and achieve this—just as we saw with the flood levy.

The government believe that the rich in Australia are people like a nurse and a policeman living together who earn enough money to get them to \$160,000. There are many people in Australia on very low incomes, but middle-income Australia are the ones being burnt here—and they account for many of my constituents. They are the ones who are being attacked by this government. It is not just the wealthy that we keep hearing about, and the phobia they have with people like Gina Rinehart and Clive Palmer; this is attacking middle Australia, aspirational people who want to help themselves and obtain better opportunities for themselves and their families.

So we are not talking about the rich. This is ideological, as I said, because it removes choice. Do remember that this is the same Prime Minister that, in opposition, with Mark Latham as leader, came up with Medicare Gold—that whacky idea sold to her by somebody in the industry. She has continued to want to dismantle the pristine and magnificent health system we have had for years. When Hillary Clinton came to this country when her husband was the American President, she had a meeting with Michael Wooldridge and said, 'Can you tell us how you run this marvellous healthcare system? Running the public system in parallel with the private system—it is the envy of the world.' She had a meeting to try and find out how we do it. It was one of the healthcare marvels of the world. And here we are, in for the dismantling of it, because of an ideological class war battle of the Labor Party.

You can hear the Labor Party feigning concern about workers in this House on a daily basis. The best thing you can do for a person is give them a job. But what are we hearing about at the moment? Jobs are being lost in industries all around Australia. So much

for the workers. The Labor Party are not really interested in the workers; they are just interested in their money, and taking it from them.

Why are we in this position today? Let's make the point about the Independents and the so-called Independents. We never expected the Greens to do anything. Mind you, dare I say it, the Greens today have got something for their vote—\$160 million, so at least you have to give them something for their vote—but certainly not the member for Denison, not the member for Lyne and not the member for New England. They just roll over and have their tummies tickled, just fall straight into line. The members in those seats have very high numbers of end users of health care in their electorate, and those tens of thousands of people in their seats will judge them very harshly. But they got nothing for their vote; they prevaricate, they pretend that they might be hard to get and they run to the media and say, 'Oh, no, we're going to hold out.' But, no—unlike the Democrats of years ago, who were considered to be rented by the hour—these guys actually signed themselves up to be rented for the whole term of this parliament. They are just in lockstep with this government—no matter what they do, they will get their vote all the time, because they know, when they go to an election, they will get absolutely cleaned out, so they want to stay here as long as they can. So that is why they are doing this, against the will of their electorates, against the wishes of the middle-income earners of their electorates. They are willing to do this for current gain, but they will be judged very harshly when the opportunity arises.

Let us just go back a step and find out why this is silly and stupid. Dare I refer to an article in the *Australian* on 10 May 1995 entitled, 'Medicare levy to rise by about \$30 a year'? It is all relative: \$30 a year was a lot of money back in 1995. It says:

Labor ignored the private health system. Private health insurance membership fell from 63.7 per cent of the population in 1983 to below 34 per cent in 1996 ...

I wonder what happened in 1996! The article continued:

At the same time private health insurance premiums rose by an average of 12 per cent every year. The decline in membership restricted choice and placed unsustainable pressure on our public health system.

So, at the moment, Australia is currently in the position where we have about 64 per cent of Australians who are in some way privately insured through a range of healthcare systems and we are heading south once this gets through.

Now, dare I say, one of the Labor champions of that time—the powerbroker, the man who used to tap Prime Ministers et cetera on the shoulder—Graham Richardson, was the Minister for Health. Let's see what Graham Richardson said. In 1993, Labor's health

minister, Graham Richardson, warned that if private health insurance coverage were to drop below 40 per cent of the population, the entire health system would be in danger of collapse. When Labor left office the rate of coverage had plummeted to 34 per cent. Dare I say: *deja vu!* Here we go again: this is what we are heading for under this government.

Graham Richardson said on 28 November 1993:

We've always had the view that the private system had to coexist with the public system. If it doesn't, the public system can't cope.

I will end by going to an editorial—although I have so many emails from my electorate asking us to do what we can do to stop this reckless move by this reckless government—from the *Weekend Australian* of 11-12 February this year:

Politically, the move will be felt in outer-metropolitan and provincial marginal seats—traditional Labor areas—where many tradies and small business operators earn more than the \$83,000 for singles and \$166,000 for families at which the rebate will be reduced. As with plain cigarette packages and more meddlesome anti-discrimination laws, striking a blow against private health insurance and individual choice smacks of a leftist mindset that some in the government would like to inflict on an unwilling electorate with vastly different priorities. Such ideology is especially out of touch from the concerns of aspirational voters with heavy mortgages. They and their families would resent being forced to queue for public hospital treatment and struggle to pay for services such as orthodontic care for their children, for example, if they were unable to maintain private cover.

That was a major Australian newspaper in its editorial belling this for what it really is. It is an absolute disgrace that we are in here today reaching this position when the government said it would not do it. This is not about trying to get stuck into the Gina Rineharts, as we keep hearing from the Treasurer in this place. This is about this side of the House standing up for middle Australia, standing up about the cost-of-living pressures they face on a daily basis, such as fuel at \$1.50 a litre and all of those sorts of things that they are trying to deal with—feeding their kids, clothing their kids and insuring their houses. And what is happening? The government is going to make it harder for them to stay in the system. Of course it will be eroded. It will remove the amount of money that they are able to put into health care, because they just will not have it.

We heard from other members in this place that this is about mates and all that sort of stuff. This is not about mates on any side. This is about doing the right thing for a decent, and one of the most coveted, universal healthcare systems in the world. We do not want to go to the British system, where there is one size fits all. We do not want to go to a system where it is tattered and out of touch. In this country we have some of the best health professionals. These health professionals are currently affordable for those people

who can afford to pay a little more to be privately insured. This is disgraceful legislation. It should not be in this House, because the government said that they would not bring it here. Yet here we are, standing here today facing another broken election promise, and all those on the other side should hang their heads in shame. (*Time expired*)

**Dr STONE** (Murray) (18:16): The Fairer Private Health Insurance Incentives Bill 2011 and cognate bills amend various acts to implement three new private health insurance incentive tiers. In simple terms, the legislation puts a means test on the private health insurance rebate. This is the third time that the bills have come before the House. It has twice before been defeated because this is bad legislation with terrible consequences, especially for rural areas but in fact for all families who may not be able to stand in the queue waiting for their elderly parent's knee replacement or who want a choice of specialist or doctor when their young child has an accident or is chronically ill and who understand where the best help may be.

Ironically, it was a Labor government that introduced Medicare in 1975. Medicare has always been described as a universal health insurance system. It is meant to be a system with equality of access for all Australians. It is a system that, as the previous speaker said, is the envy of the world. We do not suggest that it is cheap, but in a developed country like Australia we happen to believe that the health of our citizenry is worth a great deal of investment.

According to Private Healthcare Australia, there are 12 million Australians who have private healthcare cover at the moment. This legislation will directly impact on every one of the 12 million Australians who have that private health insurance. Every one of those 12 million Australians will have to consider their options if these bills are passed. They will have to ask themselves whether they can afford to continue their private health insurance or whether they have to join the long waiting lists in the public hospital system for urgent medical attention.

Australians with private health insurance are not what Labor likes to call 'the rich people' of the country, and I find it very offensive when we sit here in this place and hear names referred to as 'the rich' who are therefore somehow abhorrent and deserving of punishment. Almost half of the 12 million with private health insurance have an annual household income of less than \$50,000; 25 per cent have an income of less than \$35,000. Under any definition it is rather amazing to consider these people 'rich', even in the lexicon of Labor. The government would have you believe that it is stopping rich people from robbing and taking advantage of poor people. This is an appalling attempt at wedging and dividing according to Victorian era notions of class.

Labor's changes would affect single people on incomes of \$80,000 or more or couples with incomes of \$160,000 or more. Again, these are not people who have a lot of money to spare. They are not Labor's so-called 'rich people'. According to the ABS, the average weekly full-time earnings in August last year were just over \$71,500.

In my electorate of Murray, 40 per cent of the community have private health insurance. That is not higher than average at all. But we in my electorate have done it tough recently, with seven years of drought, with floods and now with appalling federal government policy which threatens to take away people's water security and make it impossible for them to continue to be food and fibre producers. So my electorate is already looking hard at whether it can afford the current private insurance rates. With the changes that these bills imply, there is no doubt that private health insurance cover is going to get much more expensive. My constituents want private health insurance, but even now they are considering whether they can afford it. We must not make it harder for them. They are good people and they deserve decent health care. They do not deserve to wait five or six years for a new knee.

The government is attacking hardworking families—as I say, those who are trying to pay a mortgage, trying to pay the increases in childcare fees that this government is imposing and trying to pay the higher electricity charges that this government is presiding over. They are in dread of July, when the carbon tax will hit, take out jobs and make it almost impossible for them to meet their daily costs. On 1 July 2012 it will be D-day, doomsday, the day this government will bring in changes to the Medicare levy if it can, if these bills pass, but also the day when the carbon tax will be introduced.

These bills before us will force families and older Australians to decide whether they turn on their heaters in winter or whether they can instead afford to pay private health insurance. We should not have our citizenry forced to make such shocking decisions. On the one hand, the government is saying that as you get older there is an increase in the rebate for private health insurance from 30 per cent of the premium to 40 per cent, but an increase in rebate is no use if you cannot pay for the private health insurance basics in the first place.

Analysis from Deloitte on the economic impact of changes to the private health insurance system shows that in the first year 175,000 people would withdraw from private health cover, not being able to afford it, and a further 583,000, or over half a million, would downgrade their cover—again, because they simply would not be able to afford it. Over five years it is expected that 1.6 million would drop cover and 4.3

million would downgrade. The Minister for Health, on the other hand, would have us believe that this will not make a difference at all. 'No problems at all,' says the minister. In a press release on 19 January the Minister for Health, Ms Tanya Plibersek, said:

... Treasury modelling estimates that, after these changes come into effect, 99.7% of people will remain in private health insurance as a result of incentives such as Lifetime Health Cover and the Medicare levy surcharge.

Well, I suggest that Labor has got it wrong again and so has Treasury modelling. I prefer to believe Deloitte's economic impact research because it is the reality.

The expected withdrawal of people from private health insurance will result in larger premiums and we will see literally millions drop their private health insurance. This will have an enormous impact, particularly in country regions. We do not currently have equity of access to health services in country areas. We have a very great difference in the health outcomes of men, women, children and the elderly in rural areas compared with metropolitan areas. Our incidence of cancer is higher. The number of people who die earlier is higher. We have more accidents on farm and off-farm. We need at least equal access to health services in country areas. I would argue that we need better health services than those available in metropolitan areas.

A lot of our health services are now delivered through usually small but very adequate private hospitals. They supplement the work of the public hospitals in places like Shepparton, Bendigo and Ballarat. We know that the changes proposed in this legislation will kill off a number of those private hospitals. We also know that they will not be able to attract specialists—the metropolitan based surgeons, gynaecologists, obstetricians, paediatricians, specialists in immunology and so on—because those specialists invariably come to the private hospitals where they are better reimbursed. That is why they are attracted. These changes will kill off the private hospitals in my country areas and will also kill off the access to specialists and expert medical practitioners. I think that is appalling, and I condemn this government for overlooking that fact or for not caring.

What does a young person do who is active in sport and wants to make sure that they can have swift and immediate treatment if they sustain an injury? Under this new legislation, this young person is likely to have to say: 'I'll just have to join the queue. I'll just have to take out a ticket in the lottery. My knee reconstruction will have to wait because I'm in a very long queue. I can't afford private health insurance.' I think that is appalling.

Independent economics firm Econtech Pty Ltd has determined that every dollar of funding provided for the private health insurance rebate saves \$2 of costs

that are then paid by private health insurers. Public hospitals treat 40 per cent of all patients in Australia. I have already referred to their dependency on private health insured people. It is not surprising that Deloitte estimates that public hospital costs will add an extra \$1.4 billion in additional recurrent costs to the government budget of 2016. What appalling and short-sighted action this is, not to mention a breach of faith, since this government, when trying to convince the population to vote for it, claimed it would not meddle with private health insurance. We know a lot of other promises have gone west when it comes to this government, but this was another one of the significant promises that it has broken.

I turn now to Strathbogie shire in my electorate of Murray. It is only a small shire of some 10,000 or so people. It has two hospitals in Nagambie and Euroa and a medical centre in Violet Town. The problem for residents of the Strathbogie shire is that there is not a single public health bed in the shire. You are required to be privately insured in the Strathbogie shire if you want to access a local hospital, particularly in the case of emergency. I want members on the other side to think through this dilemma. When you do not have any public beds but people cannot afford private health insurance, and when there are only private beds in the bush nursing hospital, which is the case, what do those people do? They call a friend or neighbour to drive them with their broken leg from Euroa to Benalla or Shepparton—an hour-plus one way. You cannot have babies in these local hospitals. There is a serious impact when you make the cost of private health insurance even greater in areas where there are no public bed alternatives.

This is a serious issue of equity of access to health services in a developed country that used to take pride in admitting anybody at the door of a hospital for urgent and immediate treatment. It is an intolerable situation. It has resulted in some 3,500 public patients in the shire of Strathbogie being taken to hospitals outside the shire every year because there are no public beds in the shire. Most are sent to Goulburn Valley Health, as well as to Wangaratta and Benalla. It is not fair. The shire of Strathbogie is not out the back of Uluru or somewhere near Katherine in the Northern Territory; it is only 2½ hours up the Hume Highway from Melbourne. It is a disgrace that the shire is having to beg for public beds. This legislation is only going to exacerbate the problem for them.

Prior to the 2007 election Labor was adamant that there would be no changes to the private health insurance rebates. It knew what the public understood about private health insurance. It knew it would be anathema to announce that the government were going to interfere with the brilliant system that Australia has, but here we go—this is what they are doing. Here we go again, lining up with the other disasters. We have

the BER stuff-up, where schools in my electorate have not as yet had a sod turned despite the promised \$2 million or so for their building. We have the lack of value for money in those Building the Education Revolution infrastructure efforts. We have the pink batts disaster, where people died, and we are still trying to sort that out with the extra millions being spent. We have the set-top boxes debacle, where little old men and women pensioners could have been given, for a few hundred dollars, a brand new television set but instead had a retrofitted box which did not work on their old set and which still has not given them access to television like other Australians. The waste of money by the Rudd and Gillard Labor governments goes on and on—five successive deficit budgets.

How is this government going to bring the budget back into some semblance of order given that it keeps talking about having a surplus? I think they have hit on this great plan: they are going to cut the private health insurance rebate. This bill will add \$2.5 billion to government coffers, as someone clever in Treasury has worked out. This is appalling. To this Labor government, I say, get your house in order, start to manage the finances of this country appropriately and put a measure or a rule across all of your projects that you now mismanage and bungle and fail to deliver in a timely way. Do not attack private health insurance. Do not take away from the ordinary men and women of Australia access to health services that are necessary for a decent life. Certainly in rural and regional Australia, don't kill our private hospitals and make us wait even longer for essential medical services. This is not the Australian way.

I say shame on the Labor government for imagining that they are going to bluff their way through this period, with the Independents, who no doubt still have long shopping lists, there to support them. We have to reject this bill completely. I will not support it and I am responding to all the constituents who have asked me to say no. I will absolutely be saying no.

**Mr CHESTER** (Gippsland) (18:31): I would like to commend the member for Murray for her thoughtful contribution on the Fairer Private Health Insurance Incentives Bill 2011, and I associate myself with the concerns she raised, particularly when she highlighted the regional impacts of this legislation. I will be joining my colleagues in opposing the bill.

There is an increasing air of desperation that surrounds everything this government undertakes and this, I believe, is most apparent in the bill before the House. This bill is not about improving health services; it is about fixing a budgetary black hole, as the member for Murray just indicated. It represents another clear breach of trust between this government, its Prime Minister and the Australian public.

If those opposite are still wondering why the support for the Prime Minister continues to diminish, they need to look no further than the lack of trust that exists between her and the Australian public, and that flows into a complete lack of respect for this Prime Minister and the government she leads. Quite simply, the member for Griffith, Kevin Rudd, could not trust the Prime Minister, and why should anyone else.

Despite repeated assurances that Labor would not touch the system of private health insurance rebates, here we are again today debating another policy change that represents a monumental betrayal of the Australian people. Increasingly, the Australian public see that the member for Lalor is a deal maker. She is not a Prime Minister. She will do anything and say anything to cut a deal and hang on to power, even at the expense of Australian jobs and at the expense of adding to the cost of living for Australian families. Her negotiations to form a minority government were all about deal making. She made a deal with the Greens, and that is how we ended up with the carbon tax, which is another fundamental breach of trust with the Australian people. The Prime Minister made a deal with the member for Denison on pokies reform and then promptly reneged on that arrangement which was another breach of trust. And who knows what other deals she has done among her factional allies and her union mates to cling to power. Australians simply have no reason to believe the assurances being offered by this Prime Minister that the changes to health insurance we are debating today will not have negative impacts.

This is the Prime Minister who repeatedly assured the Australian people that there would be 'no carbon tax under the government she leads', and then proceeded to introduce a tax that kills jobs as it destroys Australia's competitiveness on world markets. On that point, even if you accept the Prime Minister's protestations and assurances that her government is not responsible for job losses in the manufacturing sector, why is the government making it harder for Australian businesses? If, as the Prime Minister likes to say, the job losses are simply growing pains and are more about the high Australian dollar and global markets, why add to the cost base of Australian industries? Why at this time impose the world's biggest carbon tax and make it tougher for Australian businesses to employ people?

The Prime Minister's handling of the carbon tax and the trust deficit she has created are consistent with a pattern of behaviour that has dogged both the Rudd and Gillard governments. I do not make these comments tonight with any great sense of pleasure or triumph, because there is an overwhelming sense of disappointment in my electorate with the way this Prime Minister is running a government that is clearly out of its depth and unable to manage national affairs. As someone who does have genuine respect for the office of Prime Minister, it gives me no personal

satisfaction to listen to people speak very disparagingly about Prime Minister Gillard.

Overnight my office, and many other offices, I am sure, received more emails criticising the Prime Minister. This time they are focused on the issue of private health and the absolute sense of betrayal they feel. The Prime Minister has to take responsibility for her actions. The people of Gippsland are merely reacting to her performance in the role. They were prepared to give her a go, and she has let them down. It has been a prime ministership of monumental disappointment and it all boils down to trust. Now we have this growing lack of respect for her ability to manage our nation through what are increasingly turbulent times.

The bill before the House will hurt Australian families by adding to their cost of living and by placing more pressure on the public health system. I do not think there is much debate about that. Even on the other side they acknowledge that there will be people who will be adversely affected by the government's proposed changes in this bill. If you make something more expensive, you will have an impact on demand for the product and people who are already facing serious cost of living pressures will make the decision not to purchase the product.

The changes before the House will force people to drop their private health insurance cover or choose cheaper cover with more procedures excluded. There is no question it will cause upward pressure on insurance premiums and force more people into an already over-stretched public hospital system.

The impact of this will not just be felt by those on higher incomes, who will incur up to a 43 per cent increase in their premiums. It will be felt by all Australians with private health insurance as they face higher premiums into the future, if these changes proceed. There is a class warfare element to this debate, which I find very disturbing. We have had the minister and others trotting out lines about it not being fair for a person on \$50,000 a year to be subsidising the private health premiums of a person on \$200,000 per year. Those are the kinds of lines they are hoping to get away with in the media to stimulate a bit of class warfare in the broader community. What they forget to mention is that the person earning \$200,000 a year will already be on the highest income tax bracket and in all likelihood will be making a bigger contribution to government revenues through that system alone. They would also contribute more under the existing Medicare levy system. So the politics of envy and the class warfare associated with those comments from the Labor Party should be condemned by all members of this place.

I appeal to the crossbenchers. They have the opportunity to save this government from itself. This

government is about to make another huge mistake that will hurt everyday Australians, particularly in regional areas. The crossbenchers have the opportunity to stand up for their electorates and prevent this government from passing on more pain to the Australian community.

The coalition supports choice in the health system, and, by supporting private health insurance rebates, we have been successful in taking pressure off the public system. The private system is an important part of health service delivery in Australia today but, if you listen to those opposite, it seems that they regard it as a playground for the rich and famous to have trivial treatments. The fact is that private hospitals treat 40 per cent of all patients in Australia and perform 64 per cent of elective surgery. In 2009-10, that amounted to private hospitals servicing more than 3.5 million patients.

If this bill is passed, it will not be just the wealthy who will be hurt by another Labor broken promise. It is estimated that 2.4 million people will be directly affected by these changes, and they will face immediate increases in their premiums. Deloitte's analysis of the changes shows that, in the first year, 175,000 people would be expected to withdraw from private hospital cover and a further 583,000 would downgrade their cover. Over five years, it is expected that 1.6 million will drop cover and 4.3 million will downgrade.

It is significant that this government has not disclosed the numbers of people expected to downgrade, but, as premiums increase significantly for those in the income tiers, it is reasonable to expect they will seek cheaper products, which would have second-round effects for the public hospitals. That is the fundamental point to this debate, and it has been made over and over again by speakers on this side of the House. If people drop out of the private health system or take a reduced form of cover, the premiums will increase for those remaining in the system.

It completely destroys the insipid argument which has been put forward by the Minister for Health and others—that those on low incomes will not be affected by the removal of the rebate. They will suffer the flow-on consequences as those who are affected by the withdrawal of the rebate exit the system or take a lower form of cover and put upward pressure on premiums in the future.

You simply do not make the public health system stronger by weakening the private system. This bill will erode confidence in our private health system, and not a single extra dollar will be spent on the public system as a result.

All of this is coming from a Labor Party which went out of its way to promise the health industry and the Australian people that it would not make changes to

the existing system. The letter to the Australian Health Insurance Association in 2007 made it abundantly clear that Labor supported the existing system:

Both my Shadow Minister for Health, Nicola Roxon, and I have made clear on many occasions this year that Federal Labor is committed to retaining the existing private health insurance rebates, including the 30 per cent general rebate and the 35 and 40 per cent rebates for older Australians.

Federal Labor will also maintain Lifetime Health Cover and the Medicare levy surcharge. Labor will maintain the existing framework for regulating private health insurance, including the process for approval of premium increases. Zero per cent premium adjustment is not Labor policy.

Many on this side have quoted the member for Lalor, the member for Griffith and the former minister for health in relation to this issue. They all sought to assure the Australian people that Labor would be a safe pair of hands if given the responsibility of government. But clearly that was not the case. When they were given the opportunity to govern, when the Australian people put their trust in the Australian Labor Party, true to form Labor set about another bout of class warfare and tried to undermine those people who had dared to prepare for their own health needs in the future. This broken promise is a betrayal of the Australian people who believed those reassurances offered by so many Labor members in the past.

The legislation before the House is not about health reform; it is about class warfare and the politics of envy and it is all about propping up a budget that has been blown to pieces by reckless spending and a wasteful government that has failed to deliver value for money for taxpayers' dollars. And those opposite wonder why the Australian people simply do not trust them to govern.

**Mr CIOBO** (Moncrieff) (18:42): I am pleased to stand up on behalf of my constituents to oppose Labor's plans to remove the private health insurance rebate. The Fairer Private Health Insurance Incentives Bill 2011, which has been argued by both sides for some time now, demonstrates the ongoing way in which the Labor Party, the government of this nation, continues its full-frontal assault on ordinary Australians. The great shame about this piece of legislation—which is coming before the chamber for the third time—is that it is yet another example of the Labor Party saying one thing before an election and doing something quite to the contrary after the election.

We know that the Prime Minister has form in this area. We know that the Prime Minister makes all sorts of commitments to all sorts of people and then walks away from them. Springing to mind, of course, is the Prime Minister's most significant betrayal of the Australian people, when she gave the commitment not to introduce a carbon tax. As Prime Minister of the nation, she walked away from that commitment and now she is introducing a carbon tax. The Prime

Minister also gave a commitment not to alter the 30 per cent rebate on private health insurance, but, again, the Prime Minister has walked away from that commitment. The Prime Minister also gave a commitment to the Independent member for Denison. She actually had a written agreement with the Independent member for Denison indicating that she would move for mandatory precommitment for poker machines. Now the Prime Minister has walked away from that agreement.

And who could forget—certainly the minister at the table, Mr Bowen, the Minister for Immigration and Citizenship, would not forget—that the Prime Minister committed to the former Prime Minister, the member for Griffith, not to challenge for the leadership and said that he had her 100 per cent support. We all know how that turned out. The betrayal of the Australian people with this legislation that is before the House is no different to the betrayal by the Prime Minister of the member for Griffith.

I am certainly pleased to stand here and put unequivocally on the record my complete and total opposition to these pieces of legislation, which go a very long way towards completely ripping out the incentive that Australians have to take out private medical insurance. I want to talk about the application of this legislation to my electorate of Moncrieff. The Gold Coast is a city that is really doing it tough at the moment. We are reliant on two key industries: the tourism industry and the construction industry. Both of these industries have been severely and adversely affected by the downturn that is taking place globally. Of course the pain is being further compounded by the rapid appreciation of the Australian dollar. In fact, the appreciation of the Australian dollar is a consequence of Labor's heavy debt binge. It is not the sole reason, but Labor's addiction to spending is part of the reason why interest rates have been forced to go up and are more likely to go up than if Labor had got the budget under control.

That notwithstanding, the pain felt by Gold Coasters is very real. They have seen asset deflation, they are seeing increasingly rising costs of living and many of them are simply struggling to make ends meet. Despite this fact, 59.8 per cent of my constituents have private health insurance. Approximately 53,556 out of 70,726 have private health insurance. In my electorate, some 49,312 voters, which represents 55 per cent, had hospital treatment insurance, and approximately 53,147 voters, which is around 59.3 per cent, had general treatment insurance. In other words, significant numbers of my constituents have private health insurance. They have it because it is a value proposition.

It is a value proposition because, despite the fact that the public system on the Gold Coast is staffed by very

good doctors, by very good nurses, by people absolutely committed to quality public health care, it is forced to endure less than great—let us put it that way—resources from the Queensland state Labor government. We have a hospital on the Gold Coast that simply is not up to the task when it comes to meeting the needs of Australia's sixth largest city. We have a hospital that already struggles with demand exceeding their ability to supply health services. I want to stress again that these are very committed workers in the public health system, but they are let down by a lack of commitment by the Queensland state Labor government and they are let down by a lack of resourcing. Now, unfortunately, they are also going to be let down by the federal Labor government, which is walking away from yet another commitment.

An article in today's *Gold Coast Bulletin* about a pensioner missing out on surgery states:

The 73-year-old woman was to have her gall bladder removed at Robina Hospital on Thursday when staff told her the surgery had to be cancelled because of emergency cases and a lack of beds.

The woman, who did not want to be named, arrived at hospital at 7.30 am and was prepared for surgery but it was cancelled and she was discharged at 10.30 am.

A senior doctor told the *Bulletin* the Gold Coast Health District was on a "code yellow" on Thursday, which meant there were no beds and "services were overwhelmed".

Yesterday district chief executive Dr Adrian Nowitzke denied the hospital was on a code yellow and would not comment on how frequently the code occurred.

However the senior doctor said the code was experienced sometimes three times a week on the Coast.

So we see from this most recent news article that the Gold Coast is a city that already has a public health system that is groaning under the stress of a rapidly growing population and a lack of resourcing.

Under Labor's you-beaut brilliant plan that is before the chamber tonight, they are simply going to push more people from the auspices of private health insurance into the public system. You are left to wonder whether this government really has any idea about the repercussions of the decisions it takes. This decision is being undertaken in an attempt to claw back money. This is the federal Labor government's policy initiative to try to do something to reign in their debt and deficit.

The problem is that these measures would not be necessary if there had not been such rampant and reckless public spending and waste by this government over the past three years. When you think about the billions of dollars that have been wasted on pink batts and on overpriced school hall buildings—many of them charged at two or three times what it actually would have cost to build similar infrastructure—and when you consider the money wasted on the solar program and the blow-outs on Fuelwatch and

GroceryWatch and those kinds of initiatives, you realise that the Australian people have a very genuine reason to be angry with the Gillard Labor government. The Gillard Labor government wasted all this money—\$900 cheques to dead people, blow-outs in the cost of pink batts due to putting them in and then taking them out again—and now the Australian people are forced to pay the bill through higher insurance premiums as a direct consequence of the bills currently before the chamber.

I stand alongside Gold Coast families. I stand alongside Gold Coast families who know that they do not deserve this. As a coalition we were committed to making it easier for people to have choice when it came to private health insurance. It was the coalition government that introduced the Medicare safety net. It was the coalition government that introduced the 30 per cent rebate. We did these things because we were able to manage Australia's economy well. We paid off all of Labor's debt last time. We got unemployment down. We were able to reinvest the dividend of good economic management socially to make sure that Gold Coast families and all families across Australia were in a better position to enjoy the benefits of solid economic stewardship. And now they have the contrast. They have the contrast of what happens when you have a government that has \$50 billion deficits, that blows \$136 billion of public net debt and that is borrowing in excess of \$100 million a day to feed its spending addiction. Now they face the consequences of a Labor Party that is simply out of control when it comes to fiscal discipline. Now they pay the price of seeing premium increases of 13, 26 and 43 per cent on their private medical insurance as a direct consequence of Labor now attempting to do something about its level of debt and deficit. The most concerning part of all this, besides the betrayal of the Australian people and despite the fact that the Prime Minister said that she would not introduce this policy but now is doing so, is that the government is not being upfront and frank with Australians and Gold Coasters about the impact of this policy. The government owned insurer, Medibank Private, has predicted that 37,000 of its members alone will drop their cover and 92,500 will downgrade their level of cover. When you consider that the minister has claimed that the impact of this policy will be that only about 27,000 people across the sector will drop their cover you start to realise that the government is not being frank or fair dinkum with the Australian people and with Gold Coasters.

Deloitte analysis of the changes that Labor is implementing shows that in the first year 175,000 people are expected to withdraw from private hospital cover and a further 583,000 are expected to downgrade. Over the next five years, it is expected that 1.6 million Australians will drop their cover and 4.3 million Australians will downgrade. For the Gold

Coast—Australia's sixth-largest city and a city whose public hospital system, doctors say, experiences a code yellow three times a week—we have the you-beat-brilliance of the Australian Labor Party trying to claw back money through policy changes that would be unnecessary had it not spent so much money to begin with. It is going to drive tens of thousands of people in my city alone from the private system to the public system. We can only speculate what that will mean for a system that is already groaning under the weight of excess demand. I know what it will mean. It will mean that people will lose their lives. It will mean that people who need to have access to life-saving surgery will not get it. It will mean that people who could have had surgery earlier, had there been more people in the private system, will be shunted further down the waiting list as other cases go before them. The very real consequence of these changes is that people will lose their lives. They will no longer be able to avail themselves of elective surgery because they will have had to make hard decisions about what they are going to pay for out of a very finite amount of income.

Gold Coasters are doing it tough. This is not about the elites; this is not about the rich. The Labor Party likes to play those class warfare games because it suits their arguments. This is about ordinary working families in suburbs like Ashmore and Nerang in my electorate. It is about people who are struggling already in suburbs like Southport, Mermaid and Miami. They are struggling to meet the rising costs of living and are now going to be forced to choose between maintaining their private health insurance and paying an extra 10, 15, 20 or 30 per cent more and letting their cover lapse and going back onto the public system. It is a disgrace that the Labor Party puts people in this predicament. It should not have wasted so much money that it now needs to try to claw it back by repealing good coalition initiatives that created the social dividend that flowed under the coalition as a result of strong economic stewardship.

I stand alongside the 59 per cent of voters, some 53,500 people, in my electorate who have private medical cover and who remain steadfastly opposed to this Labor initiative. They are not all millionaires; they are not all exceptionally wealthy. They are just ordinary Gold Coast families who are going to have to pay more now because of this Labor Party policy. It is a great shame that they are forced to be in that situation because this government does not have the wherewithal to get its debt and deficit under control. This government is seeing a billion-dollar blowout in the cost of border protection, it has seen a billion-dollar blowout in the pink batts program, it has seen massive blowouts in the school halls and solar programs, in Fuelwatch and GroceryWatch and in all their other harebrained initiatives. It is money that could have been saved and which would save lives because we

would not need these kinds of policy initiatives that the Labor Party is taking.

**Mr BILLSON** (Dunkley) (18:57): The bills that we are discussing tonight we have debated before in this place. I sense a feeling that has been conveyed to me by my local electorate that we thought this was a fight that had been had and won. Despite the repeated assurances by the Labor opposition prior to the 2007 election—that there would be no downgrading of and no tampering with the private health insurance incentive, to the point where the now Prime Minister, the then shadow health minister, bemoaned how tired she was of repeating her reassurances to people—shortly after an election where that kind of assurance supported the formation of the Rudd-Gillard government, something completely opposite was put to this parliament. That something was an attack on the very private health insurance incentives that are so important to so many members of the community that I represent. It was an attack that went completely against the assurances, the election promises and the tiresome reiterations about how this was not going to happen. But it did. I suppose this is a not unfamiliar experience for the electors of Dunkley and for the people of Australia. The good sense of the parliament held the government to its word the last time the government tried on this measure, which was introduced not because it is good health policy but because the government's reckless and insatiable spending had created a budget problem that needed to be addressed. The Labor government thought that people with private health insurance were fair game.

As a shadow minister I travel around Australia. I enjoy talking with the people I meet, as I do with the people in my electorate. It is interesting to hear them wonder, which they do often, and pose the rhetorical question: just whose side is the government on? They look at areas of policy where there seems to be hostility and class warfare now emerging and hear language that is appalling and an affront to fair-minded people. We see it again in relation to private health insurance. The government would have you believe that this is somehow a Robin Hood measure, that taking from the rich who have the gall to take out private health insurance will somehow be helpful for those less fortunate. A number of things are wrong with the proposition the government is asserting as its defence for this measure. The vast majority of Australians who have private health insurance would never be characterised as 'rich'. They certainly do not characterise themselves that way, and certainly from the data that is not an accurate reflection of their circumstances. But this money is not actually going into some other targeted health measure; it is just going in to deal with the cavernous structural deficit that this government has created in its budget. It is simply about improving the accounting of the Commonwealth's

books; it is not about improving the health outcomes for Australian citizens.

The Australian public is entitled to wonder why it is back here again when the parliament in good conscience repudiated the government's actions the last time they tried this on. I have even examined the ALP's health policy from the last election. It talked about the pea-and-thimble trick in the way that changes in health were to be funded. It talked about emotional health measures. You might recall announcements prompted by the excellent mental health strategy outlined by the coalition. It also talked about emergency departments. I cannot find a single mention of that measure. I cannot see anywhere where the government has disclosed its intention to change its path from the election assurances that were given in 2007 or from the repudiation that the parliament gave the Rudd-Gillard government as it tried to do something completely the opposite of what it undertook to do. And now the government comes in here and says: 'There was an election in between.' There may have been an election in between, but this was the policy that dared not speak its name.

You are entitled as a member of the public who might not consume as much political discourse as we do in this place to still have ringing in your ears the assurances that were given in 2007, the feeble excuses given for the betrayal of those assurances after the election of the Labor government, the repudiation by the parliament to bring the government back to where it said it was going to be as part of its election commitments and then silence. Not a word. Nothing. No election commitment. No clear articulation of its plan to the Australian public. No sense that it could somehow claim a mandate—because this was not discussed—let alone the broader issue of how the government came to grasp onto power after the election.

The Australian public—particularly as it is reflected in the emails that I am getting from my electorate—is rightly outraged. This is a policy argued with a nonsense at its heart, a fiction that this has something to do with health when it is actually about accounting. And there is no mandate whatsoever to bring about this change. It is a change that will have a profound impact on the electorate that I represent. It will also have a profound and increasing impact over time on the broader health system that Australians can enjoy and look to with comfort and security.

We have a parallel system of health care in our nation—a public system that is funded through concepts of universality, with income related contributions towards Medicare and the like as well as through the budget system, and a private system where citizens choose to put whatever quantum of income that is available to them towards their own health

needs. This measure was about saying to those people that had forgone other uses of their income but had chosen to invest in their health care that an incentive was appropriate. The incentive is appropriate because it is a way of saying that your actions in bringing your own private resources to the health system complements, strengthens and buttresses the health system by growing the aggregate amount of resources available to the task of raising healthy Australians. That public policy motive is a good one. A 30 per cent contribution is an encouragement, an incentive, for private citizens to make a much more substantial contribution on their own. What you see then is people able to pursue the health care they need through avenues available to them through a system that has two strong pillars—the public and the private systems.

When you start eroding the health and vitality of the private system, you start impacting on the public system and then you start inflicting a decay and an atrophy in terms of all the resources available for health care generally. When people take out private health insurance they bring more than the incentive to the task of health care. If they decide to discontinue that health cover, there might be a short-term advantage for the Commonwealth but there is a substantial loss of a number of times the value of the incentive to the health resources that are available to meet the Australian public's needs.

One of the shiftest and most deceitful cost transfers from the Commonwealth to the states that we will see is when those people join the hospital queues and the waiting lists as they seek access through the public hospital system. This is a system that is under stress. It is a system that attracts a lot of debate and discussion. It is a system that I would have thought all state governments, regardless of their political flavour, would be pointing out to the Commonwealth as under pressure at this present time. It is a matter of public concern that waiting lists are certainly not decreasing in most areas and in some areas are increasing. Notwithstanding the amount of resources that state governments might put additionally into that task, the Commonwealth is just making an already difficult task much harder.

When you hear the Labor Party and its members in this government talk about how this legislation is only going to hit a few rich people and how certain types of people that they are categorising as 'lower income' will now not be helping to pay for the private health insurance of those that they characterise as somehow 'rich', we need to peel back that argument because it is a hollow, shallow argument that actually undermines people's understanding of the way that the health system operates. Private hospitals treat 40 per cent of all the patients in Australia. If that capacity were not there, the demand would be shifted to the public hospital system. As I touched on earlier, the incentive

is but part of a boost to the resources available to the health system where the lion's share, the heavy lift, of those additional resources is made by private citizens who choose to put a share of their own income into their private health needs. In 2009-10 private hospitals treated 3½ million patients. Private hospitals carry out the majority of elective surgery, 64 per cent, in this country; 12 million or more, or 52.9 per cent of Australians, have private health insurance; 10.3 million, or 45.6 per cent of Australians, have hospital treatment cover. In my own electorate the picture is quite similar: 52.9 per cent—right on the national average—of people in the Dunkley community have private health insurance. Those 70,000 people draw some security from that and, at a time when people's financial security is being challenged by cost-of-living pressures and serious concerns about the direction in which this government is taking the economy and the nation, they do not need to feel a greater degree of uncertainty about their health and wellness. That security about their health and about their access to hospital care and health care being there when they need it should not be eroded. But that is what will happen as a consequence of these bills being passed. If you take out higher income people who choose to put a portion of their income into their private health needs, you start diminishing the insurance pool. The insurance pool will lose some of those who might choose to self-insure or those who might take their chances or some who feel they are of robust good health and might not need the help. Those are the very people that give insurance its appeal. They bulk up the insurance pool. Through their contributions they offset the costs of those that may be facing a higher risk of a need for treatment and a higher risk of claims and, as a consequence, they help keep down the cost of that insurance.

If you build in a disincentive, which is what will happen with the removal of the 30 per cent rebate, people will leave. They will leave their cover. The government has tried to put forward this nonsensical fictitious argument that only 30,000 people will quit private health insurance. How remarkable that the government's own private health insurer, Medibank Private, has predicted 37,000 people will quit. That is, one private insurer is forecasting a greater drop-off rate from one insurance fund—a government owned insurer—than the government says will occur in the entire sector. This shows that we need to be very careful about these modelling conclusions that the government tries to throw around as evidence of the wisdom of its decision making.

A Deloitte analysis predicts that 175,000 people will withdraw from hospital cover and a further 583,000 will downgrade their cover in the first year. It expects that over the next five years 1.6 million people will drop their cover and 4.3 million will downgrade. That

is an enormous reduction in the insurance pool and can but only push the cost of health insurance up even further. This will create greater problems for the public hospital system as demand is displaced out of the private system into the public system—and there is not a dime of the money the government claims it will save from this measure going in to address that transfer of demand from the private system to the public system.

Also of concern is the absolutely inaccurate characterisation of the people that have private health insurance. You will see that half of those 11 million Australians with private health insurance have incomes of less than \$50,000. Three million have annual household incomes of under \$35,000. If you were concerned about your health status and wanting the emotional security of knowing you had options and choices about the treatment you would receive, you would be more likely to stay. A higher risk—you would be likely to stay; a lower risk—likely to leave. The damage to the insurance pool will be quite remarkable. There will be damage to the health profession. In my own community, many highly skilled and highly regarded, medical professionals deploy their time both in private practice and in public practice. They do not want to be wage and salary earners in the public hospital system. That is not what got them into medicine. But they are happy to make their contribution because they can underwrite their investment in their own skills and their own career through private practice. You start eating away at that and you start changing the personnel profile and the willingness of people to contribute at all.

Let us not underestimate the importance of privately insured patients in the public hospital system. Last time I spoke on this measure I pointed out that in 2006 the Peninsula Health Care Network, best known as the Frankston Hospital and other points of service, pulled in just under \$7 million in income from patient and resident fees. That has nearly doubled since 2006 to the point where it is an important input to the vitality of that hospital. The staff are having a red-hot go under increasing demands. They do not need to have that additional revenue stream drained away by this poorly conceived measure or to have greater demands placed on their services as people are displaced from the public system into the private system. There are so many reasons why this is a bad idea—it is dishonest and it is just woeful public policy. I urge the parliament to get behind the amendment moved by the Leader of the Opposition.

**Mr TRUSS** (Wide Bay—Leader of The Nationals) (19:12): True to form, this Prime Minister and the government she leads are at it again—betraying the trust of the Australian people. The Gillard government is targeting families with private health insurance, treating them as cash cows and milking them to compensate for its own waste and incompetence. The

government claims that these cuts to private health insurance rebates are just asking rich people to pay more for their health care. The Fairer Private Health Insurance Incentives Bill will in reality penalise the poor. It will penalise those most in need. If the government achieves its objective of driving people out of private health funds, many of them fit and young people, premiums will rise. They will rise for the poor, they will rise for the sick and they will rise for the pensioners—all the people least able to pay. Hospital queues will grow even longer. The victims of this bill are the people Labor once stood for—those who are sick, aged or disadvantaged.

Once people leave the private health system it is very expensive for them to get back in. The lifetime cover rules mean that premiums will be very high for those who leave their private health insurance and then later on realise they need this kind of assistance. So the government knows that if it can drive people out of private health insurance they are probably gone permanently, which achieves one of its philosophical objectives—to get rid of the private health insurance system. By phasing out the rebate the government shows how out of touch it is with struggling working families and the importance of their health care. The current health minister has just dismissed these people as 'millionaires'. Well, most of them are hard-working families of middle Australia who are not only taking responsibility for their own health care but also taking pressure off the public hospital system in the process. They are also paying taxes which fund other people's health care. They should be rewarded for saving the taxpayer 70 per cent of their own healthcare costs, not punished by a desperate, incompetent and financially strapped government.

The new penalty that the government is proposing to place on higher income earners who drop out is just another tax. As the *Australian* reported today, their calculations show that, even after the premium rises caused by the means test on the rebate, it will still be \$719 cheaper for a family earning \$258,000 or more to have basic health cover than pay the existing one per cent surcharge. So this is not about trying to introduce any kind of equality; this is simply another new tax—another new tax on a sector of the community who are already contributing significantly to our nation's healthcare costs.

I remind the House also that the Prime Minister, Julia Gillard, as the then shadow minister for health, told Laurie Oakes on the *Sunday* program in August 2004:

We will leave the 30 per cent private health insurance rebate undisturbed because we understand it's factored into family incomes.

She repeated the promise in September, telling the *Australian* newspaper, 'The private health insurance

rebate is here to stay in its current form.' She also said, 'Labor is committed to the maintenance of the private health insurance rebate, and I have given an iron-clad guarantee on that on a number of occasions.' She said, 'I grow tired of saying this. Labor is committed to the 30 per cent private health insurance rebate.' All of these commitments have been made by the woman who is now Prime Minister, and people had a right, surely, to believe the government when she made those kinds of claims.

If you think that these are statements only made by the current Prime Minister, well, her current challenger was quoted in the *Australian* in February 2008 as saying:

The private health insurance rebate remains unchanged and will remain unchanged.

That was Kevin Rudd.

But it goes on. The then health minister, Nicola Roxon, said in a speech to the Australian Health Insurance Association's annual conference in October 2008:

Private health insurance consumers will still be able to claim the 30 to 40 per cent rebate, and the Lifetime Health Cover incentives will remain in place.

The health minister again told the *Age* newspaper in February 2009:

The Government is firmly committed to retaining the existing private health insurance rebates.

This government cannot lie straight in bed. Is it any wonder that the Australian people are fed up with them and their conniving and their barefaced deceit? As soon as they were elected in 2007, they moved to cut the private health insurance rebate. This is, I think, the third attempt. They have been at it all the time. And, in reality, the promise that they made to the Australian people was clearly empty.

But there is more at stake than just the veracity of this government, its shamed cabinet ministers and the rot that has set in to the very core of the Australian Labor Party. The complementary nature of Australia's public and private healthcare system is the envy of the world. These sectors are not in competition with each other; they work in tandem. The overwhelming majority of Australians recognise that the coalition got that balance right. People here recognise that the solely public NHS in the UK and the solely private system in the US are extremes to be avoided. The Speaker, I thought, put this argument very well when he spoke on this issue in September 2009. The member for Fisher, who is now the Speaker, said:

The best way to have a strong public health system is to have a strong private health system, and this government through the changes in this legislation will undermine both the private health system and the public health system. It stands condemned.

Those are the words of the Speaker himself.

In fact, taxpayers actually get great value for the money from the 30 per cent, 35 per cent and 40 per cent rebates on private health insurance. The numbers from the Australian Institute of Health and Welfare are telling. Under the current healthcare agreement between the Commonwealth and the states, public hospitals received, in 2009-10, \$36.2 billion. They performed 41 per cent of all the surgery in Australia and 35 per cent of the elective surgery. According to the Australian Institute of Health and Welfare, as a result of the private health insurance rebates private hospitals received \$2.1 billion. They perform 59 per cent of all surgery in Australia and 65 per cent of elective surgery. By any reasonable, rational assessment, taxpayers are getting bang for the bucks from the private health system, and that system is delivering value for money.

The counter argument is: if you put the rebate dollars into the public hospital system, then the public hospital system will be better. Well, of course, the government is not proposing to do that. They have no plans to transfer the money that they are going to save as a result of the cuts to the rebate, to actually deliver more money for hospitals. Adding another \$2.1 billion, if that is the amount that would be provided, to the public hospital system would just be a drop in the ocean compared with the \$36.2 billion it already gets. It would just be swallowed up by the same inefficient, state based bureaucracy that milks the system now. But the government is not proposing to transfer any of the money it receives from these cuts to the private health rebate to the hospitals. So the exodus of patients from the private to the public system would cause a new and deeper crisis in public hospitals, adding to the stress and workloads of doctors, nurses and hospital staff, and adding more people to even longer waiting lists.

Everyone knows that, once the insurance pool shrinks, premiums will go up. Adverse selection will mean that the sickest people will remain in hospital in private health cover and their premiums will go up. Research by Deloitte last year shows that 1.6 million people in the government's targeted annual income brackets will dump their private health hospital cover with another 4.3 million downgrading. This initial exodus will force up the premiums by an estimated 10 per cent, and that is money that Australians cannot afford. It always needs to be remembered that 5.6 million Australians with private cover earn less than \$50,000 a year. They cannot afford increases. The premiums are already high. They are already enough to make families struggle and pensioners to go without. I never cease to be amazed at the number of pensioners who tell me how desperate they are to keep their private health cover and they do without so many things which other people enjoy, because this is a priority for them. This government proposes to penalise those pensioners who have made so much

sacrifice over the years because their premiums are going to up.

We already know that hospitals are overrun and Deloitte estimates that more than 845,000 extra admissions would pour through public hospital doors as a result of reduced rebates. The public waiting lists are already on the rise. The Australian Institute of Health and Welfare reported that average waiting times for elective surgery are on the rise after a two-year period of stability. Means-testing the rebate will drive those waiting times higher in the public system. If you are waiting six months now, it will probably be 12; if you are waiting three years, you will wait four years.

Today, a quite staggering 52 per cent of Australians hold private health insurance. That is remarkable and something we should be proud of. It is only possible because of the rebate and particularly the accelerated rebate for older people. People electing to take responsibility for their own health care alleviate pressures on public hospital beds. Even people without private health cover think that the private health insurance rebate is a good idea. They instinctively make the connection between more people in private hospitals equals less competition for public beds. They also see private hospital care as worthwhile and they aspire to have it for themselves. They also accept that people who take personal responsibility for their own health care are entitled to get something back for doing so.

The Gillard government's old-style Labor class warfare is woefully out of touch with the values and aspirations of ordinary Australians, who fundamentally understand the benefit of affordable private health care operating in partnership with the public hospital system. It is not often understood that 40 per cent of regional Australians hold private health insurance and, bearing in mind that there are limited private services available in regional communities, that is a remarkable statistic. Regional Australians know that there may be times when they need special care, that they may need some treatment for cancer or a hip replacement or the like. Even though they may have to travel a thousand kilometres to have the treatment they want with the doctor of their choice and at a time they want it, they are prepared to make that sacrifice and to pay the high premiums.

I am very concerned also about the impact of these proposed changes on private hospitals in regional centres. Many of them already struggle. I have three in my own electorate. St Stephens Hospital in Maryborough, where I have to admit I have been a patient once or twice, is actually teetering on the brink. If there are fewer people with private health insurance in my electorate, I fear I will lose a whole hospital. The government has no plans to help St Stephens in Maryborough stay open. It has not been prepared to

offer any assistance, so this valuable hospital service may well be lost to the community. What this government is doing today will be critically watched by the staff and the people who work in St Stephens, and by those people who for several generations now have valued its services. There will be similar problems for the Cooloola hospital in Gympie, as it faces the prospect of fewer privately insured people and fewer people able to use that facility.

Regional communities with private hospitals benefit not just from the facilities but from the specialists those hospitals attract to town. There are so few specialists in country Australia as it is, but with no private health cover or reduced cover there will be even fewer. Patients will have to travel further at greater cost to consultants and treatment, and that also includes poor people who do not have private health insurance because the specialist simply will not come to town anymore.

This is a very short sighted piece of legislation. The Gillard government is raiding families with private health insurance to patch up its haemorrhaging budget. It would be far better if it got its own financial affairs in order and stopped the waste so that people could have better hospital care of their choice and maintain this support for the private hospital system and for private health insurance, which has contributed so much to the quality of Australia's health system.

**Mr COULTON** (Parkes—The Nationals Chief Whip) (19:27): I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011. I am strongly opposed to this bill. Not only will this bill be detrimental to the people that I represent in the seat of Parkes; it will be detrimental to the country as a whole and will put tremendous stress on the health industry. In my electorate of Parkes, which I believe is in the bottom five electorates in Australia for per capita income, just on 44,000 people have private health insurance. So the myth that private health insurance is the domain of the rich is a falsehood.

People in my electorate struggle to pay their private health insurance premiums. They sacrifice other things to have the comfort of knowing that when they do need critical health care they can get the treatment that they want. In my electorate we are very well serviced by the public system. We have multipurpose services in the small towns; we have some great hospitals—from the Dubbo Base Hospital to the smallest MPS. There is a synergy between the public health system and the private system. In Dubbo we have the Lourdes private hospital, run by Catholic Healthcare, and the Dubbo Private Hospital that run in cooperation with the base hospital. Those hospitals allow the visiting surgeons and specialists to operate in a regional area. So they not only service the people who live in those towns but they service people from a long way away. It is my

concern that, with the shrinking of the private health system that this bill will bring about, we will start to see those doctors ceasing to service the regional areas.

Many of these hospitals are running on a fine margin. We have heard other speakers say that the number of operations that are done by private hospitals per government dollar spent on them compared to the public system shows that they are punching well above their weight. The private hospital in Tamworth in the seat of New England services a lot of my constituents. It is a regional centre and I have been a patient in that hospital myself. It is my understanding that the Tamara Private Hospital will really struggle to keep its doors open if this legislation comes through.

This bill is ill considered for quite a few reasons. If it is designed to improve the government's bottom line, it is incredibly short sighted because this has the potential to really balloon the expenses in health care. The public system is going to have a huge influx of people leaving the private system because they can simply no longer afford it. While people realise that private health insurance is important and they sacrifice to keep it, when they get into a financial bind it is one thing they will drop. It is a bit like house insurance. When people get into a financial bind they will not insure their house and, sure as eggs, they are the people who are going to get a fire or a flood. This is exactly the same. These people will reluctantly leave private health insurance and be reliant on the public system and we are going to see that balloon out.

I have some experience in this. One of my daughters is a doctor who has spent quite a bit of time working in a regional base hospital. The emergency and outpatient jobs that those hospitals do that should already be taken up by other providers is enormous. If this influx of people from the private system hits them, they are just not going to cope. The waiting list now for surgery in many of these regional base hospitals is quite long, so much of the elective surgery is done through the private system. If that ceases to be an option, the health care for the people that I represent will really suffer.

Underpinning all of this is a breach of faith. The former Prime Minister, Kevin Rudd, and the former health minister, Nicola Roxon, had said on numerous occasions that this rebate was not to be touched. Apart from the practical reasons why this is a dumb idea, this is a dishonest move by this government. They assured the Australian people that they were not going to interfere with the health rebate and now they are doing it. If they are doing it to improve their bottom line—it is my understanding that the money that is saved from these rebates is not guaranteed to go into health care; it can go into consolidated revenue—then it is an even dumber idea because it will be robbing Peter to pay Paul and the Australian people are going to end up with a second rate health system.

Up until now our public-private system, which works so well in the cases that I am aware of, has been the envy of other countries. One of the things this country does well is provide a service for the poorest of people and the wealthiest of people. Australian people get a wonderful opportunity to receive health care. This is going to be put into jeopardy. If this government think pushing everyone to the lowest common denominator, pushing everyone onto a public system that is already bursting at the seams, is good health policy or good fiscal policy, they are delusional.

Since 2007 this government has been talking about reform of health, but what we have seen is window dressing and tinkering around the edges. One of the great frustrations with health I have been dealing with as an MP has been the merging of divisions of general practice to form Medicare Locals. I have been dealing with health professionals who are struggling to understand where they fit into this grand plan. It was a plan that was announced without any great detail and the health professionals in my electorate have been bending over backwards to do what they think the government wants them to do without any clear guidelines on whether that is the right thing to do. I believe that this change, on top of the unsettled conditions that have already been created by this government, will be the straw that breaks the camel's back. There is a list of statistics here that I could mention to back up the case as to why this is a very dumb idea, but we have heard those before in the eloquent speeches in this place. So I will conclude by saying I hope that, when this goes to a vote, the members of this House who represent average Australians who rely on being able to access health care in a timely and cost-effective manner consider their constituents and give this bill the scorn that it deserves.

**Mr OAKESHOTT** (Lyne) (19:37): From all the noise over this issue, here is the truth, from Australia's largest private hospital operator, based on a report to their institutional investors under their legal obligation to tell the truth to the share market—a quote which reads:

In both the short and the longer term, demand for privately provided health services would continue to grow regardless of the rebate. Hopefully, things will stay as they are, but even if the bill is passed and there is a trickle-down effect, the positive fundamentals driving growth in this business will remain.

As I did in the 42nd parliament, prior to the last election, in a majority parliament where no government was dependent on my vote—so no accusations other than merit could be made—I rise today to be consistent and continue to support the means testing of private health insurance rebates in Australia and encourage all MPs to do the same.

I also rise to encourage the government to make this the first of a series of austerity measures that start to turn unsustainable health economics into the sustainable. If I think of individual private healthcare providers, this is a hard call, but when I think of just how many hard decisions need to be made to make healthcare economics in Australia sustainable then this is a relatively easy one. In reality, this is just one of many decisions that need to be made if we are serious as policy-makers in making healthcare economics sustainable.

This is also a hard call if I think of individuals and the personal anecdotes of those who might be directly affected by this decision. But, if I think of Australia and the long-term best use of taxpayers' money, it is a very easy call. We do not have a money tree to enable welfare to be provided to all. That is the reality. This reality says that, if we leave these measures in place without means testing, the cost to Australian taxpayers of no change jumps from \$5 billion to the national budget in 2011 to a \$10 billion cost per year in 2019, just seven years away. It would be irresponsible of all MPs in this House to ignore this fact. So, for the first and most compelling reason, I continue to support the means testing of healthcare rebates. It is the current reality of unsustainable health economics in Australia. The reality is that this measure will completely blow the health budget of Australia if not changed some time in the next decade.

I also want to put this first point in some political context. I do not just slide across the line on this issue. Nor has the government secured my vote in some sort of metaphorical headlock. Rather, I support these bills with a strong want—that health ministers today and in the future, of all political colours, state and federal, finally have the backbone to make health economics in Australia sustainable, and that this is the underlying principle of this portfolio work for the next decade. And I call on those same health ministers, state and federal, of all political persuasions, to actually do more—whether it is considering new drugs and how they relate to the growing costs of the PBS scheme; the growing costs of an average length of stay for a public patient; balancing the needs in dental health and mental health; aides and appliances; aged care; and the many preventative health measures so important in our functioning and world-leading health system in Australia.

We need politicians in this country with steel in their spines to make some very challenging calls in the next decade to keep our health system as one of the very best in the world. This decision, therefore, must not be the end of the so-called hard decisions. I invite both major parties and the parliament to make this the first of the hard decisions and I will continue to push for more.

The second reason I support this decision is that I continue to be satisfied that the appropriate safeguards are in place if drop-outs or downgrades are higher than Treasury modelling suggests. All information about entries and exits in private health are publicly available from the Private Health Administration Council, backed up by the Private Health Ombudsman for any complaints from any citizen. Both these bodies provide ongoing public data on what is happening in private health insurance, and I encourage people to use both of these when seeking facts or wanting to follow this issue over the coming years. These are important public protections, and I am personally satisfied that public data will continue to drive policy considerations in a transparent way.

The third reason I continue to support means testing is the reality of the impact of this change versus the rhetoric. I note, and have listened closely, to personal stories from home such as those who have private health insurance and are nervous, those who work in local private health jobs and are nervous, and doctors whose business models are reliant on a base of private insurance and are nervous. I have also listened closely to, and note public demonstrations from, the private health sector—one as late as last Saturday outside my electorate office. And I note and have listened closely to the research undertaken by the private health sector, from good people such as Michael Armitage and Chris Rex, who I again met with as late as Monday. I assure all stakeholders involved, and the constituents of the electorate of Lyne, that concerns raised have been considered deeply. In the end, though, I have done two things with those concerns. Firstly, I have integrity-tested all the claims made and am satisfied that all claims have at the very least been considered in detail by government and that the protections of both the Private Health Administration Council and the Private Health Ombudsman will blow the whistle on any advice that over time from government proves itself to be wrong. The second action taken is to separate political commentary and populist rhetoric from what is being actually said to investors and the share market under legal obligations. The difference in the language on this bill is revealing. While the Chicken Little button has been hit by some in politics and some in the private health sector, with a bit of research on what is being said under legal obligations to the financial markets it is clear that even the greatest critics of this decision do not actually believe their own rhetoric.

By way of example, Ramsay Health Care in Port Macquarie are currently threatening to pull a \$20 million expansion of their Lake Road hospital. They are currently threatening staff that jobs will go and they are contacting local clients, saying that this bill will be detrimental to their current service delivery. However, when this is all checked against their legal obligations in reporting to the share market, it is a different

message. The ASX statement on 25 August from the same company reports a 23.6 per cent rise in full year core net profit, an after-tax profit of \$198.4 million in the past financial year alone. The stock market statement indicates that this result 'was driven mainly by a strong performance across Ramsay's Australian hospitals', which includes Port Macquarie. The most telling statement, from August last year in the *Australian Financial Review*, is the following statement from the CEO of this same Ramsay Health Care group:

In both the short and longer term, demand for privately provided health services would continue to grow regardless of the rebate—

he said. And I quote his exact words:

'Hopefully things will stay as they are but even if the bill is passed and there is a trickle down effect, the positive fundamentals driving growth in this business will remain,' he said.

Therein lies the truth for this chamber. This quote is both telling and appreciated. It is this CEO's quote more than any other that reaffirms my vote and should calm those in Port Macquarie and throughout Australia who may be wondering what on earth the truth is on this topic.

I will continue to work with Ramsay Health Care to grow their business, grow jobs and expand their facilities both locally on the mid-North Coast and throughout Australia. Supporting this bill, though, as identified by Ramsay Health Care themselves when reporting to the share market, is in no way inconsistent with that common goal.

In conclusion, I once again support this bill, as I did in the last parliament, because health economics in Australia is unsustainable and needs change. The protections in place within the private health sector are strong and have data publicly available for every single Australian citizen to follow the cause and effect of this decision, and the reports to the share market from some of Australia's largest health providers indicate that they themselves think this bill will have minimum impact. This House should pass this bill.

Debate adjourned.

## BUSINESS

### Rearrangement

**Mr ALBANESE** (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (19:48): by leave—I move:

That so much of the standing and sessional orders be suspended as would prevent:

(1) Government business having precedence until 11pm tonight at which time the House shall stand adjourned until 9am tomorrow:

(a) during the period from the time this motion is agreed to until 11pm any division on a question called for in the

House, other than on a motion moved by a Minister during this period, shall stand deferred until tomorrow morning after the Prime Minister has made a statement on Closing the Gap, the Leader of the Opposition has replied to the statement and the Leader of the House has moved any related motions; and

(b) during the period from the time this motion is agreed to until 11pm if any member draws the attention of the Speaker to the state of the House, the Speaker shall announce that he will count the House tomorrow morning after the Prime Minister has made a statement on Closing the Gap, the Leader of the Opposition has replied to the statement and the Leader of the House has moved any related motions, if the Member then so desires; and

(2) any variation to this arrangement to be made only by a motion moved by a Minister.

This motion is being moved for the benefit of members and also the staff of the parliament, and I thank the opposition for their support of this resolution, which provides some certainty about the conduct of the House this evening. It will ensure that those speakers who have indicated that they wish to participate in the debate on the fairer private health insurance legislation will be able to participate in the debate. If the debate concludes before 11 pm then the divisions on the second reading will be held tomorrow, but it will also ensure, I think, that members are able to participate. I would expect, from a rough calculation, that it is possible that debate will conclude before 11 pm tonight, but this enables members to go about their business in a way which I think suits the convenience of members. It also, of course, provides certainty for our hardworking parliamentary staff. I commend the resolution to the House and thank the opposition for the way in which they have responded to my suggestion on this motion.

Question agreed to.

## BILLS

### Fairer Private Health Insurance Incentives Bill 2011

#### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Bill 2011

#### Fairer Private Health Insurance Incentives (Medicare Levy Surcharge—Fringe Benefits) Bill 2011

#### Second Reading

Cognate debate.

Debate resumed on the motion:

That this bill be now read a second time.

to which the following amendment was moved:

That all words after "That" be omitted with a view to substituting the following words: 'this bill, and the related bills, not be proceeded with until after the Parliament has met in the 44th Parliament.'

**Mr RAMSEY** (Grey) (19:51): I rise to support the amendment moved by the Leader of the Opposition

earlier today concerning the Fairer Private Health Insurance Incentives Bill 2011. My leader made the point that this abandonment of the solemn commitment to the Australian people by the government not to touch the tax rebates for private health was made after the 2007 election. The government has no mandate for this change in policy because in fact the last election was best described as a dead heat. In fact, the government won the negotiations, not the election.

Previously twice rejected by the parliament, this legislation has been brought back again by the government to test the House, despite the cast-iron guarantees of former Minister Roxon and Prime Minister Rudd prior to the 2007 election that they were totally committed to fully retaining the tax rebates. Even as late as 24 February 2009 the minister was saying that the government was firmly committed to retaining the existing private health rebates. Just 2½ months later the budget announced the abandonment of that commitment. I cannot be told that, 2½ months before the budget, the Minister for Health and Ageing did not know what the intentions were.

This government has an appalling record of delivering on its promises. First, it was smaller things: GroceryWatch, Fuelwatch and laptops to schools for every student. Then came the bigger backflips: new taxes, starting with alcopops, AQIS charges, abandoning green loans and pink batts—which I must say they had to. Then came the really big ones: mining taxes and the most celebrated of all, the carbon tax, which has been abandoned twice, once in its commitment and once again in the commitment not to introduce it. Then, of course, there was the abandonment of the commitment to the member for Denison on poker machines. In amongst all this we had the government turn its back on its electoral promise not to touch the private health insurance arrangements.

In the Grey electorate, surprisingly, almost half of its voters are covered by private health insurance—47.5 per cent, or 66,233 people. This is really quite remarkable, because there few places in Australia where a member of a private fund could expect less. There are just two private hospitals in the electorate: community based hospitals at Moonta and Ardrossan. There is a little history here. This House and the other place supported motions condemning the South Australian government just last year for removing a small amount of public support for these hospitals, which tends to identify Labor's ideological hatred of the private sector.

The fact that health cover is sold throughout my electorate at all is a telling statistic of people's general distrust in the ability of the public system to deliver when they need it. They retain cover because they are worried about the big issues in their lives: the complicated surgery, particularly elective, knees, hips

and back operations and cancer treatments. The voters and consumers in Grey make a value judgment, even though they cannot access private hospitals on a regular basis and may need to go to Adelaide for these extensive services, to forgo much of the value of their private health insurance. Still, 47.3 per cent of them think it has value.

We know that, despite the government's promises to fix the blame game once and for all and to fix the health system, little has changed. Waiting times extend, queues get longer and key workers continue to burn out. Last week we had the extraordinary scene of the new Minister for Health, Ms Plibersek, dumping on the Tasmanian government during question time in response to a question from the member for Denison. I quote:

I can inform the House and those members who are interested—

and that was all of us—

that we will be requiring much closer oversight of the Tasmanian government's management of the health system in Tasmania. I think the saying might be 'We will be all over them like a rash' because this withdrawal of effort in elective surgery is very bad for the people of Tasmania.

She went further to rule out any Commonwealth takeover of the Tasmanian health system. Hang on! I thought there was a commitment to take the system over if the states did not perform. In fact, on 3 March 2010, not two years ago, then Prime Minister Rudd committed \$30.7 billion to a takeover. Of course, that did not happen either. It is hard to remember something that this government has promised and delivered on, unless it is the error riddled, exorbitantly priced Julia Gillard school halls project.

The problem with this government is that it measures success in dollars borrowed and spent. It does not measure the outcomes or value for money. The Labor Party does not seem to get that, if someone chooses not to access public services, instead privately funding their personal access, it benefits everyone. It takes pressure off the public sector, it reduces costs, it provides choice and, most importantly, it fosters competition and raises the bar for all. Private health insurance is a demonstration, intentional or not, of individuals voluntarily taking a greater load. By comparison, these bills not only remove the taxation rebate for higher income earners but also impose higher penalties if they do not, supposedly of their free will, take up private insurance. It is a totally mixed message. The government wants the voters to insure, and it will effectively fine them if they do not, but it is not going to help them at all. In fact, it is going to make insurance much more expensive. The increase in the Medicare surcharge is just the latest example of a new tax.

It has already been mentioned in this debate that serious concerns at the level of dropout have been raised by industry and independent analysts. Deloitte expects 175,000 to drop out, 583,000 to downgrade and, over five years, 1½ million to quit private health insurance. Medibank Private's figures would tend to confirm these figures. This result can lead only to increased premiums for those who remain in private health insurance and increased demand on the already stretched public sector. Deloitte estimates a 10 per cent increase in premiums. I have just listened to the member for Lyne wax lyrical about this move to remove the taxation rebate and quote the head of Ramsay Health Care. I hope he is right, because if he is not the sector will be destroyed. It is worth throwing our minds back five or six years to the wine industry forecast for its industry. Perhaps Ramsay Health Care does not have the answer to every sum that might be thrown up towards it.

I spoke earlier about Labor's failures and abandonment of promises. One thing is consistent, though: everything costs money and the government is sustained by borrowing billions. This move by the government is a grab for cash but, much worse than that, it will cause irreparable damage to our private healthcare sector, and this will lead to similar damage in the public sector. For that reason I support my leader's amendment to the second reading, which calls for the government to delay the introduction of this bill until after an election has been called.

**Mr TONY SMITH** (Casey) (19:59): In following the eloquent contribution of the member for Grey on the Fairer Private Health Insurance Incentives Bill 2011 I also support the second reading amendment of the Leader of the Opposition. I also support the contributions of all of those on this side of the House who have spoken on the bill. In a few minutes I will address some of the key concerns but, as the member for Grey pointed out, this side of the House has outlined in great detail the arguments about why this legislation will be so damaging. I want to deal with this debate in a couple of parts. I want to focus on the betrayal and then on the detrimental effect this legislation will have on private health insurance and on the public system—the detrimental effect it will have on health across Australia.

On this side of the House it has been said, quite rightly, that those opposite have always hated private health insurance. It is important to go back, because when the private health insurance rebate was introduced it had an immediate positive effect on private health insurance numbers. Those opposite knew that their deep opposition to it, their deep desire to rescind it, was not sustainable in the public arena. So, not only did those opposite promise before the 2004 and 2007 elections to maintain that policy position, which was introduced by the Howard government, but

also they went out of their way, they bent over backwards, to tell the Australian people that the policies would be maintained. They did so in the full knowledge that fessing up before winning government was politically unsustainable and that once in government they would start to move away and perform their act of betrayal on the Australian public.

To comprehend the gravity of this betrayal it is necessary to go back, as previous speakers have done. The Leader of the Opposition pointed out late this afternoon the litany of quotes from previous Labor health spokespeople, including the now Prime Minister, whom he quoted as saying was sick and tired of being asked over and over again for Labor to maintain their commitment. The reason they were asked over and over again was that we knew in our heart of hearts that they had their fingers crossed behind their backs on this policy issue. They knew they would say one thing before the election but in government they would act to betray the promise they made.

**Ms Plibersek:** Did you miss the 2010 election?

**Mr TONY SMITH:** If the health minister is so sensitive to interject, that is fine. Let me make the obvious point: not only did those opposite promise they would maintain these rebates but the then leader signed a document pledging that he would keep the private health insurance rebates. It has become a very familiar story. It is not just a promise made by those opposite, it has become very familiar, hasn't it? They will even sign documents they know they are going to betray.

The member for Denison knows this well. He thought, innocently, that not only had the Prime Minister made a personal promise to him but she had signed a document with that in it. But, still, as he discovered at the start of this year, it was not worth the paper it was written on. I will now go to the letter from Kevin Rudd, the member for Griffith and then leader of the Labor Party:

Federal Labor has no plans to require private health insurance funds ...

Et cetera. I have here a copy of this letter, which was to Dr Michael Armitage, the chief executive of the Australian Health Insurance Association. Well, that was not true. Labor had plans—secret plans. Members of the public heard that promise. Within a few months Labor were in office and they were restating that promise right up until the beginning of 2009, when they backflipped. As the Leader of the Opposition eloquently pointed out, those opposite did not run around screaming from the rooftops during the last election that this was their solemn policy proposal. Those opposite know that.

Just a few minutes ago we heard the member for Lyne outlining his position on this legislation. He will

support the government on this legislation. I would be interested to know whether the member for Lyne, when he was seeking re-election, communicated directly and clearly with his constituents what position he would take on the private health insurance rebate. It may well be that in his re-election material the member for Lyne stated boldly and clearly to his electors that he would be voting this way on this sort of legislation if it arose again. If that is the case, I am sure the member for Lyne will happily produce those very clear, unconfused specific promises he made to those in his electorate with private health insurance.

These changes will be damaging. There are a number of issues related to private health insurance that not only affect private health insurance numbers and premiums but affect the entire system. As previous speakers have outlined, not only will these bills directly affect the premiums of those affected; just as significantly they will have the effect—which independent experts have outlined in the public arena—of people dropping out of private health insurance and reducing their cover. That sets off a downward spiral. As the pool of privately insured people reduces, the premiums for those remaining in that pool rise, kicking off a vicious circle of rising premiums forcing more dropouts, forcing rising premiums. As the Leader of the Opposition pointed out this afternoon, Deloitte's have estimated a 10 per cent premium rise.

Those opposite only need to go back and look at the statistics of where they left private health insurance when they were last in government. Today we have a little over 50 per cent coverage of private health insurance. Back in 1996 it had dropped below 35 per cent, to 34 per cent. Even former health minister Graham Richardson, all those years ago, acknowledged that, once the level of private health insurance begins to fall, it has a very damaging effect on the entire public health system. In the remaining minutes, I want to address that point.

As people reduce their cover or pull out of private health insurance, they put more pressure on the public hospitals. That is the point Graham Richardson made many years ago. It is all there in *Hansard* back in 1996, when a then new health minister, Dr Michael Wooldridge, was tasked with dealing with this issue. To those elderly people who have paid for private health insurance for years and years—decades, in fact—the minister at the table, the Minister for Health, would say that they are unaffected by this if they are below the income thresholds. But what is not understood, or what this government does not care about, is that they are very much affected by the premium rises that result from the shrinkage in the pool of privately insured people. That is the price they pay for this government's failed policy.

The government knew they would do this all along. When they were in opposition, they knew it was unsustainable to be honest with the Australian people. There was always, with a Labor government, going to be this sort of legislation. We warned about it. It is here. As the Leader of the Opposition rightly pointed out this afternoon, we will see the same thing over and over again in areas like education and other areas of policy as long as those opposite remain in government.

**Mr BUCHHOLZ** (Wright) (20:11): I rise to support the second reading amendment to the Fairer Private Health Insurance Incentives Bill 2011 moved earlier this afternoon by the Leader of the Opposition, because I think it is a prudent amendment which speaks for itself.

Here we go again talking about trust. I am still a relatively new member and already I have lost count of the number of times that I have come here to discuss legislation that represents an enormous breach of faith with the Australian people. It is quite depressing that here we are at the start of a new parliamentary year and already we are talking about another broken promise, another betrayal, another backflip.

Today we learnt in the House about some comments made back in 2007: 'Labor is committed to the maintenance of the private health insurance rebate, and I have given an iron-clad guarantee of that on a number of occasions. I grow tired of saying this. Labor is committed to the 30 per cent health insurance rebate.' Then what changed? But backflips are something that this government is used to. Before the election in 2010, on 12 August, the Treasurer on *The 7.30 Report* was asked about the issue of the carbon tax, and his response was:

We have made our position very clear. We have ruled it out.

On 15 August, on *Meet the Press* on Channel 10, a journalist asked the Treasurer:

Can you tell us exactly when Labor will apply a price to carbon?

Wayne Swan's response was:

Well, certainly what we reject is this hysterical allegation that somehow we are moving towards a carbon tax ... We certainly reject that.

They went on to do an absolute backflip. I have just come from the Main Committee chamber, where I was speaking on the appropriation bills, in which \$3.6 billion has been appropriated for the clean energy legislation. That is just another example of the betrayal of this government.

The second reading amendment to this bill basically speaks to putting this legislation on hold so that it can be assessed with full diligence by the Australian public after an election. This is another example of the Labor Party trying to wiggle their way off the hook of their own economic incompetence. More to the point, we

are also here again discussing a so-called health policy that might as well have come from the office of the Treasury. It is worth reflecting that, despite the main bill before the House being named the Fairer Private Health Insurance Incentives Bill 2011, it has very little to do with fairness but everything to do with dollars—just like the alcopops tax or the attempt to slash the cataract rebate. This is Treasury policy dressed up as health reform.

This is the third time that the parliament has considered this legislation. It was introduced in the last parliament despite explicit promises at the 2007 election: 'Federal Labor has made it crystal clear that we are committed to retaining all the existing private health insurance rebates.' That was Minister Roxon on 26 September 2007.

**Ms Plibersek:** You slept through 2010 too, didn't you.

**Mr BUCHHOLZ:** We can have the debate about credibility. You may have just missed my comments on the Treasurer with reference to the carbon tax. I can repeat them but they are there in *Hansard* for you to peruse. Yes, both sides of parliament are probably not without blame. But if we are making a point about credibility, I have got ammunition.

**Ms Plibersek:** The GST 'never, ever'—how about that?

**Mr BUCHHOLZ:** As recently as 2009, Roxon said the government was committed to retaining the existing rebates.

**Ms Gambaro:** Mr Deputy Speaker, on a point of order, I just ask that the member be heard in silence, as a courtesy.

**The DEPUTY SPEAKER (Mr Symon):** The chamber is relatively quiet at the moment. I am keeping an eye on that.

**Ms Plibersek:** Mr Deputy Speaker, I would ask that the member address the former health minister by her proper title.

**The DEPUTY SPEAKER:** Thank you, Minister. I am sure it will be to the benefit of everyone if we do stick to formalities.

**Mr BUCHHOLZ:** I thank the Deputy Speaker and I will do my level best to apply proper protocol. As recently as 2009, Roxon said the government was committed to retaining the existing rebates. A few months after that the wheels fell off and now some 2.4 million people are facing immediate increases in their premiums of 14 per cent, 29 per cent or 43 per cent, depending on how much money they make.

Before I go on, I would like to debunk this ridiculous, ludicrous theory the government is running that private health insurance is somehow the exclusive playground of the well-to-do. The Labor Party wants you to believe that private health insurance, which

covers half the population, is a rich man's luxury. What a load of rubbish. Over 5½ million people who have private health insurance have an annual household income of less than \$50,000, and 3½ million of them earn less than \$35,000. We are not talking about the Packers or the Murdochs here. We are talking about older Australians who may be sick and do not wish to put themselves through the stress or the uncertainty of treatment through the public health system. We are talking about young parents with kids, trying to make sure their families are covered if the worst should happen. These are people who have made sacrifices in order to look after their own future and their own wellbeing. We should be applauding them, not slugging them with higher premiums. For Labor to argue that these people are living so high on the hog that they can afford to cop a bit more financial pain shows just how out of touch they really are.

The Treasurer came into the House today and talked about the strength of the economy. I met last week with a business owner who employs 80 people. He said to me, 'Scotty, it is tough out there—I have never seen it so tough.' There are increased energy costs; the list goes on. With reference to this legislation, cost-of-living pressures are biting and this is another tax that my people in the electorate of Wright could do without.

If this legislation passes, the results will be swift and potentially catastrophic. As you would expect, the first thing that will happen will be upward pressure on premiums, which will see a mass exodus from the private system to a public system that is already groaning at the seams. Those who elect to remain in the private system will be forced to pay higher premiums to retain current levels of cover or to take up cheaper policies with more procedures excluded. A report from Deloitte shows that around 175,000 people could be expected to abandon their private hospital cover and that more than half a million will downgrade. That is probably the more likely option, because there is that exit clause. The Labor government have got you there as well. On the way out, if you do not take the insurance coverage you are in for 1.25 per cent of your gross income. So they are going to tax you if you are not in it anyway. I suggest that you will see people wind back their insurance coverage and possibly stay in. Over five years you are looking at 1.6 million members leaving and 4.3 million downgrading.

These changes will also impose an enormous compliance burden on industry and individuals completing their tax returns. Private insurers will have to make significant changes to their systems to be able to adjust premiums according to incomes. It is not clear how the rebate will be administered under these arrangements, especially where a person is not able to

accurately predict their income for the current financial year.

So why would anyone in their right mind try to do this? I will tell you. This government has inevitably succumbed to the same malady that eventually afflicts all left wingers: they have run out of other people's money. That they have managed to do it in just four years, after starting from a position of almost unprecedented national wealth, is an indictment of them and of the whole Labor philosophy. To support those comments I have Labor's debt figures for the last four years. I think it is interesting to reflect on those. Under Labor, in the 2008-09 year there was a deficit of \$27 billion, in 2009-10 it was \$54 billion, in 2010-11 it was \$47 billion and in 2011-12—the reporting period—it is \$37 billion, making a total of \$165 billion.

The legislation before the House is an opportunity cost forgone as a result of the government trying to bring the books back into some type of order and return some type of economic credibility to its argument for pursuing a surplus. And this is one of the ways it is going to do it. It is going to put its hands into the pockets of mums and dads right across this country and force them to kick the tin a little bit more.

The reason the Labor Party is not bothered by the likely consequences of this policy is that in its heart of hearts it loves the idea of everyone being in the public health system. I am reminded of the famous quote by Winston Churchill about the inherent virtue of socialism being the equal distribution of misery. It seems particularly relevant here. Sure, our emergency departments are overflowing and the waiting lists in our hospitals stretch from here to eternity—we have now even created in our public hospital system a process that is a waiting list to go onto the waiting list; it sounds like a caricature out of something like *Fawlty Towers* or *Yes Minister*—but none of that matters. The important thing is to make sure that nobody is better off than anybody else. Let me assure members that you cannot legislate a nation into prosperity.

These bills speak to fairness—the titles include the word fairer. I see nothing fair in them. One would like to think we have evolved beyond such bloody minded nonsense, but apparently not. I suppose we should not be surprised. Over the past four and a bit years the crowning achievement of the Labor Party on health policy has been to increase massively the number of public servants it employs. But that is what the so-called historic health reforms are: the states get more federal money to carry on doing pretty much as they always have done, as long as they employ another tier of bureaucracy to manage the whole thing. That is the Labor way. It is always a case of measuring inputs instead of outcomes. It is always about funding the expansion of the public service by slugging the private

sector. The one thing it is not about is improving the lot of patients. Is it easier to get into a public hospital? Will I have to spend 12 hours at the ER before my kid gets some treatment? Is it easier for my Dad or Mum to get a hip replacement? Can I find a bulk-billing GP any easier than I could four years ago? As far as Labor is concerned the answer to those questions is: 'Who cares? Look at how much money we've spent. How impressive is that?' It is not impressive, it is a disgrace. Why? Because it is that attitude that has caused them to end up here, so short of cash that they are seriously proposing to save a few bucks by driving people back into a system that already cannot cope with demand. It is not right, it is certainly not fair and it deserves to be voted down. I encourage members of the House to support the amendment moved by the Leader of the Opposition.

**Mr BRUCE SCOTT** (Maranoa—Second Deputy Speaker) (20:25): I rise today to speak on the Fairer Private Health Insurance Incentives, the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) and the Fairer Private Health Insurance Incentives (Medicare Levy Surcharge - Fringe Benefits) bills. I will be joining my coalition colleagues in voting against this plan by Labor, which will result only in cost increases for private health insurance of up to 43 per cent for households and put even more pressure on public hospitals, which are already under significant strain.

I represent an electorate of 730,000 square kilometres and nearly all hospitals in the electorate of Maranoa are public. There are two or three that used to be run by local government. There is one private hospital in Kingaroy but the rest are public. There are also private hospitals, owned by a health provider, that are combined with aged-care facilities in Allora, Clifton and Killarney.

If this bill is passed some \$2.4 billion will be taken out of the health system. The government will not put that money into the public health sector. It will put it on its bottom line to pay for its profligate spending and its mismanagement of the economy. That is why we see these bills before the House, notwithstanding the assurances that were given prior to the 2007 election, in which this government came to power.

I will be supporting the amendment moved by the Leader of the Opposition. I am sure that every member on this side of the House will be supporting that amendment. That amendment says that this bill should lie on the table and not be voted on until after the next election. In other words, let us take this issue to the people of Australia at the next election.

The government proposes to means test private health insurance rebates. It is absolutely wrong to assume that not enough people in rural and regional Queensland will be affected by the government's

proposed means-test thresholds of \$80,000 for singles and \$160,000 for couples. The government does not understand that this will impact on the eight million Australians who live outside the capital cities. In fact, my own electorate, as I just described, is around 730,000 square kilometres in area with a population of almost 130,000, all of whom will be affected by these changes, should they pass both houses.

The Australian Health Insurance Association says that nearly 40,000 voters in my electorate have private health insurance. There are more, if you include the children of those families. The government says that around 30,000 people across Australia would quit private health insurance. I find the government's estimate incredible, when independent analysis says it is more likely that hundreds of thousands of people, up to as many as one million people over the next few years, will leave private health insurance—not the 30,000 people that this government claims. That is just fairyland stuff. It is a bit like its record when it comes to running a budget for this nation. It has no idea. No wonder their budgets are so far out, because their numbers on this are just totally unbelievable.

More than 2.4 million health fund members will face immediate premium increases of up to 43 per cent if the means test is introduced. Some 5.5 million Australians who are covered by private health insurance have incomes of less than \$50,000 and, of those, three million have annual household incomes of under \$35,000 per year—many of them in my own constituency of Maranoa. They cannot afford these extra costs.

The minister at the table will say that they will be covered by these bills and they will not be affected. When it comes to insurance policies and premiums the simple mathematics is that, if you have fewer people remaining in private health insurance and many of those people are in the middle- and high-income brackets—and many of them are—they will leave because of the implication of these bills on their private health insurance. When you have fewer people taking out private health insurance, what happens to premiums? They go up. And that is why more people on the lower income thresholds will leave because the premiums that they are paying now will be more expensive, and so they will opt out. The way in which the government is trying to sell this message to the Australian people defies logic.

Private health insurance has increasingly become a significant component of the Australian healthcare system; that is undeniable. The majority of Australians now hold some level of private health cover. In fact, private hospitals look after some 40 per cent of patients in Australia. In my own electorate of Maranoa there are close to 40,000 people who have private health

insurance, and they make up a little over 40 per cent of the voters in my electorate.

I said earlier that we do not have many private hospitals in my electorate; but, like most Australians, regional and rural families and individuals want to have protection in the event of a serious medical emergency or just because the right thing to do is to take out private health insurance for some time in their life. Many see it as a lifetime commitment. It is not a commitment made on a year-by-year basis; it is a lifetime commitment. It also gives them—as the shadow parliamentary secretary for regional health services and Indigenous health, who is at the table, would know—the right to choose. It is about a question of choice. Across the entire country some 52 per cent of people hold private health insurance. It is the policies initiated by the coalition government which have led to such a high take-up of private health insurance across Australia. That is why we are going to defend our principles and our policies on this side of the House and not support this bill.

In 1997 the coalition introduced a one per cent Medicare levy surcharge on taxable income, and in 1999 the coalition government introduced the 30 per cent cash rebate. I want to talk a little bit about that tax rebate because often people say it is only for those people who pay tax; it is not. It is a cash rebate for people, including those on fixed incomes or pensions, who take out private health insurance. They get a cash rebate, and that cash is often a significant part of the cost of their private health insurance. If that insurance goes up and then there are increases in the cost of living as a result of the carbon tax, which comes in on 1 July, those people, the most vulnerable in many ways in our community, will start to say that private health insurance is one of those bills that they cannot afford to pay any longer, and they will opt out.

The year 2000 saw Lifetime Health Cover. From 2005, under a coalition government, the more elderly people in our community received greater rebates for taking out private health insurance. At every step of the reform process under the coalition, we saw more and more people taking out private health insurance. The figures speak for themselves. In the 12 months after the introduction of the 30 per cent rebate in January 1999, the percentage of Australians with private hospital health cover jumped from 30 per cent to 43 per cent. The numbers speak for themselves. People were voting with their feet. They took up private health insurance because of the way that the coalition government, led by Prime Minister John Howard, was committed to ensuring that more and more people should take out private health insurance, and people responded in droves by taking out private health insurance.

This has helped to keep downward pressure on premiums and also reduce pressure on our public

health system. Regional hospitals like the South Burnett Community Private Hospital in Kingaroy in my electorate also accommodates visiting specialists for local residents. Any adjustment to the rebate that causes a cutback in demand in regional private hospitals will directly affect visiting specialists. They will just return to the cities and regional patients will no longer be able to readily access their services.

The public hospitals in western Queensland have visiting urologists, ophthalmologists and orthopaedic surgeons. These specialists leave large city practices to come out to my electorate. They still have to pay for their practice in the city, as the parliamentary secretary at the table would be aware. They have the cost of running that practice, yet they come out to bring their specialist services to rural and regional Australia because people are privately insured. What happens when these people opt out of private health insurance? The specialists will no longer come to these areas.

All specialists are important but one of the most critical specialists is the ophthalmologist, because for many people in rural areas their sight is a significant issue because of cataracts. Cataract surgery is giving people back their sight. When people have limited sight there could be some situations where that leads to an accident which otherwise could have been avoided if they had had better sight, and then that accident could lead to more complex health issues.

I say to the health minister at the table: you are welcome to come out to my electorate and visit some of the towns there. I will take you to visit the Royal Flying Doctors Service. For your own information, Minister, a third of the funds for the Royal Flying Doctor Service are raised by the local communities in order to bring a health service to their communities. They run rodeos, raffles and gymkhanas. People donate a beast and have a camp draft to raise money to bring a health service to their community. I am sure that if the Reverend John Flynn were with us today he would say that what this government is doing is absolutely wrong and that it will have a significant impact, particularly on those people in rural and regional remote areas who, in general, are on lower incomes than those living in more populated cities. It is just wrong to assume that because there is only one major private hospital in the Maranoa electorate, and three smaller ones, we in south-western central Queensland would not be affected by this proposal. The initial exodus of people from private health insurance is estimated to push up private health insurance by about 10 per cent, and these are independent figures.

**Ms Plibersek:** They are not independent. They were paid for.

**Mr BRUCE SCOTT:** They are independent figures. When we look at the numbers on the Treasury benches on the other side of the House and look at their

budgets and look at the way they are running this economy, and we have another budget blowout, I think I would believe independent analysis and independent research more than some of the stuff that might be coming from the way this government manages the economy.

The other thing I want to talk about is that this government promised that it would not touch the private health insurance prior to 2007. In September 2007 the then Health Minister, Nicola Roxon, released a media statement which said:

Federal Labor has made it crystal clear that we are committed to retaining all of the existing private health insurance rebates—

**Ms Plibersek:** Madam Deputy Speaker, I raise a point of order. Speaker after speaker continues to ignore the 2010 election, where Labor clearly took this policy to the people.

**The DEPUTY SPEAKER (Ms AE Burke):** It is not a point of order. The member for Maranoa has the call.

**Mr BRUCE SCOTT:** In fact, Madam Deputy Speaker, it is disorderly by the minister.

**The DEPUTY SPEAKER:** The member for Maranoa is an occupant of the chair and he should realise that is not disorderly, but it is not a point of order.

**Mr BRUCE SCOTT:** Thank you, Madam Deputy Speaker. I take your ruling. What the former minister said in 2007 is on the public record; it is out there for all to see. What we are debating here is the future of the rebates for private health insurance.

I want to end—and I will leave this message for those opposite—with something that was sent to me by one of my constituents in the town of Kingaroy in the South Burnett, Elyssa Perrett. She wrote:

I would greatly encourage you as an elected representative to stand up for freedom of choice and vote against the removal of this subsidy and encourage others to do so.

I have to be the voice of my constituency. They do not have a voice in here. I am their voice and Elyssa is absolutely right. That would be a reflection of people right across the electorate of Maranoa. I will be voting against this bill. (*Time expired*)

**Mr McCORMACK (Riverina) (20:40):** Australia has one of the best health systems in the world, largely due to the balance which exists between the public and private health sectors. This Labor government is willing to put our health system at risk—grave risk. As of December 2010 more than half the population had some form of private health cover and during the course of the year to April 2011 private health funds had paid \$12.4 billion in benefits towards the health care of 11.7 million Australians who held some form

of private health cover. In the next financial year the Labor government proposes that individuals earning \$83,000 or more per annum or families earning \$166,000 or more will have their rebate for private health insurance decreased. Some people will receive no rebate at all. This is essentially a way of taxing the rich without calling it a tax. It is socialism in its purest form. Although Labor will make out that it is no modern-day Robin Hood taking from the rich to give to the poor, this legislation is going to have significant impacts on everyone, no matter what their financial situation is. Furthermore, it is yet another example of the Prime Minister saying one thing and doing another. Whilst shadow minister for health the now Prime Minister unequivocally promised, 'The private health insurance rebate is here to stay in its current form.' Mind you, the now Prime Minister also stated unequivocally just prior to the 2010 election, not long after her rise to power, 'There will be no carbon tax under the government I lead.'

When these proposed changes were first announced in 2009—

**Ms Plibersek:** How is it different from the GST?

**Mr McCORMACK:** I can hear the minister crying out but she should sit there and listen. I have something important to say.

**The DEPUTY SPEAKER:** The member for Riverina will be heard in silence and he does not get to reflect on the people at the table.

**Mr McCORMACK:** Yes, madam Deputy Speaker. When these proposed changes were first announced in 2009 the Australian Treasury projected that following such a policy change 25,000 high-income consumers would withdraw from their private cover. A report by Deloitte estimates that 1.6 million consumers will withdraw from their private hospital cover over five years and 4.3 million consumers over five years will downgrade their level of private hospital cover following a policy change to the private health insurance rebate. The report also estimates that 2.8 million customers over five years will withdraw from their general treatment cover and 5.7 million consumers over five years will downgrade their level of private health cover. That is a total of 4.4 million people withdrawing from their private health insurance and 10 million people lowering their private health insurance level. So whilst Labor may stand here and say that the majority of people holding private health insurance, approximately eight million people, will not be affected, it does not appear that they have considered that their actions will make people think again about holding private health insurance.

These changes also pose a great risk to services in regional and rural communities, communities which are the heart of my electorate of the Riverina. There is already talk of doctors withdrawing services in rural

communities and private hospitals and the services they provide will be at risk. In my electorate there are 66,683 people, at latest figures, covered by private health insurance. This means there are 66,683 people in the Riverina who will be affected by a change to the private health insurance rebate. Labor will tell you that this is not the case at all—and I do accept that these people may not have their rebate affected. However, a change to the rebate scheme will affect them nevertheless, as these changes will see an increase of 10 per cent to private health insurance premiums. This is 10 per cent above what would otherwise be expected. At a time when cost of living pressures are already casting a heavy burden on all Australians, the rise in private health insurance premiums is just another con and just another cost placed on people due to careless legislation proposed by this government.

The Prime Minister even acknowledged, whilst the shadow minister for health, that private health insurance rebates are part of the family's budget when she told the *Sunday* program with Laurie Oakes:

We will leave the 30 per cent private health insurance rebate undisturbed because we understand it's factored into family incomes.

Where is that understanding now? Why does the Labor government believe it is acceptable now, in 2012, to place this additional pressure on family incomes? It would seem to me, and to many others too, that this government has a financial black hole that it needs to fix and that that bill has been introduced not for the good of the health system, mind you, but because Labor believes it will get its budget back into surplus. I will believe that when I see it.

The government has wasted billions of dollars and now it expects Australians with higher premiums on their private health insurance to pay for Labor's waste and Labor's mismanagement. As the member for Maranoa just pointed out, many specialists, including ophthalmologists, come out to rural areas because of private health insurance. Will this happen in the future if, as the member for Maranoa asked, people opt out of their schemes? This is just another nail in the coffin of the already tightened family budget. Families are doing it tough. Nowhere is this more evident than in regional Australia, in the member for Flynn's electorate, in the member for Maranoa's electorate, in the member for Cowper's electorate and certainly in the Riverina where health services are not what they should be and there is so much uncertainty due to volatile markets for farmers and certainly volatility in water availability.

Private hospitals treat 40 per cent of all patients in Australia, and in 2009-10 they treated 3.5 million Australians. Furthermore, it was private hospitals that performed 64 per cent of all elective surgeries—well over half of all elective surgeries performed. In Australia our hospitals are currently operating at high

occupancy rates. With changes to the private health insurance rebate ensuring people will withdraw from private hospital insurance, this will increase the demand on already-stretched public hospital services. Any changes to the private health insurance rebates are going to have a significant impact on these figures and the use of private hospitals for treatment and for surgery. This increase will require patients to be prioritised on their level of need, and will ultimately result in longer waiting times and queues for services, particularly elective surgery. To alleviate the long waiting lists which would develop, the government would need to invest in increasing capacity for hospitals.

These waiting lists are already under undue strain in my home state of New South Wales, where, after 16 years of a Labor government who just let them grow, the Nationals-Liberal coalition government under Barry O'Farrell and Andrew Stoner are working hard to reduce them. But adding an influx of people to the system will only place further burdens on that system. And I know that the health minister, Jillian Skinner, in New South Wales is doing her utmost to ensure that long public waiting queues at hospitals are minimised.

Wagga Wagga cardiologist Dr Gerard Carroll has stated that the public health system is already 'bulging at the seams', and if patients from the private sector opt out to the public sector the imbalance will mean there are fewer opportunities for public patients seeking elective surgery. Often these public patients are in chronic pain and need elective surgery to help them. If this goes through, they will not be able to access that in the time frame that they so desperately need. The Deloitte report expects that the cost of servicing this increased demand for public hospital services will outweigh the savings to the government from the means testing of the rebate. As demand for public health care grows, the government will eventually need to make investments in increasing public sector capacity by increasing the number of new beds, operating theatres, labour and funding. Every dollar of funding provided for the private health system rebates saves two dollars of costs which are then paid by private health insurers.

Once Labor gets these changes through, then we can rest assured that the next changes will undoubtedly be to remove funding for private schools, on the same premise as this legislation—that 'the rich can afford to pay for it'. We heard the member for Corangamite this afternoon talk about these 'rich' and call them 'privileged'. Well, that is disgraceful. They are not privileged; they are just working families—hardworking Australian families. Private schools depend on fundraising by parents and friends associations, and a large number of wealthier families are opting to send their children to public schools due to, in some cases, a wide range of subjects and

programs offered. As with private health insurance, private education is not just entered into by rich people. Hardworking Australian families often go without to ensure their child can access the best education they can afford. If the government opts to remove funding for private schools, then there is the likelihood that some will be left with no option but to shut their doors, leaving students to find education elsewhere and teachers without jobs.

It is important that Australia maintains our world-class health system, and that we ensure there is access to the health system for everyone. The current public and private partnership we have works extremely well, and helps to ensure Australians have access to the services they need, to the services they deserve. We need to guarantee Australians that they will continue to have access to health services without undue waiting times and undue private health insurance premiums. We need to be encouraging more people to take up private health insurance, not hitting them over the head with a sledgehammer for doing it and introducing legislation such as this that will only discourage people from going into private health.

The government and the Greens have labelled a deal over private health insurance as a 'win for fairness'. The health minister has reportedly already secured Greens support for the government's health legislation. The legislation allows means testing of the private health insurance rebate and an increase in the Medicare levy surcharge.

It means—

the health minister said—

that low income Australians won't be subsidising the private health insurance rebates of much higher paid Australians ...

I hope I quoted you correctly there, Minister.

**Ms Plibersek:** You did. Well done.

**Mr McCORMACK:** Thank you. Labor has been trying to means test the public health insurance rebate for nearly three years. It represents a \$2.4 billion boon to the budget. And here is the rub: a \$2.4 billion boost to the budget bottom line. This is a win-win for Labor. Firstly, it gets to whack the aspirational, the successful, the so-called privileged, as the member for Corangamite called the middle class in his matter of public importance dissertation today. I am not sure how rusted on hardworking, blue-collar Labor families with two incomes just to pay the bills, with a mortgage, perhaps with three kids and rising power costs would react to being called privileged. But Labor has turned its back on these people. They are now the forgotten families. They are families who are tired of the party which actually once had a vision but which now does backroom, dodgy deals with the minority Greens and Independents just to stay in office, just to stay in power. There is nothing this government will not do or say or will not be to stay in office.

The other reason Labor is so keen to push this bill through is that it adds \$2.4 billion to the Treasury coffers. For a government which is borrowing \$100 million a day, which has a \$38 billion deficit and a \$200 billion debt, an extra \$2.4 billion will be a welcome respite. In essence, the name of this bill is a misnomer—the Fairer Private Health Insurance Incentives Bill 2011. This is not fairness; this is class warfare by any other name. If and when this gets through, private schools will be the next to face the Labor budget blowtorch. And all for what? To hit and hurt aspirational working Australian families and taxpayers.

The amendment put forward by the Leader of the Opposition is commendable and appropriate:

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

'this bill, and the related bills, not be proceeded with until after the Parliament has met in the 44th Parliament.'

In other words, we should put this off until after the next election, which cannot come soon enough. It is not just this side of the House saying this but people out in voter land, the Australian public. It is certainly people with private health insurance, those so-called aspirational families. That more than anything would be delivering fairness.

**Mr HARTSUYKER (Cowper) (20:54):** We have a health system in this country that depends on the interface between the private and public systems. Without the private sector the public system could not cope with the demand for services. Without the public sector there would be no safety net to ensure that all people get the medical care they need and deserve. We have a system that uses a combination of price signals and waiting lists to regulate its operation.

The reality is that the members opposite have a pathological hate of the private health insurance system. The Fairer Private Health Insurance Incentives Bill 2011 represents a step in their quest to dismantle private health insurance. They want to ensure equity by herding everyone into a public system that just will not cope. That may sound illogical, but this is Labor ideology at work. This represents just another broken promise from a Labor Prime Minister who cannot be trusted. When she was shadow health minister she repeatedly stated her support for private health insurance and the private health insurance rebate. She said:

The truth is I never had a secret plan to scrap the private health insurance rebate.

In 2004 she said:

Labor is committed to the maintenance of this rebate and I have given an iron clad guarantee of that on a number of occasions.

Later in 2004 she said:

I grow tired of saying this—Labor is committed to the 30 per cent private health insurance rebate

And this deception is not limited to our current Prime Minister. The former shadow health minister, the member for Gellibrand, said in a media statement on 26 September 2007:

Federal Labor has made it crystal clear it is committed to retaining all existing private health insurance rebates.

Let me move on to the current prime ministerial aspirant, the member for Griffith, who as opposition leader in a letter to the Australian Health Insurance Association before the 2007 election said:

I have made it clear on many occasions Labor is committed to retaining the existing private health insurance rebate.

How much clearer could Labor be? How much more blatant could the deception be? The Australian public have a right to be outraged. Just as the Australian people could not trust this Prime Minister with regard to the carbon tax and just as the Member for Denison could not trust this Prime Minister with regard to gambling reform, there can be no trust with regard to the issue of private health insurance.

What will the impact of these changes be? According to a study by Deloitte, commissioned by the Australian Health Insurance Association, called *Economic Impact Assessment of the Proposed Reforms to Private Health Insurance*, the figures are quite stark. Some 4.3 million consumers over five years will downgrade their degree of cover, which means less income for the private health insurance funds. Some 1.6 million consumers over five years will withdraw from their private hospital cover. The burden will shift to the public system. And what will that burden be? According to the study by Deloitte, it will be some \$3.8 billion over five years. The real concern with this proposal is that it is nothing more than a reduction in the health budget. It is effectively withdrawing \$2.4 billion from the current health budget and imposing a cost on our public health system of \$3.8 billion.

I know many people in my electorate are very concerned by these changes. Many people who struggle to pay their private health insurance premiums are concerned by these changes. Many people who are worried that they will no longer be able to make those payments are very concerned about the increases in their private health insurance premiums. That is what this is going to do. We are going to see an exit from the pool, particularly by those healthy Australians who may feel it is something they can do without in the face of these changes and the increased costs they would otherwise bear. We will lose many healthy individuals whom the system depends upon to balance out the premium costs. So private health insurance is certainly under threat from these changes. The private health insurance system is also vital to attracting medical professionals to regional communities because they

depend so often on a mix of public and private patients. If they lose their private patients, there will be insufficient work to maintain their practices in regional areas. What does that mean? It potentially means an exodus from regional areas by specialists. It potentially means a closing of private hospitals. It potentially means a loss of services in regional and rural areas. Who is going to suffer most from this? Is it the alleged rich or the alleged aspirationalists that the Prime Minister is so keen to slug? No, it will be the most vulnerable who will be most hurt by this. It will be the elderly. It will be the poor. It will be the people who cannot afford to travel to a major metropolitan area to receive these services. They are the ones who will suffer most. It will not be those with the capacity to pay. It will not be those healthy Australians who will take the risk rather than pay the exorbitant costs which will be imposed as a result of this government's withdrawal of the private health insurance rebate. It will be the very people this government claims they should be protecting who will pay the price for these changes.

What will be the further result? It will be a blow-out in the public hospital waiting lists. It will be longer waits for elective surgery. It will be staff in our public hospitals under greater stress. It will be a run-down in the public system. Despite the best efforts of the staff and despite the best efforts of local communities to support their hospitals, many of our public hospitals are bursting at the seams. Many of our public hospitals are struggling to cope, yet we have a Labor government that is determined to wind up the pressure on our public hospital system, pull \$2.4 billion out of the budget and not put a cent in. It is effectively a cost shift from the federal government to our state governments. It is effectively an abrogation of responsibility by the federal government to assist and encourage people into private health insurance. We saw in the past the catastrophe that can occur when private health insurance levels fall too low. The coalition government was able to address that primarily through the measure that this government is so intent on unwinding. The private health insurance rebate was a major tool in restoring the take-up of private health insurance. It is clear that it is those that the Labor government claims to represent that will be most adversely affected by these changes.

In my local electorate of Cowper I have a very fine private hospital, Baringa Private Hospital. It does a great job. It does a very heavy elective surgery workload. It provides outpatient services. It is the epicentre for a very large workforce of specialists. All of this is possible because of the dual system we have, which is heavily dependent on private health insurance. It is a great assistance to the Coffs Harbour Base Hospital in delivering services in what is a growing area with an ageing demographic and many people who are dependent on the public system.

If you were to lose your private health insurance, you may well lose your private hospital. If you lose your private hospital, you may well lose your specialists. If you lose your specialists, you lose the local provision of services and that is a bad outcome for all people in regional Australia. Having to travel 500 kilometres to Sydney is a bad outcome for the people that I represent. Having to go without procedures is a bad outcome for the people I represent. If you live in a regional or rural area, the sad fact is that it is likely that your medical outcomes will be inferior to those in metropolitan areas, despite the great work of the staff in regional areas. There are a range of reasons for this, such as people's reluctance to seek treatment when they are in a regional area and have to travel to metropolitan areas, but this winding down of services in regional areas can only make the matter worse.

It will be interesting to see how the Independents finally vote on this, whether they actually stand up for the people that they represent, whether they actually support the people in their electorates and support the services that the people in their electorates deserve. It will be interesting to see whether the member for Lyne, despite his words in the chamber tonight, will finally heed the words of the people who were actually demonstrating at his office against his possible move to vote for this legislation. It will be interesting to see what he does. Will he support his local electorate? Will he support the people who sent him to Canberra or will he sell out to a Prime Minister who cannot be trusted? Will he sell out and pass this legislation? He will be judged, because the people of the North Coast will be watching the member for Lyne. He has disappointed them before on the carbon tax and he has certainly paid a heavy political price for that. I fear he is going to disappoint them again in relation to private health insurance. We will be waiting and we will be watching because we expect, as people who live on the North Coast, that North Coast members support the sorts of services that people on the North Coast rightly deserve.

It is vital that these bills be opposed. It is vital that the private health insurance rebate be retained. It is vital that the Independents find it within themselves to support their local services and not support this Prime Minister. I certainly will be opposing these bills. They are bad for regional and rural Australia. They are bad for health services. They are bad for the very foundations of our health system and they are to be condemned.

**Mr BANDT** (Melbourne) (21:06): When you look around the world you realise that, relatively speaking, Australia is blessed with a good health system. Most Australians know it and they cherish the system that we have got. There is of course plenty of room for improvement and we need to make every dollar spent on health count. That is why it is such a travesty of

public policy that tens of billions of dollars have been spent, in the name of health policy, undermining the public system.

When the Howard government introduced the 30 per cent private health insurance rebate in 1999, they claimed it would encourage many Australians to take out private health insurance and thereby relieve pressure on the public system. But if there were ever any doubts about the merits of that policy, the evidence is now conclusive: it has been a massive failure on both counts. Multiple studies have concluded that the rebate did not drive many Australians to join health funds. And, in the wake of the rebate's introduction, utilisation of public hospitals actually increased. In short, it has been a massive and expensive failure and Australia's health system has suffered as a result.

The rebate was never a good policy. It had no backing by solid economic or public health research. It was a subsidy to an industry that came at the expense of the public health system. When the government provides such a massive subsidy for something, it might benefit the customer, but the industry even more so. Private health funds are doing very well thanks to the Howard government's largesse. It simply stands to reason. It is hard to image how a dollar spent in a public hospital, directly paying for an extra nurse or to keep an operating theatre open longer, can be less efficient than somehow relieving pressure by sending the money to a health fund. It was always a vague, hand-wavey argument and, since the rebate was introduced, the evidence has put the lie to it. The rebate may have led to an increase in the utilisation of private hospitals but there has been no subsequent decrease in the use of the public system.

It is clear: the rebate does not take pressure off the public system—in fact, it makes things worse for the public hospital system. Private hospitals compete with the public system for nurses, doctors and other resources crucial to providing the best care to the taxpaying public. Australia's public hospitals are experts at providing quality emergency care and treating complicated, chronic illnesses. Private hospitals, by and large, do not. This is why the myth of relieving pressure will never be reality. A dollar spent on the rebate will never make the wait in an emergency room a second shorter.

It is true that, as many public health experts have noted, there has been an increase in the coverage of private health insurance since the rebate came along. But it is the introduction of lifetime cover that is widely acknowledged to be the biggest driver behind this change, and the contribution of the rebate has been understood to be minimal at best. This has been known for some time.

On equity grounds, the private health insurance rebate has to be one of the most inequitable

expenditures of public money imaginable. Every year \$4.5 billion is spent subsidising the healthcare of those most able to pay for it at the expense of those who cannot afford to pay. Low-income earners are paying for the care of others in a system they themselves cannot afford to access. We should be horrified by this. A glaring example is dental care. Millions of Australians cannot afford to see a dentist. Many languish on waiting lists that stretch into years. Most simply put off going until dental problems land them in the emergency room. This is a national crisis and a scandal. The Greens' plan for universal dental care, Denticare, is designed to fix this problem. But it will require a major investment in public funds to fix this inequity. But what do we have now? Every year \$400 million of the private health insurance rebate money goes to the care of those with dental coverage on their policies. Imagine what that \$400 million could do if it was directly providing services to those who cannot see a dentist at all. Instead, we are left with the absurd situation of taxpayers with no care subsidising that of high-income earners who can afford dental treatment. People with no teeth may be paying for those with a full set to get treatment! Such is the inequity of a two-tier system. I am very pleased that today agreement has been reached to put a down payment towards dental health going into Medicare. That is a very appropriate use of some of the money that is raised from one of the bills in this package of legislation. Going to the dentist should be like going to the doctor in Australia: you should be able to take your Medicare card there and access the same sorts of rebates and services that the GP is able to access when you present with your Medicare card. But to do that, we are going to need a significant injection of funds into the system, and using some of the money that is saved from the rebate would be a great place to start.

I have heard many on the coalition side during this debate talk about the two-tiered system as if it is a good thing. Well, I, and I think many other people, do not want the Australian health system to go down the US road, where you are asked first and foremost if you have private health insurance and, if you do not, you wait and you wait and you hope. This legislation is a first step to righting this inequity. It introduces a means test so the highest-income earners will no longer benefit from government largesse at the expense of those who cannot afford or do not want private insurance. These measures are forecast to save \$2.4 billion over the next three years. It is imperative that these funds are reinvested in the public health system. I call on the government to commit these savings to the public health system, in particular the gaping hole of dental care needs to be filled. If these funds were reserved for the first step towards universal dental coverage, it would be a great step forward for the health of all Australians.

**Dr JENSEN (Tangney) (21:13):** I begin by drawing the attention of the House to the concerns of my constituents in Tangney. Several have been hung up on while telephoning the office of the former Minister for Health and Ageing, the member for Gellibrand. Tangney residents were ringing to voice their concerns about this ill-guided plan to dramatically change the 30 per cent private health insurance rebate. All Australians have the right to inform the minister's office of their concern without being cut off from engaging with their government.

**Mr Laming:** It's disgusting!

**Dr JENSEN:** Absolutely. One of my constituents, Mr Charlton from Attadale, called the Prime Minister's office and was transferred to the minister's office. Mr Charlton was lucky enough to have his concerns heard, but was unhappy with the experience of both the Prime Minister's and Minister Roxon's offices and found the explanation for the repeal of the rebate less than satisfactory. I have expressed the concerns of these constituents, and the 1,687 Tangney residents who signed petitions against this legislation, to the shadow minister for health and ageing. The member for Dickson, I can assure the House, was far more interested in the opinions of my constituents and the financial burden this legislative change will impose.

Western Australians en masse have made their feelings clear to the coalition. WA has one of the highest rates of health insurance in the country, with over half of all Western Australians holding private hospital cover and many more investing in cover for ancillary services. Our state has a great deal to lose if these measures are passed. HBF Managing Director Rob Bransby late last year presented Liberal Western Australian members and senators in Canberra with a petition of around 35,000 signatures against means-testing private health insurance. These signatures were collected in just over four weeks.

Australians taking the initiative of providing for their family with private health insurance should not be put in the crosshairs of a government's desperation to achieve a pipedream of a Labor budget surplus, which is probably never going to happen. The coalition and I oppose this attack on Tangney residents and all Australians who have taken responsibility for their own health care.

The Howard government empowered Australians with choice when it came to private health insurance. The introduction of the private health insurance rebates, the Medicare levy surcharge and Lifetime Health Cover saw private health insurance coverage increase significantly from 34 per cent in 1996 to over 44 per cent by 2007. Since 1999 the 30 per cent rebate has been a key incentive to encourage Australians to take responsibility for their health through private health insurance.

Hot on the heels of its election victory in 2007, Labor began swiftly whittling away at these policies of the former competent government. In its first budget, income thresholds at which middle- and higher income earners paid the additional Medicare levy surcharge if they did not take out private health insurance were raised. In its second budget, Labor began its battle to means-test the private health insurance rebate. As we know, this measure was knocked back by the Senate and subsequently knocked back again. Yet here we are again having a third go in this chamber.

The Gillard ministry has been blowing its trumpet this week about how it helps and supports Australians. Yet on paper its continued efforts to pare back middle-income supports instituted by the Howard government speak volumes in this climate of the much-predicted budget surplus. The proposed means test would mean that many health fund members would see their rebate reduced significantly and many others would lose the rebate altogether. The 2.4 million people directly affected by these changes will face immediate increases in premiums of 14 per cent, 29 per cent and 43 per cent in their respective income tiers. As the *Australian* reported on 24 June, these Australians will be forced to pay up to \$935 more per annum for their health cover.

Deloitte research shows that these premium increases will force significant numbers of health fund members to drop out or downgrade their cover, resulting in higher premiums for those who remain and considerable additional pressure on our already strained public health system. In the first year of these amendments, 175,000 people would withdraw from private hospital cover and a further 583,000 downgrade. This is considerably more than the 27,000 the minister has claimed will drop their cover throughout the entire sector. Over five years, 4.3 million people would switch to cheaper policies and 1.6 million would drop their cover altogether if the means test went through. In addition, the Deloitte research found that 5.7 million people would downgrade important ancillaries cover for services such as dentistry and physiotherapy, while another 2.8 million would drop out altogether.

Critically, those who are less likely to claim and those who are younger and healthier are less likely to retain their current level of private health cover in the face of price rises. It is the healthier individuals who are more likely to decide to drop their cover, leaving an unhealthier group of consumers behind and subsequent rounds of price increases as insurers move to cover rising costs from claims. Because of this, all Australians with private health insurance will face higher premiums now and into the future.

The government continues to discount the coalition's dissent from this bill with musings that it will only be

the wealthy that pay more for health insurance under this policy. This just is not the case. It is predicted that by 2016 consumers will face premiums that are on average 10 per cent higher than they otherwise might have been. For the government to discount out of hand such analysis, as it has, is beyond belief. These figures are damning of a government that has health in its sights for cuts—and, no doubt, bumbles and backflips.

Those who are unable to meet the cost impost of this policy are also the most vulnerable Australians and will be forced into an already overstretched public system. I refer again to the Deloitte research: the government's proposed changes will lead to \$3.8 billion in extra costs for the public system, a 400 per cent increase in elective surgery waiting times and an additional 10 per cent increase in premiums.

Our public hospitals are already operating above capacity. Any additional demand for public health care will only translate into longer waiting list times and will likely require investment in new public sector capacity. Patients already face long delays for elective surgery and emergency department treatment. This bill will only make it worse.

I understand that universal health care can be one of the greatest sources of pressure for rising taxes for any government, state or federal. But getting more people into private insurance will only relieve pressures on our public hospitals and on our hardworking nurses and doctors. I fail to see why the government persists with this policy despite every dollar of funding provided for the private health insurance rebate saving \$2 of costs that are paid by private health insurers. It makes no sense. The Member for Dickson was spot on when he said of the Gillard Government:

They are intent on taking money out of the pockets of Australians to pay for their phoney surplus in the next budget.

This policy change is set to offer the government a short-term windfall for the first four years—enough time to work on that budget surplus, I guess. Beyond that, total savings resulting from the proposed policy change will be less than the additional costs of servicing additional demand in public health facilities, but the Gillard government knows that by that time it will not be its problem.

More fundamentally, this is a blatant cost-shifting measure from the Commonwealth to the states. Remember, it was not that long ago that the states provided 100 per cent of the funding for both health and education. A quick check of the executive powers section in our Constitution shows that health does not appear on the federal government's list of things to do, and the states are left duly unprepared after decades of policy and funding centralisation. This place has twice rejected the government's plan to means test private health insurance rebates, so why will this government

not heed this message and finally abandon these ill-conceived changes?

Our new Minister for Health, the member for Sydney, Ms Plibersek, said on the ABC's *AM* program on 19 January this year:

This is a very good time to introduce a means test for the private health insurance rebate.

From this statement it is obvious the minister has been absent from her electorate. Cost-of-living pressures are high, and for a government to increase the cost of health care, a staple function of a competent government, is beyond belief. There will be not only a direct cost impact on the consumer when the rebate is repealed but also, ultimately, a negative impact on the budget's bottom line as the government scrambles to inject more funds into a haemorrhaging public health system.

The coalition has always supported a strong public system and a strong private system, and it will continue to do so. There must be a good balance between the two, a status quo that is maintained as legislation stands. This bill is yet another setback for families in Tangney who are already struggling with increased cost-of-living pressures from a government that has lost its way, and which has done nothing to enhance private health insurance and health in general in our country. I, along with my coalition colleagues, will continue to oppose this and all bad Labor policies, and we are committed to ensuring that all Australians have access to affordable health care.

Unfortunately, this is yet another example of the politics of envy. Those opposite seem to forget, when they say that the lower income earners are subsidising those higher income individuals who are taking out private health insurance, that, in fact, they pay a Medicare levy and higher taxes. They are more than paying their way already.

**Mr ROBB** (Goldstein) (21:25): I rise tonight to speak on the Fairer Private Health Insurance Incentives Bill 2011. These bills are clearly a reflection of the creeping class warfare nonsense that we are increasingly hearing from this government. We are starting to hear it from the Prime Minister, the Treasurer, Wayne Swan, the Minister for Employment and Workplace Relations, Bill Shorten, and others who are sowing the seeds of division in this community. This is another classic example of a means by which they are seeking political advantage.

We are harking back decades. The BLF influence in the CFMEU is starting to manifest itself in a grubby and ugly fashion. It is true, this is a problem. The culture is changing. Why would they play the politics of envy? Why would the Prime Minister, and other senior ministers, come in here day after day and, in a grubby and irresponsible way, start to build resentment against people who are making money, who are

employing others and who are already carrying much of the cost of taxation within this community? This is a further sign of the collapse of this government's moral fibre. In a rush for a cash grab by what is one of the most profligate governments in our history—in fact, it is the most profligate government in our history—we are seeing that they are prepared to pit Australian against Australian, and to do it in a most disingenuous way. Even the Minister for Finance and Deregulation, Senator Wong, responded last week:

We don't think as a government it is fair for low-income Australians to be subsidising the health insurance of millionaires.

This goes straight onto the theme of building resentment—the politics of envy—in an attempt to pit Australian against Australian by totally misrepresenting the impact of this bill. They are prepared not only to take away this highly effective measure just to acquire moneys to meet the four record deficits of this government, and try to pay some contribution to that, but also to misrepresent the effect of this.

Of course, it will be low-income people who will pay for much of this measure that we are debating here tonight. Low-income people will form part of the smaller pool of those who are insured, and as a consequence we will see that they will be paying higher and higher premiums. Low-income people who cannot afford insurance will now find themselves lining up for longer and longer, with increases of months and months in the availability of healthcare services, as people flock to the public health system and away from the private health system. This government is so far out of touch with everyday Australians it is breathtaking. They are prepared to offend, to pit Australian against Australian, to pitch the politics of envy and to get down in the gutter in this way simply for their political advantage. These bills have been rejected by the parliament twice, but this government just does not get it. It has no respect for the view of the parliament. It is just another broken promise, after Labor solemnly vowed not to attack the 30 per cent rebate. But after what we saw on 7.30 tonight, it is little wonder. We are getting used to a government whose word cannot be trusted. No wonder there is a crisis of confidence, and this bill will add to that crisis of confidence, which is starting to permeate every household and business in the country. This government has lost direction. This is another classic example of this government's failure on so many fronts. This government is willing to do things that are not rational or sensible on any basis so that it can exploit the politics of envy and resentment, which is what it is doing with this debate.

This attack on private health crystallises the clear philosophical difference between the coalition and Labor. It is the difference between backing personal

choice and personal responsibility and more of the insulting nanny state, government-knows-best approach that is so typical of Labor.

There are many millions of people on very low incomes who make enormous sacrifices to take out private health insurance. They are very proud of the fact that they are taking personal responsibility for some of their health care, and they also feel they have some control. If in the next decade or two they find themselves with a medical problem, they feel that taking out private health insurance is a sensible thing for them to do. It gives them some control. They are not reliant on whether or not there is an understaffed public hospital emergency ward that can meet their needs. They do not have the fear that when they come to need vital services those services will not be there, or they will be there 12 hours later after they have sat in an emergency waiting room for some overworked doctor to make an assessment and do something with them. It gives them peace of mind. It gives them a sense of personal responsibility. It gives them control over one very important element of their lives: their health, and how it can be managed.

The government is oblivious to the sentiments and sense of self-worth of so many people who make huge sacrifices, who have not really got the money but are prepared to do it. It is at the heart of the philosophical difference. We have seen it writ large in so many things with this government.

These changes will force everyday Australians to drop private health or go onto cheaper policies with more exclusions. There is no doubt about it. Already people are becoming anxious about the impact it is going to have. My electorate of Goldstein has amongst the highest number of people in private health insurance in the country—74.5 per cent of voters in my electorate are in private health, with more than 106,000 covered, including more than 24,000 families. This will push up premiums for those remaining in private cover, including retirees and families with children battling to make ends meet.

The public response in my electorate to this proposal has been white hot, and so it should be. The anger is palpable, with the rhetoric of the likes of Senator Wong, the Prime Minister, the Treasurer, the Minister for Health and the Minister for Employment and Workplace Relations spreading the evil of the politics of envy and resentment to people who might have a bit more money. These are people who are working overtime and whose partners are working so that they can have things like private health insurance. These are the people who are concerned that they will be affected. It is coming from families who have mortgages, car loans and kids at school and are earning a combined \$160,000—if you listen to the government, of course they are the filthy rich! Two teachers earning

\$75,000 each are the filthy rich in this country! It is coming from singles who are earning \$80,000 to \$93,000. These people are not the rich. These are everyday Australians. It is coming from couples on low incomes, including pensioners and self-funded retirees, who see themselves paying higher premiums because of a smaller pool of insured people or people taking out cover with fewer features than they currently have. It is coming from people who have no private health cover and see themselves as being disadvantaged because of overstuffed public hospitals as people move away from private hospitals.

I would like to share with you part of an email from a constituent of mine who has clearly had enough of this government's attacks on working families—the forgotten families. It reads:

Dear Andrew,

We are very rarely moved to contact our local representatives, but the news that the government appears to now have the numbers to pass legislation to means test the private health insurance rebate has sufficiently infuriated us to do so. If and when this motley collection of spendthrift amateurs and union criminals enacts the legislation, through the complicity of the intellectually vacant hillbilly Independents, our family of five will be forced to find something in the region of a further \$1,600 annually.

The alternative is to lower our insurance cover to a level where we and our children are not adequately protected in case of illness or injury, or to pay extra income tax. Some choice. As usual, under this atrocious government those who work the hardest and the longest end up penalised instead of rewarded. We trust that the next election restores some sanity, responsibility and decency to government, and we seek a commitment from the coalition that once in government it will abolish any means test on the private health insurance rebate.

If you are single and earning more than \$124,000, the rebate is gone. If you are a couple earning \$160,000 the rebate is slashed. Those forced out of private health will be hit with a higher Medicare levy, rising from one per cent to 1.25 per cent or to 1.5 per cent depending on the tier. All this government knows is taxing, borrowing and spending. This is another example. This is a cash grab simply to meet the borrowing and spending habits that this government has got into. There will be 2.4 million people directly affected by these changes and face immediate increases in premiums of 14 per cent, 29 per cent and 43 per cent in the respective income tiers.

Deloitte analysis of the changes shows that, in the first year, 175,000 people would be expected to withdraw from private hospital cover and a further 583,000 to downgrade. Over five years, it is expected that 1.6 million people will drop cover and 4.3 million will downgrade. Typically, this government will not disclose the numbers of people expected to downgrade, but, as premiums increase significantly for those in the

income tiers, logically many will seek cheaper alternatives.

Most perversely, these changes will add new pressure to our stretched public health system. The private health system plays a critical role in easing pressure on overcrowded public hospitals. Private hospitals treat 40 per cent of all patients in Australia. In 2009-10, private hospitals treated 3.5 million patients. Private hospitals perform the majority of elective surgery in Australia, 64 per cent. Twelve million Australians, or nearly 53 per cent, have private health insurance. There are 10.3 million people, or 46 per cent, who have hospital treatment cover. Under the Howard government, we saw support for private health go from 34 per cent to 44 per cent. Sixty-four per cent of the population believe the rebates represent a good use of taxpayers' money.

The changes will present an enormous compliance burden on industry and on individuals completing their tax returns. Deloitte predict that private health insurance premiums will rise by 10 per cent above what they would otherwise be. There will be \$3.8 billion in additional recurrent costs for the public hospital system. Where is the money for that? The government has no idea—just shove that off to the states. This is a government that has lost all control of finances. You can never trust Labor with money. This legislation is an abomination.

The change will also have an impact on access to allied health services, with 2.8 million people with general treatment cover expected to withdraw and 5.7 million to downgrade over five years. This legislation is the price that everyday Australians are paying for this government's profligacy, its record levels of debt, deficit and waste. It makes a mockery of the government's claims to be concerned about cost of living. It is doing this and then it is going to add a carbon tax on top, which will increase the costs for pensioners heating and cooling their houses and increase the costs for families of their power bills and everything else. At the same time, the government is potentially increasing the cost of private health cover for an average family by anything up to \$1,600 a year. Imagine how these families are going to feel when that increased \$800 bill comes half-yearly. What is the compensation for the carbon tax? It pales into insignificance and only meets the costs of some people. I urge Australians who are adversely affected by these changes to mobilise, to bombard the Minister for the Health and the Prime Minister and tell them that they are not going to accept this sort of change. (*Time expired*)

**Mrs MIRABELLA** (Indi) (21:40): I rise to support the second reading amendment to the Fairer Private Health Insurance Incentives Bill 2011 moved by the Leader of the Opposition. This government legislation

is very simple. It kills two birds with one stone. It allows those dinosaurs, those outdated class warfare warriors who have kept their true colours hidden for such a long time, to get what they want and at the same time it helps a desperate, divided, directionless, shambolic government to try to claw back some money to pay for their gross extravagance and mismanagement. They are going to gut \$2.4 billion out of the health system. And why? Because they have always actually wanted to do it. They have protested too much over the years, claiming our predictions that they would do exactly what they are doing today were so wrong. The Prime Minister in a previous political incarnation was absolutely sick of having to repeat the Labor Party's commitment to not cut the private health insurance rebate. We all know they were misleading statements.

The member for Bass interjected yesterday when this debate was proceeding in this chamber. He yelled out: 'Middle-class welfare!' and 'Support for the rich!' He was speaking the truth for so many members on the other side. The reason it is an easy get is that their blind ideology has clouded their perception of the real world, of the Australia of 2012 and of the fact that there are over 11 million Australians who are covered by private health insurance. They have conveniently tried to use good old-fashioned class warfare to excuse gutting the healthcare system of \$2.4 billion. What do you expect? How else are they going to try to find the money to fill the big black hole of the record debt and deficits that they have delivered over the last four years? They are still borrowing \$100 million a day. They have to find the money somehow to make up for all the money wasted on the pink batts fiasco, in a very dangerous manner; on the overpriced schools halls, which ran into billions of dollars; and on the cheques—do we remember those stimulus cheques?—that went to dead people. So it does kill two birds with one stone.

What it will mean is that, whether you are a young family, or a young couple planning to have a family, and you are trying to have access to what you believe is the best possible care by taking out private health insurance, or whether you are an older Australian quite anxious about getting access to the right treatment, to timely treatment, in the latter part of your life, and you are trying to get that bit of security that we know so many people have when they take out private health insurance, then you, and many more Australians who try to plan for contingencies, are going to end up paying higher premiums for your private health insurance, if you can even afford to maintain your insurance premiums in the first instance. We know that every dollar of funding provided for the private health insurance rebate saves \$2 of costs that are then paid by private health insurers. We know that over 10 million people in Australia have private health insurance for hospital treatment. In my electorate of Indi, which is a

comparatively low-income electorate, many people in the north-east of Victoria choose to have private health insurance. Despite the fact that they face very challenging household budgets, people in Indi do maintain a very high level of private health insurance, particularly because there is restricted access to bulk-billing and specialist services—and this applies to so many other rural and regional parts of this country. In my electorate more than 48,000 people are covered by private health insurance.

I have been inundated by so many people in my electorate and elsewhere who are feeling bombarded, absolutely oppressed and at their wits end with the rising cost of living, the rising cost of energy, the spectre of a carbon tax and the increase in costs to their basic living with the flow-through that will occur, including with energy. Every time they switch on the light and every time they open the fridge, they know that costs will go up. They are trying to be responsible; they are trying to do what has always been the Australian way—take responsibility and plan for a rainy day. This government is crushing the aspirations and the freedom of Australians to plan and live their lives as they see fit.

What is crazy about what the government is proposing is that we know we are going to end up with a worse public health system. We are going to end up with worse public health outcomes. It is short-sighted, politically opportunistic and driven by an out-of-date, out-of-touch ideology of hatred and, dare I say it, that nasty chip on the shoulder.

Here we have a Deloitte report that has looked at some of the impacts of this legislation. We see that, over a five-year period, 1.6 million consumers will withdraw from private hospital cover and a further 4.3 million will downgrade. Deloitte also concluded that a further 2.8 million consumers will withdraw from general treatment cover and a further 5.7 million will downgrade. As consumers withdraw and downgrade from the public health insurance system, we will see premiums rise. It is as simple as that. That is what will happen. It will become much, much less affordable. We will see families, couples, individuals and those older Australians who have planned for their future have the choice taken away from them about what sort of healthcare security they can have, because it will be absolutely unaffordable.

As more and more people withdraw from private health insurance cover, what will happen? Well, the inevitable. There will be a greater burden on the healthcare system, on hospitals in the public sector. We have heard the figure time and time again in this chamber during the debate, and I will repeat it: we will have an additional 845,000 separations needing to occur in public hospitals between 2012 and 2016 as a result of changes to the means-testing of the rebate.

What would possess a government that purports to look after the social welfare and the health needs of Australians and that purports to care about so-called working families to be so short-sighted as to burden the public health system in such a way? There are already problems out there, in every state—we know it; we see it. Yet this insane ideological drive that we know has been at the heart of the Labor Party for such a long time is driving this.

Of course, we know that the money taken, gutted out of the health system—\$2.4 billion—is not going to go back into health. It is fascinating when you look at what the Labor Party has said. Sometimes—often, actually—political parties make claims, make assertions and make analyses about what their opponents are saying, are doing, will do or have done. That is a natural part of our competitive political system. It must be highlighted: every single time a political party protests that it has been painted in an unfair light and feigns outrage it should be reminded of the hypocrisy and the deception in which it has engaged. It is not just about the carbon tax; it is not just about the promise to Mr Wilkie; it is not just about the promise to the car industry, which was then gutted by \$1.4 billion; it is not just about the promise not to challenge Kevin Rudd; it is about something that goes to the heart of the health and welfare of so many Australians—health. Do we remember when the Prime Minister said that she was 'sick and tired of being asked over and over again about Labor's commitments to private health insurance.' Of course she was sick and tired of being asked over and over again, because in her heart of hearts she wanted to gut it. We know that. The more we find out about this Prime Minister, the more we know that, in her heart of hearts, she is a cold, calculating, Machiavellian, ruthless politician not just to her own but to the people in the Australian community she considers as class opponents. She does not understand that fundamentally she is pitting herself against the majority of Australians. She is pitting herself against what it is to be Australian: to have a go and to aspire to better services, to a better life, to better opportunities and to safer health opportunities for you and for your family. We heard her say in parliament in 2006:

... the minister for health today claimed that I am opposed to the 30 per cent private health insurance rebate. This is not true. The minister for health has in fact himself on an earlier occasion conceded on national television that support for the private health insurance rebate is now bipartisan policy. I use his own words against him.

How clever was that. A Liberal minister said it, so it must be true. I wish the Prime Minister would apply that principle today: belief in the words of Liberal politicians. That way she would get more sense and a more accurate reflection of reality, not some weird

made-up land on top of the Faraway Tree, where she seems to spend so much of her time.

We know that the leader of the Labor Party, their former shadow minister for health, made statements in favour of the rebate. Do you know why? They said whatever they needed to in order to get rid of a political problem; to get rid of constituents who were concerned about private health insurance. As Graham Richardson said: 'whatever it takes.' If it means perpetuating a lie, a deception, say what you need to say to get elected. Do what you need to do, do over who you have to. That is the mantra and that will be the political epitaph of Julia Gillard. (*Time expired*)

**Mr SECKER** (Barker—Opposition Whip) (21:56): I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011 and the related bills. This legislation provides yet another example of this government breaking promises to the Australian public. We all know that Labor went to the 2007 election promising that it would not make changes to private health insurance, yet here it is doing just the opposite. It is a disgrace. Not only did it break that promise in this parliament, it tried to break it in the last parliament. It is in writing. As recently as 2009 the former health minister, Nicola Roxon, said that under no circumstances would the government walk away from the 30 per cent rebate. Unfortunately, that is what we have come to expect from this government.

It is a sad time for politics, because the Australian public cannot believe a word this government says. The Prime Minister said, 'There will be no carbon tax under a government I lead,' but she changed her mind and Australia is facing a carbon tax. I ask this government: what can the people believe? These bills we are debating are proof that this government cannot be trusted. The Prime Minister seems to think it was okay to break the 2007 election promise, because the government took it to the 2010 election, notwithstanding the fact that it tried to break it in the last parliament. It was always going to happen with Labor, wasn't it, because in its heart it hates private health insurance. The Prime Minister gave her guarantee when she was shadow minister for health that the Labor Party would retain the rebate. But as Prime Minister she is doing the opposite.

I take this opportunity to call on the crossbenchers to stand up for the people of their electorates. The member for New England correctly said on the weekend that this legislation would be a devastating blow for health in regional areas. I know that, he knows that and all other regional and rural members know that. The member for Lyne spoke in this House earlier tonight and said he wanted to turn unsustainable health systems into sustainable ones. What a great goal. But I say to the member for Lyne: that is backward logic. Making private health insurance

unaffordable for the majority of Australians does not make it sustainable. I am standing up for the people of Barker by standing up against this legislation, because I believe regional areas will be worse off.

Regional health relies on private health insurance. Visiting specialists to regional areas rely on both public and private patients. If the number of private patients drops off, which is inevitable, the visiting specialists will not visit anymore. Just on this fact, what does the government expect will happen if private health insurance is made more expensive? Of course people will drop out of private health. This means insurance will go up for those remaining in the system, weakening the health system not strengthening it. I would like, yet again, to highlight the Keith and District Hospital, which is in my electorate. I have told this House about Keith hospital on many occasions before but I would like to highlight a specific point. The Keith hospital is a community owned hospital which was opened in October 1954. The community donated land, crops and endless hours of volunteer work to make it happen. The Keith and District Hospital Inc. operates under the Associations Incorporation Act 1985 and is governed by a board of management who volunteer their time to serve the community.

The way the hospital is run is really quite remarkable. However, disappointingly, the hospital is sometimes referred to as a private hospital, which is wrong—it is a community hospital. The Keith hospital does not operate for a profit, the usual definition of a private hospital, yet I have heard this government refer to the hospital as private on many occasions. This is not correct. Both the state Labor government and the federal Labor government have tried to fob off the funding crisis at Keith hospital by saying that it is a private hospital. That is not good enough.

Last year I introduced a motion calling on the federal Labor government to directly fund Keith hospital and to take the funded amount away from the state. I am outraged that, to this date, the government has done nothing for the Keith hospital. My Senate colleagues introduced the same motion in their place and the motion passed, as it did in this House. But still there is no action from this government. It is an outrage. This government is defying the will of the parliament. In both houses the government let the motions pass without dissent, yet nothing has been done.

On many occasions in this House I have called on the former Minister for Health and Ageing to take action on Keith hospital. Now I call on the current Minister for Health, the Hon. Tanya Plibersek, to step up and honour the motion passed last year by both houses of parliament and to help Keith hospital. To do so will not cost the federal government or the taxpayer

one cent. The community of Keith are still struggling to support their hospital, but they have been long forgotten by the Labor government, both state and federal, because Labor does not care about regional Australia and it hates private health insurance.

I want to make the point to the House that Keith hospital is a perfect example of why this bill before the House is short-sighted. Most patients at Keith hospital have private health insurance, thereby reducing the burden on the public health system. I suspect Keith has the highest rate of private health insurance in Australia—because the people of Keith support their local community hospital. I can tell you now: there are not a lot of rich people in Keith. You would think the government would reward the residents of Keith for not adding extra strain on the public system. But, no—quite the opposite.

*Mr Somlyay interjecting—*

**Mr SECKER:** As the Chief Opposition Whip says, yes, they are punishing them.

On 9 February last year, I heard the government's ignorance on Keith hospital once again. Senator Ludwig, in response to a question without notice from Senator Xenophon, said:

Minister Roxon and this government understand the importance of local private hospitals to regional communities and the role they play in keeping sick and aged patients in their local areas. However, on behalf of the minister, the level of subsidy the South Australian government pays to community private hospitals such as the Keith and District Hospital is clearly a matter for the state government of South Australia.

Just like Pontius Pilate—washing his hands. I find it hard to believe that the government in charge of this country and the services in this country cannot even get its facts straight. Keith hospital is not a private hospital; it is a community hospital and should be treated as such.

If either the former or current health minister bothered to visit the Keith hospital, they could see for themselves the community that built the Keith hospital and they could meet with the board—the state minister has refused to meet with them—who, as I said earlier, volunteer their time and who are very professional in the way they do it. In fact, they do it at a cheaper rate than the state government system. I find it hugely disrespectful to the people who tirelessly give up their time for their community, for a not-for-profit hospital, to be told by this government that they are someone else's problem because they are a 'private' hospital. The Keith community is a typical regional community. Like any regional area, the wages are typically less than those in the city areas and most people are not what this government would call wealthy.

We know that 5.6 million Australians who have private health insurance are on incomes of less than

\$50,000. As a result of this government introducing this legislation—

**Mr Dreyfus:** Their rebates will be the same. Tell the truth.

**Mr SECKER:** tens of thousands of people will drop out of the private health system, as they will, I am sure—

**The SPEAKER:** Order! The honourable parliamentary secretary will show more restraint than he currently is.

**Mr SECKER:** because it will be unaffordable for many, patients at Keith hospital will also drop out. This will create a two-tiered system, like the USA, because it will be the less well-off who drop out but those better-off will mostly be able to stay in private health insurance. This is backward logic. The government does not see the logic here because it is not just Keith hospital, it will be hospitals all around Barker and all around Australia.

This government will not be taking pressure off the public system—it will be adding to it in an enormous way. In the instance of Keith hospital, very clearly, by trying to save \$300,000 they will probably add \$2 million to the public health system. It is the worst form of cost-benefit analysis and, obviously, it has not been done. There will be a huge influx of people who drop off the private health system and onto the public health system. Private hospitals support 40 per cent of all patients in this country and, in regional areas, it is much higher. They cover the majority of elective surgery.

It is estimated around 12 million Australians hold private health insurance and, as I stated earlier, nearly half—5.6 million—of those earn \$50,000 or less. Of those, 3.4 million earn less than \$35,000. This government is seeking to punish those who have done the right thing by taking out private health insurance. I have heard those on the other side state that we are wrong, that not many people will be affected and those will be just the rich. Well, the rich will still afford to stay on. It will actually be the poorer who drop off—and who cares about them? That is what the government thinks.

I have no doubt that premium prices will rise. Due to the shrinkage from dropouts, premiums will rise for those who the government calls rich, when in fact it will not be those who drop out. I believe that about 2.4 million will be affected by increases in their premium of various stages from 14 per cent to 29 per cent or 43 per cent, depending on their incomes. Deloitte has predicted that up to 1.6 million Australians will drop their cover over the next five years. They have forecast that up to 4.3 million Australians will downgrade their cover over the next five years. Not only this, but premiums will increase 10 per cent and an extra 845,000 Australians will be admitted to public

hospitals. This is a huge addition to an already struggling public system and there does not seem to be anything in the forward estimates to take account of that.

This government states that only 25,000 people will drop out of the private health system. Well, like that good Aussie film says, 'You've got to be dreaming' if you think it is only 25,000 people compared to the 1.6 million modelled by the Deloitte analysis. Discrepancies in this government's numbers are something that the Australian public is getting used to, and it is a pretty sad state of affairs. Labor hates private health insurance—it is in their DNA. This is just the first step. This is the first of the many changes with which this government will seek to wind back private health insurance. You only have to look at their record from 1983 to 1996, when such a wind-back actually happened. It is a fallacy to say that the poor subsidise the rich, because the so-called rich will always pay more through their Medicare levy anyway. This legislation has been twice rejected by the Senate and I will be watching its progress closely, as the Greens are still stating that they are opposed to the Medicare levy surcharge aspect of it.

The coalition supports private health rebates; the coalition understands that private health insurance helps reduce waiting lists and keeps pressure off the public health system—which is already under so much pressure because it has been mismanaged by many Labor state governments over many years. This legislation is bad for the health system. I do not support these bills and I call on the crossbench members to stand up for the people in their electorates, who will be worse off under this government and this legislation.

**Mr ENTSCHE** (Leichhardt—Chief Opposition Whip) (22:11): I rise to speak on the Fairer Private Health Insurance Incentives Bill 2011. The 'fairer' component of the title should be well and truly removed. I raise serious concerns about the grave impact these changes will have on our public health system, in my electorate and around Australia. The public health system is already significantly overstretched. As result of the introduction of private health insurance rebates, the Medicare levy surcharge and lifetime health cover under previous coalition governments, private health insurance coverage increased significantly, from 34 per cent in 1996 to 44 per cent in 2007. There is no doubt that this current initiative is a blatant cost-shifting measure, shifting costs from the Commonwealth to the states' public system, and again I suppose it shows just what a financially fragile position the government has put this country in.

This is the third time that the parliament has had to consider this legislation. It was introduced in the last parliament and in explicit promises in the lead-up to

the 2007 election—cast-iron promises, or cast aluminium promises—federal Labor made it crystal clear that they were committed to retaining all existing private health insurance rebates. That was in a media release by the then health minister, Nicola Roxon, in September 2007. Frankly, the government has squandered a lot by incompetently managing initiatives such as the \$2.5 billion home insulation scheme, which tragically cost the life of a young lad in my region. The National Broadband Network is costing \$43 billion, and it is still ratcheting up. Then there is the \$886 million blowout to pay for the government's failed border protection policy—and that is still going up; I think it is over \$1 billion now.

**Mr Secker:** Confetti.

**Mr ENTSCHE:** It is just petty cash. Of course we all remember the school halls fiasco. That is to name just a few of the government's mismanaged projects. If they had been managed appropriately we would not be here today having to deal with government cost-cutting and cost-shifting, which is clearly the intention of this legislation.

The impact of this legislation will not be felt only by those in the higher income brackets, as has been suggested by those on the other side. They are again trying to create a class war. This group will see increases in their premiums of up to 43 per cent, but all Australians with private health insurance will face higher premiums in the future if these changes proceed. Mr Speaker, 2.4 million people will be directly affected by these changes and face immediate increases in premiums of between 14 and 43 per cent in the respective income tiers. A 2012 Ipsos survey found that 64 per cent of the population believe that the \$4.5 billion a year that the government spend on the rebate is good use of taxpayers' money.

The changes are certainly going to impose an enormous compliance burden on the industry and on individuals completing their tax returns. Private health insurers will have to make significant changes to their systems to adjust premiums according to incomes. It is not clear how the rebate will be administered under these arrangements, especially where a person is not able to accurately predict their income for the current financial year. Under the current economic climate and under current government policies that is a serious consideration. There is a lot of uncertainty in the workplace and you only have to look at the thousands of jobs that are currently being shed by banks and by industry—the aluminium industry in particular and the car industry et cetera. But those opposite say that this is a necessary adjustment. These people are also going to have to factor in those changes when calculating whether they have an entitlement in relation to this Medicare rebate.

The government's own insurer, Medibank Private, has predicted that 37,000 of their members alone will drop their cover and 92,500 will downgrade. This is considerably more than the 27,000 that the Minister for Health has claimed will drop their cover throughout the entire sector. The Deloitte analysis of the changes indicates that in the first year 175,000 people will be expected to withdraw from private hospital cover and a further 583,000 will downgrade. Over five years, it is expected that 1.6 million will drop off and 4.3 million will downgrade. The government certainly have not disclosed the number of people expected to downgrade, but as premiums increase significantly for those in the income tiers it is reasonable to expect that they will seek cheaper products, which will have a second-round effect for our public hospitals.

Deloitte also predict that private health insurance premiums will rise by 10 per cent above what they otherwise would. Of course, that is going to affect every single individual with private health insurance irrespective of their income stream. The changes will also have an impact across the allied health services, with 2.8 million people with general treatment cover expected to withdraw and 5.7 million people expected to downgrade over the next five years.

The government certainly assume that middle-income earners can afford a rise in private health insurance cover. People in this bracket will be affected as much by the changes as anyone. They certainly do not receive the concessions that low-income earners receive such as subsidised housing. They do not get any concessions in relation to their rates. They do not get any concessions in relation to their power or their transport costs, or their medical or anything else. They do not get any concessions, in many cases, in relation to the costs of their children attending school. All of these are additional cost burdens that these families will have to bear. Add that of course to the very significant increases that we have seen over the last couple of years in the general cost of living.

People who are seen by the other side as being comfortable middle-class income earners are really doing it tough. Imposing this additional cost is going to have a profound impact. This additional cost will certainly hurt them and it will certainly force them to choose between maintaining full private health insurance or taking the risk and going without, putting more pressure on our public system. These changes will undoubtedly force people to drop out of private health insurance cover or choose cheaper cover with more procedures excluded. It will certainly cause upward pressure on insurance premiums. We have seen that already. We already have an inquiry in relation to insurance premiums in my area where premiums have already increased by up to 1,000 per cent and, in doing so, are starting to force people out of their homes. This type of impact is only going to accelerate that scenario.

This will have a devastating impact, particularly on the Cairns Base Hospital, which is already classified as a facility at absolute breaking point by the Australian Medical Association. It has resulted from extremely bad planning by the existing state Labor government, from a lack of support and from a lack of focus on this area. It has also suffered immensely from a lack of support from this federal government.

Cairns Base Hospital is already under immense strain. It can barely cope with the workload it faces currently. The hospital is the referral health centre for the entire electorate of Leichhardt, which has more than 61,000 people at present who have private health cover. There is no secret that the Cairns Base Hospital is struggling financially. Last month the Cairns Physicians Group, a lobby group comprised of public doctors, revealed that the hospital was trying to save \$11 million by freezing positions, by not renewing temporary contracts and by finding jobs to make redundant. The Physicians Group and unions say the hospital is lacking either staff or resources in at least 16 departments ranging from vital specialties such as dialysis, neurology and respiratory medicine to allied health services such as speech therapy, occupational health, physiotherapy and rehabilitation. There was even a protest recently because the hospital could not afford to buy pyjamas for patients.

The Far North Queensland health system relies very heavily on patients having private health insurance cover, taking a hell of a lot of pressure off the public hospital as it is able to divert patients to the one private hospital in Cairns. It is certainly not equipped with the resources, the staff or the beds to cope with the current population of public patients, let alone tens of thousands more.

Another challenge at the Cairns Base Hospital is that many of the patients who depend totally on the hospital come from remote communities throughout Cape York and the Torres Strait, a population with very high health needs. To take away the opportunity to provide for those needs by having such a significant additional call on the services of Cairns Base Hospital quite frankly is totally irresponsible and shows that the government have no understanding at all of what they will create by pushing this legislation through.

The coalition believes that all Australians should have access to affordable health care and real choice in managing their health needs. The coalition strongly supports providing all Australians with a choice of taking out affordable private health insurance. Through the rebate we have not picked or chosen people who are prepared to do that. We do not see that middle-income earners are somehow or other deemed to be the wealthy elite, as the Labor Party claim. We also recognise that even middle-income families, given the demands on their income, are entitled to that level of

support. We are certainly happy to do that. This is certainly in contrast to the government's apparent mission to force more patients into the public health system, which will only reduce the choice for Australians and add a very significant strain to public hospitals already crippled by an overload of patients and underfunding by this government.

I also very strongly support the amendment that was put up by the Leader of the Opposition earlier. I think that something of this significance needs to be deferred. The amendment put up was that this bill and its related bills not proceed until after the 44th Parliament meets. That is a practical way of dealing with this. The government have made a hell of a lot of mistakes which have cost the Australian taxpayer an absolute fortune. They would be better off focusing on dealing with a lot of those areas and on better policy rather than trying to rip the guts out of something that has been incredibly successful. Unfortunately, they seem to be doing it by conning those on the crossbench who are totally reliant on the government for their political survival. I would certainly urge members on the crossbench to think more about the best interests of the community than their own political survival. (*Time expired*)

**Mr KATTER** (Kennedy) (22:26): On rising to speak on this, I hope we have a clear understanding of it. The health department will get this 30 per cent extra to spend and, therefore, they will be able to increase the services provided to the public. The people who leave the private health system will go into the public system and cause enormous problems within the public system. I appreciate the minister being in the House while the matter is being debated. That brings up one of the drawbacks I see in this parliament in comparison to the state parliament I served in for two decades. In the time that I have been watching this debate on the television, the minister has been in here and so she has heard what has been said. Tony Burke also does this, but no other minister in this place ever seems to. If you are not game to face the music then you damn well should not be a minister. In the Bjelke-Petersen government in which I served, you were ordered to be there. You made the decisions, so you faced the music. The head of the department in each case was also forced into the parliament to listen.

As my honourable colleague and well-loved neighbour the member for Leichhardt has said previously, all we can do is talk about that half million of us who live in the northern third of Queensland—more than live in Tasmania. If we include Mackay we are around one million people, with probably another 100,000 tourists who are visit throughout year. The system there is under immense strain. We had one single heart doctor who could operate in North Queensland at one stage, and we have not had one for a period of two years. You can say, 'You can fly people

to Brisbane,' but I will use the case of my own daughter. She had a very bad car accident. The car rolled many times. She had a suspected fractured skull. It was 15 hours before we could get an aeroplane. Two of them were down for maintenance, two of them were out of hours and one was up in the Torres Strait or somewhere. By the time it turned around it was the best part of another 12 hours from where we were at the time. In the whole of the midwest, in the 1,000 kilometres between Townsville and Mount Isa—an area of 12,000 square kilometres where arguably some 40,000 people live—there is no operating theatre. So, if a person has bruising to the skull and their skull has to be drilled into, it has to be done without a single operating theatre. That is very dangerous indeed. As for the idea that you can just fly an aeroplane in and fly people out, I am sorry—it does not work even remotely that way. The member for Leichardt and I live in an area which is fraught with cyclones and flooding and very heavy rainfall. All these things create enormous problems if you are trying to fly people out, so we have to depend upon the system which is there. But this system, which is supposed to serve one million people—five per cent or one in 20 of the Australian population—does not have even one person who can operate on a heart. I do not have to tell the parliament that 20 or 30 per cent of deaths are caused by heart ailments.

My very brilliant and clever chief of staff decided that we would have 'listening post' meetings where I would have to shut up—which is a bit of a challenge for me!—and she enforced it with an iron fist. When I was doing one of these 'listening posts' I was absolutely appalled to find out that just near Gordonvale, which is effectively in the suburbs of Cairns, there was a person who had had to extract his own tooth. The problem had gone on for seven months, and every time he had gone in for his appointment they had said: 'We've got a more urgent case than you. I'm sorry—we'll have to put you off for another month.' At the end of the seven months he was in great pain and could not wait any longer, but he could not afford private health insurance because he was a pensioner and did not have much money at all. So he extracted his tooth on Channel 9 and gave the health department a good send-off while he was doing it.

I thought it might have been an isolated case, but when we went out to Richmond there was another person who had had to extract his tooth himself. As I said to the minister the other day, in all of my lifetime until 20 years ago, when they abolished the hospital board, I cannot remember the midwest area—Hughenden to Cloncurry and the four towns, which is where I come from; it has been my family's homeland for 120 years—having been without three dentists. But in the last 20 years we have had no dentists, and, as often as not, when I get a complaint from Hughenden

about the lack of dentists, I find that we do not have a dentist in Cloncurry either, let alone one in Richmond or Julia Creek. What is a health system if it cannot supply a dentist? They cannot even supply a dentist in Cairns! What is going on here?

What worries me is that Paul Ramsay hospitals are deeply troubled. I must confess to a kind of pecuniary interest here—my sister is on the board of Mater Hospital in Townsville, which I think is the second or third biggest hospital in Northern Australia—but the Ramsay hospitals are really scared, and if they are scared I am scared. If they are down here doing the sort of lobbying that they are doing at the present moment, then you can rest assured that they are extremely worried. If they are extremely worried, they know that there is going to be a huge movement of patients away from them.

The leader of my party in Queensland, Aidan McLindon, quotes my son. He made the statement that they spent \$66 million on refurbishing the Mount Isa Hospital, yet it does not take one extra bed—they spent \$66 million, but there is no change in the services provided! I was around when they spent \$26 million on the Innisfail Hospital, and I gave them a big blast. What is the use of giving us \$26 million for a lovely new wing with nice flooring and walls and so on and having the minister there opening it and getting his photograph in the paper when 30 per cent more patients were going to Cairns Base Hospital or Townsville? There were 30 per cent fewer people in the hospital, yet they were spending \$66 million on refurbishment!

Surely it would be logical to have taken that \$100 million and spent it on providing some dentists. I mean, \$100 million put in the bank and getting the interest would buy you a fair few dentists. I would have thought that would have been a pretty logical approach to use.

Clearly as a party that I hope will be in government in Queensland, and we might be very hopeful and aspiring in that ambition but we certainly have every intention, it is incumbent upon us to say, 'What are you going to do about it?' I have interviewed 13 or 15 doctors, I cannot remember now, who have been doctors or have been superintendents at hospitals and they have been doctors for 25 or 30 years. Every single one of them agrees with the AMA president in Queensland when he said that for every patient contact person in a hospital there are three non-patient contact people in the hospital. Every one of those 13 doctors said to me that they believe that would be roughly correct and if you go back 25 years it was the other way around. So there is huge wastage. We are well aware that there are nurses on \$1,000 a day, that sort of figure. I am not sure what they are called, but they have them on standby and they are on order from

various organisations that provide people who are nurses or doctors. Excuse me for not knowing the technical terminology.

**Mr Crook:** Locums?

**Mr KATTER:** No, not locums. The doctors might be on close to \$2,000 a day. If you have to have this huge unit of people being provided by suppliers in the system, one has to be very suspicious about this. With this sort of money going around and someone getting a percentage of it, there is reason to believe that it might influence the judgment of a lot of people. But if you replace these on-order people from private enterprise nurse and doctor supplying companies with employees, which was the situation 20 years ago, then clearly you overcome that problem.

I do not believe, as I have said to the Prime Minister, the Leader of the Opposition and the last Leader of the Opposition, that you can overcome these problems unless you go back to local hospital boards. If you have a hospital board in Cloncurry and one at Hughenden-Richmond, or Hughenden-Richmond-Julia Creek, as we had before, two hospital boards, those people live in that community. If there is no dentist there, when they go to their local Lions Club meeting or the local CWA meeting they might just get kicked to death. They are under terrific pressure to deliver a dentist. But if the decision maker is some sophisticated PR person living in Townsville or in Cairns then you are not going to get anyone who really cares whether there is a dentist out there in the mid-west or whether there is not. She is answerable to Brisbane and all Brisbane wants to know is has she cut costs. They do not ask about services.

In Queensland there is a government that is about to be annihilated in the forthcoming election—I do not believe it is unreasonable that they might not win a single seat, if you compare the polling with 1972. In actual fact they may not win a single seat in Queensland. You say, why? I will tell you why. We had a doctor that was killing people. Every single newspaper, every single person has called him Dr Death. And did they do anything about it when they found out about him? Yes, they did. They shredded all the evidence. That is what they did! They did not sack him, they did not replace him and they did not stand him down; they shredded the evidence! This is all a matter of public record. But if you do that and you think you can get away with that, well I have news for you. After my nearly 40 years in parliament I can tell you that you cannot if you treat the people with contempt.

The Treasurer in Queensland believed that you can amalgamate all the cities and shires in Queensland because it was very efficient. We did not understand it because we were simple country bumpkins; we would not understand the sophisticated knowledge that he

had. This sophisticated knowledge is going to take his party into absolute oblivion in two months time, and quite rightly so. But we plead with the current government, and I must say that I was impressed with the fact that the current minister was on top of her game. I do not often run into ministers who are on top of their game. She understands. But I must say to the minister that understanding it is a long way from changing it, and at the present moment I am telling her that the health services in this country are down to Third World levels.

You have a person on the outskirts of Cairns who had to take their own teeth out. He told them that he was going to do it on Channel 9 and they still did not care! Is it any wonder that they are about to be annihilated in the forthcoming election? If you think you can treat the people with contempt, you cannot. We would plead with the minister to understand that you are not going to be able to reverse what is occurring with the shorter hospital boards. If a person in Richmond and a person on the outskirts of Cairns have to extract their own teeth you are living in conditions that even a Third World country would not be proud of.

We plead with the minister to take these things into account. She has inherited the proposal coming forward this evening. I disagree with it, and we hope that she will listen to and address the other aspects which we addressed tonight. (*Time expired*)

**Mr CROOK** (O'Connor) (22:41): Thank you, Mr Speaker, for the opportunity to discuss the Fairer Private Health Insurance Incentives Bill 2011 and related bills today.

As a member of the Nationals WA who sits on the crossbench, I consider two main issues when considering any piece of legislation that comes before this House. Firstly, I ask, 'How will this legislation impact or benefit my electorate of O'Connor?' And, secondly, I ask, 'How will this legislation impact or benefit the rest of regional Western Australia?'

Over the months I have held various discussions with a range of stakeholders on this issue. I have discussed the issue with doctors, insurance companies, government representatives and analysts. Importantly, I have also discussed this issue at length with various constituents and community leaders. Following this consultation I have come to the conclusion that in imposing a means test on the private health insurance rebate, residents of O'Connor and regional Western Australia will be worse off and, as such, I will not support this legislation.

The first issue that I would like to address this evening is the state of our regional public health system. From the outset of this debate I have consistently stated that my major concerns about this legislation relate to the impact it is likely to have on the

public health systems of regional Western Australia. As a former national president and chairman of the Royal Flying Doctor Service Western Operations, I have a strong understanding of regional health issues.

Since my election to this House, I have done my best to keep regional health issues on this government's agenda. Sadly, this government, like previous governments, has failed to give regional health the attention it deserves. As a result, throughout regional Western Australia all aspects of the health system have been underfunded by successive federal governments on both sides. The neglect is most evident in regional Western Australia's doctor shortage. Right now in regional Western Australia alone there is a shortage of 97 doctors. There are shortages across the wheat belt, the goldfields, the south-east, the south-west, the Great Southern, the Midwest, the Pilbara and the Kimberley. Around 80 per cent of these vacancies are classified as an area of need.

Whilst to many ministers, government members and opposition members this doctor shortage is just a number, the situation for many families in my electorate, as indeed around the state, is much more real. The reality for many regional Western Australian families is that they are simply unable to access basic healthcare within a reasonable distance or reasonable time frame. It is not uncommon for families in regional Western Australia to have to wait a month or longer to access a doctor, nor is it uncommon for families to travel up to 200, 300 or even 400 kilometres on a round trip to visit a GP in another town. The reality for many regional Australian parents is that they do not have the local GP to take their children to when they are sick and they never have a family doctor that lives in their town long enough to really understand their family's medical needs. The reality for many local governments in regional Western Australia is that they are forced to use their limited cash flow to pay extraordinary incentives, including the provision of houses, cars, a surgery, practice management and additional cash benefits in an effort to attract a doctor to the town.

The reality for many doctors in regional Western Australia is that they are professionally isolated, forced to work without proper support networks and burdened with the responsibility of being the only lifeline for their entire community—and sometimes neighbouring communities as well. This is a fundamental issue for my electorate.

The neglect by governments of regional health continues to undermine efforts to create vibrant regional communities while placing the wellbeing of many of my constituents at risk. Through this debate, through these negotiations and through the years of previous governments, these issues have not been addressed. In the interests of regional Western

Australia I will not support a proposal that puts more money into the federal government coffers without proper investment into the regions.

Further to this issue, I have always had concerns that removing incentives for people to have private health insurance may further burden the ailing public health system. These concerns were validated by the Deloitte report, which indicated that this legislation could see as many as 1.6 million Australians drop their private health cover over the next five years. This is equivalent to the entire population of Perth. This would involve a shift of patients to public hospitals which are already operating the recommended occupancy rate. This would also result in waiting lists for surgery increasing to untenable levels. Analysis of the Deloitte study has suggested that this may result in waiting lists for surgeries blowing out from an average of 65 days to 295 days by 2015. In the areas where our health system is already struggling, these events would be disastrous.

Not only will the legislation negatively affect our overburdened public health system but it could also have damaging effects on our existing private health insurance schemes. The government has failed to address the reality that the abandonment of private health insurance by a significant number of Australians will lead to the increase of costs in private health insurance. HBF has estimated that if the 30 per cent rebate was lost it could add around \$500 to the average premium for an individual with combined hospital and ancillary cover. For families, HBF estimates that the average increase at well over \$1,000. This will impact on the families with private health insurance regardless of means testing.

I would like to take the opportunity to briefly address the assumptions that have been made about the effect that these reforms will have on regional Australians. Many commentators, and indeed some members of this government, have argued that regional Australians have more to gain from these reforms because regional Australians have less access to private health facilities. As such, they argue that the regional Australian taxpayers have more to gain from winding back private health insurance rebates. There are a number of problems with this assertion.

First and foremost, the argument assumes that the money saved from the rebate reforms will be redirected to regional health systems. However, many years of neglect of regional health issues tells us that this will not happen. In fact, many of these rebates will come directly from the hands of regional voters straight into the federal government coffers, where it will quickly disappear into projects promoted by the east coast and metropolitan centric policies of the major parties.

Secondly, the argument incorrectly assumes that regional Australians do not see private health as significant. From the many discussions that I have had

with constituents, I can firmly say that this is not the case. Even if it means travelling to a larger city in the case of an emergency, many of my constituents view their private health insurance and the rebate that comes with it as extremely important. Thirdly, given that the state of the public health system in regions is more dire than in the city, the damage that will be done by people migrating from private health cover will be much greater.

I have clearly outlined the tremendous uphill battle that regional Western Australia has ahead of it in relation to health care and the doctor shortage. While I appreciate that there is no silver bullet to resolve this issue, I am not convinced that the Labor government has addressed this issue with the urgency that it demands. I believe that many families and communities in regional Western Australia would have looked on this legislation much more favourably—as I would have—had the federal government made a commitment to reinvest the considerable savings from the legislation back into regional health. Even a portion of the \$2.4 billion worth of savings would have a dramatic and positive impact on regional Western Australia. I am very disappointed that the Labor government has not made any steps to address these concerns.

As already mentioned, this government is not solely responsible for this issue, and I am disappointed that the opposition has not done more to put this issue on the agenda. We must acknowledge that this issue did not develop overnight; it has been ongoing for the last 20 to 30 years. Both parties must accept responsibility for the poor state of the regional Western Australian health system. For the past two years I have tried to convince the government of the need to support regional health in Western Australia. We are currently 97 doctors short. People do not leave the region because the roads are no good; they leave because they cannot see a doctor and they cannot educate their children.

In the interest of creating sustainable and vibrant regional communities, I call on this government to address the doctor shortage and associated health issues rather than concentrate on cost-cutting measures to counterbalance their other misspending. This federal government needs to look at addressing the issues and addressing them urgently. I will not support any reforms to the private health insurance rebate until the health system in Western Australia is properly supported by the federal government.

**Mr HUNT** (Flinders) (22:51): It gives me great pleasure to oppose the Fairer Private Health Insurance Incentives Bill 2011 and the cognate bills. The reason is not out of some great ideological preference, although there is clear philosophy behind our position on this, but out of a practical concern for the impact on

the cost of living for millions of low-income Australian workers and pensioners, and out of a concern for the long-term sustainability of not just our private health system but also our public health system.

Let me start by setting out the framework of the impacts of these bills on the real world. Let me begin not with any presumptions of the opposition or assertions that others might make but with the hard world of Deloitte's Australian Health Insurance Association study, entitled *Economic impact assessment of the proposed reforms to private health insurance*, dated 28 April 2011. The first and most significant figure is a simple one, taken from page 1 of the executive summary:

Private health insurance premiums will rise 10 per cent above what would otherwise be expected. As premiums rise, private health cover will become less affordable for all consumers, that is, not just those who are in the tiers.

By 'tiers' they mean those to be affected by the phase-out of the 30 per cent rebate. What is fundamental here is that this bill is not simply a change in the rate of rebate for upper income earners, as has been presented by the government. It is a major change in the cost of private health insurance for all Australians, and that means that low-income earners, pensioners and single-parent families will simply have higher costs. The answer is very simple.

**Ms Plibersek:** Oh, that's just not true, you know that's not true.

**Mr HUNT:** Let me refer the minister who denies Deloitte's report—

**Ms Plibersek:** I do.

**Mr HUNT:** that there will be a 10 per cent increase above what would otherwise be expected. It is fine for the minister to attack other members of parliament, but the minister expressly, clearly and absolutely lives in the fantasy that one of the world's leading accountancy firms is carrying on as if it is a fraud.

**Ms Plibersek:** It's a fiction. Bought and paid for.

**Mr HUNT:** I want to repeat what this minister has just said for the record. The Minister for Health, a cabinet minister of Australia, has just said that Deloitte is 'bought and paid for'.

**Ms Plibersek:** I'll say it again.

**Mr HUNT:** Deloitte is bought and paid for! She wants to say it again. The firm will have its chance to respond to a casual accusation of professional incompetency, professional negligence and professional malpractice from a cabinet minister of Australia. That is the position that we have reached with this government: where there is disagreement, not from the opposition but from the highest levels of the professional accounting sector not just in Australia but globally, there is not just disagreement but a gross and vile accusation of professional misconduct.

Let us go on, though, to what Deloitte has said:

- Significant numbers of consumers will withdraw from their private hospital cover (1.6 million consumers over five years) or downgrade to lower levels of private health cover (4.3 million consumers over five years) following the proposed policy change
- Significant numbers of consumers will also withdraw from their general treatment cover (2.8 million consumers over five years) or downgrade to lower levels of private health cover ( 5.7 million consumers over five years) following the proposed policy change

That is the threat to the private health sector. That is the threat to the ability of low-income earners and middle-income earners to maintain their private health coverage. So this is framed as an assault on some unfair entitlement for higher income earners, but its consequence, its outcome and its inevitable conclusion—just as we warned, to dismissal and derision from the government, over the Home Insulation Program—will be damage to the sector on a grand scale: the waste of money, the loss of resources and a retrograde step in terms of public policy.

The second great area which will suffer as a consequence of these changes is the provision not just of private health services but of public health services. Let me turn now specifically to the third key finding of the Deloitte report:

The chain of events triggered by the proposed policy change is expected to place additional burden on the public health system

Deloitte estimates that:

- As people withdraw from their private cover they become more reliant on the public healthcare system.

That is an inevitable consequence. It is not the intended consequence, but it is the inevitable consequence. To continue:

Between 2012 and 2016, 845,000 additional separations will need to occur in public hospitals as a consequence of the means testing of the rebate

- Between 2012 and 2016, additional separations which occur in the public system as a result of the policy change will cost the Government an additional \$3.8 billion in cumulative recurrent costs over the five years.

In other words, it is not just bad for the cost of living and for the private health sector; it is a disastrous result for the public health sector, which will inevitably have to pick up the pieces. That is something about which all Australians should be concerned. Whether you believe in private health or you do not believe that there should be any assistance for that, if the public health system deteriorates then it is bad policy masquerading as some form of phantom, phoney class war activism.

Let me go on a little bit further, because we have terrible public policy consequences in terms of both cost of living for lower income earners and the impact

on the private and public hospital systems, but we also have a fundamental breach of faith. Let me go back to the statement of the then shadow health minister, Nicola Roxon, on 26 September 2007:

On many occasions for many months, Federal Labor has made it crystal clear that we are committed to retaining all of the existing Private Health Insurance rebates, including the 30 per cent general rebate and the 35 and 40 per cent rebates for older Australians.

Similarly, on 20 November 2007, on the eve of the election, the then candidate for Prime Minister—once again soon enough, no doubt—said:

... I have made clear on many occasions this year that Federal Labor is committed to retaining the existing private health insurance rebates.

Those statements, which were declared as an article of faith, an article of principle and a belief which could be trusted, were wrong, false and incorrect. As has always occurred, events are used as a pretext to revert to type and to revert to pathology. So these bills are an assault upon the cost of living, they are an assault upon the viability of the private and public health systems and they represent a grand breach of faith.

Debate interrupted.

### House adjourned at 23:00

### NOTICES

The following notice(s) were given:

**Mr Combet:** to present a Bill for an Act to amend the Higher Education Support Act 2003, and for related purposes.

**Mr Clare:** to present a Bill for an Act to amend the Classification (Publications, Films and Computer Games) Act 1995, and for related purposes.

**Mr Gray:** to present a Bill for an Act to amend the law relating to elections and referendums, and for related purposes.

**Mr Bradbury:** to present a Bill for an Act to amend the Corporations Act 2001, and for other purposes.

**Ms Macklin:** to present a Bill for an Act to amend the law relating to family assistance and social security, and for related purposes.

**Ms Macklin:** to present a Bill for an Act to amend the law relating to social security, family assistance, child support and veterans' entitlements, and for related purposes.

**Mr Secker:** to move:

That this House:

(1) notes that:

(a) Australia currently permits the import of orange juice concentrate from Brazil;

(b) the United States has moved to ban imports of Brazilian orange juice concentrate due to traces of the fungicide Carbendazim being found in some juice concentrates from Brazil;

(c) in January 2010, the Australian Pesticides and Veterinary Medicines Authority (APVMA) suspended some agricultural production uses of Carbendazim, including use on all citrus fruits;

(d) in 2011 the APVMA completed its preliminary review finding of Carbendazim which has proposed removing many uses of this chemical; and

(e) the APVMA has proposed a change to remove the Maximum Residue Limits in the Australia New Zealand Food Standards Code that permits Carbendazim residues in some foods, including citrus products; and

(2) calls on the Government to instruct the Australian Quarantine and Inspection Service to increase the testing on imported juice concentrate to ensure Carbendazim is not present at levels which risk public health.

**Mr Scott:** to move:

That this House:

(1) notes that:

(a) the Australian Year of the Farmer 2012 provides an opportunity to celebrate such achievements and to further strengthen the connections between rural and urban Australia;

(b) Australian farming families play a vital role in our society and it is important that we all recognise how much farming affects our lives;

(c) Australian farmers have a central role in delivering domestic and global food security;

(d) Australian farming families and the associated agricultural industries are involved in producing, processing, handling and selling products from 136,000 farms across the country; and

(e) Australian farms and the industries that support them generate more than \$405 billion each year; and

(2) calls on members of the House to recognise:

(a) the Australian Year of the Farmer and the vital role that Australian farming families and their associated agricultural industries play in keeping our nation fed, clothed and sheltered; and

(b) the significant contribution that Australian agriculture makes to the nation's economy.

**Mrs Moylan:** to move:

That this House:

(1) recognises the importance of clean energy generation technologies in Australia's current and future energy mix;

(2) acknowledges the exponential growth of wind power across Australia;

(3) appreciates that prudent planning policies are key to ensuring new infrastructure development does not adversely impact upon the social fabric of communities;

(4) notes that:

(a) the Environment Protection and Heritage Council has decided to cease further development of the National Wind Farm Development Guidelines;

(b) there is significant anecdotal evidence supporting concern about the health and associated social effects of wind farms which remain unresolved; and

(c) the Senate Community Affairs Reference Committee's report, *The Social and Economic Impact of Rural Wind Farms* has, as a matter of priority, called for adequately resourced studies into the possible impact that wind farms have on health;

(5) recognises that the National Health and Medical Research Council's rapid review into *Wind Turbines and Health* is only a cursory compilation of literature on the topic and not an in depth study and should not be principally relied upon to inform planning guidelines;

(6) calls on the Government to urgently commence full in-depth studies into the potential health effects of wind turbines, especially low-frequency infrasound;

(7) requests that the Government fully investigate international best practice in planning policies regarding wind farms and, in conjunction with State governments, publish comprehensive updated guidelines;

(8) calls on State, Territory and local government authorities to adopt cautious planning policies for wind farms and in the interim provide adequate buffer zones and not locate wind farms near towns, residential zoned areas, farm buildings and workplaces; and

(9) calls for approval processes to require wind farm developers to indemnify against potential health issues arising from infrasound before development approval is granted.

**Ms Parke:** to move:

That this House:

(1) notes:

(a) the motion tabled in the South Australian Parliament on 28 July 2011 by Tony Piccolo MP, Member for Light, which acknowledges the experience of 'enemy aliens' interned during World War II and seeks to record an acknowledgement in similar terms by the Commonwealth Parliament on behalf of the nation; and

(b) that during World War II thousands of people were interned in camps around Australia as 'enemy aliens' and prisoners of war, and among the 'enemy aliens' interned were permanent Australian residents born in Australia or who had become British subjects in accordance with the Federal immigration and citizenship laws of the day;

(2) acknowledges that:

(a) of these people interned at the camps, the overwhelming majority were law abiding members of the Australian community who posed no security threat, indeed they were people who had made a valuable contribution to Australian society and so their internment was not only a hardship to them and their families, but also a significant loss to the communities to which they belonged; and

(b) 'enemy alien' internees were deprived of their freedom and consider that this was primarily on the basis of their ethnic and cultural identity under the mistaken belief that this cultural heritage posed an unreasonable risk, and not for any demonstrated or valid security concerns;

(3) notes:

(a) the substantial research and personal histories that demonstrate that the internment experience had a long term, detrimental impact on the physical and psychological health and wellbeing of many of the people interned; and

(b) that two thirds of all Italian internees were interned in the states of Western Australia and Queensland, including more than 1000 in Fremantle, and that certain communities and industries were particularly affected by the internment policy;

(4) recognises and acknowledges the pain, suffering, grief and hardship experienced by the people who were interned and their families, and in particular, the impact on mothers and wives who were left to care for children, homes, farms or businesses alone;

(5) congratulates those internees and their families who made the decision to remain in Australia and rebuild their lives following internment and/or other discriminatory treatment including the inability to buy or lease land, or obtain bank loans, the prohibition against travel, and the confiscation of torches, radios, cameras, trucks and tractors;

(6) celebrates the lives of those former internees and families, and those wrongly classed as 'enemy aliens', who despite their experiences went on to make a significant contribution to the economic, social and cultural development of Australia; and

(7) expresses the hope that as a maturing nation we have learned from the experiences of the World War II policy of internment and that we should ensure that current and future generations of migrants to this country, and their descendants, are treated with justice and equality before the law, and not discriminated against on the sole basis of their cultural heritage.

**Mr Abbott:** to move:

That this House:

(1) notes that since the Wild Rivers (Environmental Management) Bill was first introduced on 8 February 2010, it has been referred to the following inquiries:

(a) the Senate Legal and Constitutional Affairs Legislation Committee which commenced its inquiry on 25 February 2010 and reported to the Senate on 22 June 2010;

(b) the House Standing Committee on Economics which commenced inquiry on 17 November 2010 and reported to this House on 12 May 2011;

(c) the Senate Legal and Constitutional Affairs Legislation Committee which commenced its inquiry on 24 March 2011 and reported to the Senate on 10 May 2011;

(d) the House Standing Committee on Agriculture, Resources, Fisheries and Forestry which commenced its inquiry on 15 September 2011, was due to report to the House on 2 November 2011 and is yet to table a report; and

(e) the House Standing Committee on Social Policy and Legal Affairs on 24 November 2011 with a reporting date which is yet to be determined;

(2) expresses its concern that despite the unprecedented scrutiny for a private Members' bill this House is yet to have the opportunity to vote on this bill

(3) notes that Noel Pearson and the Cape York Institute have called for traditional owners of land on Cape York to have more control over the way the land is used; and

(4) calls on the Government to allow the members of this House to exercise their vote on this important bill.

**Mr Abbott:** to move:

That this House:

(1) notes that:

(a) the Fair Work Australia investigation into the Health Services Union and Member for Dobell commenced in 2009;

(b) the investigation started with the Industrial Registrar in January 2009 and was taken over by Fair Work Australia when it commenced operation in June 2009;

(c) Fair Work Australia representatives said the investigation would be completed by the end of 2011, with Fair Work Australia Director Terry Nassios telling a Senate Estimates committee in May 2011 that the investigation should be completed by 'the latter half of this year' and Bernadette O'Neill, the Acting General Manager, saying in October 2011 that 'Mr Nassios has advised me that he still

expects to complete his investigations by the end of this year';

(d) the investigation remains ongoing despite an employee of the Australian Government Solicitor, Craig Rawson, being provided with a letter containing 'proposed findings' in December 2010; and

(e) the investigation into the Health Services Union and the Member for Dobell has taken more than three years and is yet to be completed; and

(2) calls on the Government to provide an assurance that there has been no political interference in the Fair Work Australia investigation into the Health Services Union and the Member for Dobell.

*Tuesday, 14 February 2012*

The **DEPUTY SPEAKER (Ms Vamvakinou)** took the chair at 16:00

## **STATEMENTS BY MEMBERS**

### **Cowper Electorate: Pacific Highway**

**Mr HARTSUYKER** (Cowper) (16:00): I rise to speak on a matter of great concern in my electorate—the Pacific Highway between Warrell Creek and Urunga. In my view, this section of road must be the funding priority in any future negotiations between the Commonwealth and New South Wales governments. A survey by the NRMA last year identified the highway between Warrell Creek and Urunga as the worst in the state. Members will no doubt recall the horrific accident on 8 January, when two people died after a head-on accident at Urunga. One of those killed was an 11-year-old boy. He died when a semitrailer ploughed into the house where he was sleeping. Whilst it has been revealed that human error and alcohol consumption proved a large part of the tragedy, the reality is that if the highway did not go through Urunga the accident would never have occurred.

Last year I welcomed the announcement to fast-track the Frederickton to Eungai section of the highway. However, I was astounded to read media reports that the Australian and New South Wales governments were commencing negotiations for the South Kempsey to Port Macquarie upgrade. In my view, road safety must be the most important consideration when prioritising which projects receive funding, and there is no doubt that Warrell Creek to Urunga is the biggest black spot on the Pacific Highway. There are three key reasons for this. Firstly, 27 people have now lost their lives on this section of road over the past five years. Secondly, the Macksville Bridge is too narrow and trucks pass only centimetres apart. Its current condition prevents large loads from being transported on the most direct route up and down the coast. When this bridge is closed due to an accident or maintenance, traffic has to be diverted causing lengthy delays. It is also a bottleneck for traffic, particularly during the busy tourism season. Thirdly, bus loads of school children travel to school on this section of road regularly. I understand that many parents are concerned about the condition of the road.

While all sections of the highway are important, the experience with the Bonville deviation shows us that, when a black spot is eliminated, the accidents stop. I said publicly on Christmas Eve that this stretch of road was a disaster waiting to happen. Tragically, that is exactly what occurred. Since the accident, expressions of interest have been called for the Nambucca to Urunga section, but that overlooks the black spots further south at Macksville and Warrell Creek. This government is now spending \$50 billion on an NBN project that people do not want or need. Those funds would be better spent on upgrading the Pacific Highway to dual carriageway standard.

### **Petrie Electorate: Moreton Bay Rail Link**

**Mrs D'ATH** (Petrie) (16:03): It is my pleasure to report to the House the latest update on the Moreton Bay Rail Link, a rail link that was first mooted more than a century ago, in 1895, and which this Labor government committed to in conjunction with the Moreton Bay Regional Council and the Queensland government in 2010. I can report to the House that we have defined the preferred corridor, proposed station locations and reference design, commenced preliminary survey works, conducted community consultations, completed the final business case and finalised the project change report. We are now at the stage that, on 18 January 2012, the tender process opened for the realignment of the Dohles Rocks Road and the construction of a new bridge between School Road and Russell Street as well as the erection of a new bridge along Goodfellows Road and its realignment so it connects with Dohles Rocks Road at Russell Street.

In addition, work has already started on the Kinsellas Road bridge. It has already gone out for tender and the successful tenderer will be announced by the end of March 2012. This third road bridge is required for the project at Kinsellas Road East and has already progressed to shortlisting of the three contractors. The Kinsellas Road bridge will provide one lane in each direction for general traffic, on-road cycle facilities and a shared path for pedestrians and cyclists. It is great that we have hit this significant milestone where we are now putting tenders out and nearing the completion of announcing construction companies. In addition, international design company Hassell has been appointed to create concept designs for the six new stations on the Moreton Bay rail link. The design work will focus on functionality, layout and parking, as well as access for pedestrians, cyclists, taxis and buses. Concept designs for all six stations will be completed by mid this year and the community will be invited to have their say about the plans.

There was a lot of cynicism in my community about this rail line. It has been promised for a very long time. It is fantastic to be able to stand in my community and say that in a matter of months they are going to see bulldozers digging up dirt and building bridges to go over rail lines. They will see the design plans for these stations. This is real. We are going to have six stations—Kallangur, Murrumba Downs, Mango Hill, Kinsellas Road, Rothwell and Kippa-Ring—operational in 2016, just in time for people on the Redcliffe peninsula to catch the train to the Commonwealth Games on the Gold Coast. I look forward to being on that train with them.

### **Wright Electorate: Boonah State High School**

**Mr BUCHHOLZ** (Wright) (16:06): Last week I had the privilege of heading out to Boonah in my electorate of Wright to address some year 12 students as part of a senior leadership forum. I always enjoy taking the opportunity to speak with the kids, especially at this time of the year. It is an odd time in a child's life. They have not quite hit adulthood and are struggling with the decisions that are before them. 'Do I go to university? Do I stay home? If I do go to uni, what do I study? Do I travel? What do I do?'

Luckily for the kids, it was not just a politician spruiking leadership stories to them. Also in attendance was a former Boonah High student, Kelli Rabbit from Scenic Rim Regional Council. There was also Paige Bennett, a former student and house captain now studying nursing in Brisbane. Paige is a charming, confident young woman and it was great to have her back at the school to share some of the aspirational stories that she has from her first year at uni. After Friday's seminar, the seniors departed for Tallebudgera for a weekend leadership camp where they are able to set their vision and work through some team-bonding exercises to cement them as a cohesive group for the rest of the year.

Before I finish, I would like to offer my congratulations to Boonah State High School principal, Bronwyn Johnstone. Bronwyn is a fantastic asset to that school and the spirit and pride evident in the kids is a credit to her and her staff. I would like to congratulate the 2012 school captains, Laura Pennell, Tahlia Kinrade, Sarah Moore and Ewan Trehearn. You all have big jobs ahead of you this year in the senior class. Sit back and enjoy it.

I took the opportunity while I was with the kids to ask how many of them were on Facebook. All their hands went up in the air. I said to them, 'Facebook is great from an employer's perspective, because when you give me this glowing resume and tell me how wonderful you are I can check up on you.' I shared with them an example of a guy who applied for a position with me in my transport business. His resume was fantastic. I went on to Facebook and there he was butt nude in a shopping trolley in the lounge room with an empty carton of beer on his head. I said, 'Be mindful, kids, of what you put on Facebook because it gives potential employers and the world an insight into who you really are.' As a boarding school student, I never got the opportunity to go to leadership camps. It is a great way of helping kids in high school transition to being young adults. I hope that they all enjoy the journey that is ahead of them.

### **Australian Public Service**

**Ms BRODTMANN** (Canberra) (16:08): In response to the previous speaker's mention of Facebook, the challenge, too, is with kids putting all these sorts of images up of themselves. It may be fun to share these with their mates when they are in their late teens, but they can have knock-on effects on their careers, particularly if they are looking at getting into the protective security arena, into the police or into the secret services. They can have broad-ranging repercussions. There might be a little joy and titillation in the short term but there can be serious repercussions in the long term.

I rise today yet again to defend our public sector against what has been a sustained campaign by those opposite to undermine and deride our Australian Public Service. I am proud to defend our Public Service from any vexatious attack, so bring it on. In fact, I have done it in this place many times since I was elected as the member for Canberra. In my very first speech to parliament I asked this question: why would you scorn people who dedicate their lives to public service?

In light of the member for North Sydney's promise to make 12,000 public servants redundant for a start I ask that question again today.

The member for North Sydney certainly has a good track record when it comes to our Public Service. He first mentioned cutting 12,000 Public Service jobs last year and in a speech to parliament in August I testified how chilling it was to watch him make that announcement with such carelessness and disdain for the people who work hard to serve our community. At a time when we are watching countries in Europe tear themselves apart over record unemployment and at a time when this country is going through structural change and advancing towards becoming a new economy, it is disappointing to see an opposition trying to get political mileage out of job losses.

While the Gillard Labor government continues to manage the economy to protect and create jobs, those opposite continue to boast about cutting jobs should they win government. Their plan for this country is to cut

jobs, not create them. Their plan for Canberra is to introduce a two-year recruitment freeze to reduce Public Service numbers, effectively cutting 12,000 jobs. A staffing freeze will mean the loss of corporate knowledge and core workforce skills. It will limit the number of incoming graduates, which will result in a cap on Public Service management in future years. This is not something that could be easily undone. These kinds of cuts would take decades to repair.

And it is not just the public sector that would suffer the consequences. I do not believe that those opposite fully appreciate the way that this city works. They do not seem to understand that cutting 12,000 public sector jobs will result in a loss of jobs in the private sector as well. Our city's private sector relies on the public sector. When the public sector is strong, so is private enterprise. Job losses in the public sector equate to job losses in the private sector. Cutting one job will have a much wider impact on the economy. As long as I am in this place, I will defend the women and men in the Australian Public Service, because public servants are after all servants of democracy. They deserve much more support than what they get from members opposite. *(Time expired)*

### Valentine's Day

**Mr WYATT (Hasluck) (16:11):** I rise today to speak on a very special matter close to all of our hearts. Today is Valentine's Day and I want to pay special tribute to all those fly in, fly out families in my electorate, many of whom I have had the pleasure of meeting. I would also like to pay particular tribute to the families of our Defence servicemen and servicewomen currently serving overseas. These members of our community make many sacrifices in the line of work to provide the best possible support and opportunities for their families back home. Any job that takes someone away from their home for an extended period of time takes its toll and I commend the strength of all of those families, which are often in unique or difficult circumstances.

Likewise, I would like to thank all of our partners and children, who support us in our roles as members and senators. We owe a lot to our partners, who often do not see us for weeks on end. When we are in our home cities, they accompany us to community events and functions and assist us in our roles as much possible. This support is invaluable to me and, I am sure, to all of us within this parliament. To have a supportive partner means everything to me, and that is why I would like to pay particular tribute to my wife, Anna. Similarly, our children make huge sacrifices to support us in these roles. My sons, Aaron and Brendyn, have always supported me and I am particularly grateful for that. Today for Valentine's Day I pay tribute to all of our partners and families back home who we all cherish incredibly.

To the electors of Hasluck, I say this: whether our family members are working up north in the mines or in Afghanistan putting their lives on the line for our country, I am sure that you will all join with me in celebrating the strength and support of these family members, which they provide every day, not just on Valentine's Day. The beauty of Valentine's Day is the time that we take to cherish someone who we love. We give words of kindness and love but we also bestow flowers such as red roses and chocolates. All of those things make a difference. I know that in this parliament there are many who work here who equally cherish Valentine's Day. I even acknowledge the journalists who sometimes give us a hard time. They equally look forward to Valentine's Day. It is a tremendous day. It is a pity that we are not with our partners and families. On this day, I want to acknowledge all of those who are important to us.

**The DEPUTY SPEAKER (Ms Vamvakinou):** I would just like to associate myself with the sentiment of the member for Hasluck. I wish my husband a happy Valentine's Day as well.

### Fraser Electorate: Australian National Botanic Gardens

**Dr LEIGH (Fraser) (16:14):** The Australian National Botanic Gardens is one of my favourite places in my electorate of Fraser. It is not only a national institution; it is also a key part of the local community. The first plantings in the gardens took place in the 1940s, but it was not until 1970 that then Prime Minister John Gorton officially opened the Australian National Botanic Gardens. It was the first botanical institution to specialise in Australian native flora and has grown to be the world's most comprehensive display of Australian living native plants. Today the gardens have about a third of all Australian plant species represented.

But the Australian National Botanic Gardens is more than just a display of Australian native plants. It is also a chance for people with an interest in Australia's native flora, our environment and our environmental heritage to meet up and share those interests. The group Friends of the Australian National Botanic Gardens started up in 1990 and now has more than 1,600 members. It supports the work of the Australian National Botanic Gardens by funding new projects and facilities and also by providing support for activities within the gardens. The summer concerts, botanic art activities—like one I was pleased to open last year—exhibitions, student and community photographic competitions and volunteer guiding are some of the activities run by Friends of the Australian National Botanic Gardens, making this national institution a part of the community. It demonstrates how we can use these facilities to build community.

The Australian National Botanic Gardens recognised the activities of volunteers on 5 December 2011 as part of the International Volunteer Day celebrations. I was honoured to present awards to the following people, who volunteered for 10 years: Catherine Busby, Maryna Goodwin, Paul James, Richard Schodde, Michael Todd and Jo Whitten. I also thank Warwick Wright and Shirley McKeown, who have each given more than 15 years of service.

On 23 January I had the honour of opening the Snakes Alive exhibition, a display of reptiles and amphibians hosted by the ACT Herpetological Association and held in the gardens. The exhibition showed the importance of snakes to the Australian natural environment and how they are part of Australia's delicate ecological balance. The event was a natural fit for the Australian National Botanic Gardens, with both having a focus on Australia's natural environment. I would like to thank Geoff Robertson and Dennis Dyer from the ACT Herpetological Association for putting on such a fantastic event, and executive director of the gardens, Judy West. And I would like to thank Steven Holland for his work as a sculptor in preparing some extraordinary sculpted snakes for the event. I was fortunate to be joined by my two sons, who were fascinated as a python was placed around my neck and who happily reached out to touch the sides of the snake—much to the horror of my wife, I must confess. The Australian National Botanic Gardens is a national treasure, and I am proud to represent it.

### **Flinders Electorate: Powlett River Primary School**

**Mr HUNT** (Flinders) (16:18): Let me acknowledge, on Valentine's Day, my beautiful wife, Paula; my gorgeous 6½-year-old, Poppy; and my somewhat rambunctious 2½-year-old, James.

I want to turn my mind and the attention of the House to Powlett River Primary School. Powlett River Primary School is a small school of 40-plus students. Its numbers oscillate a little bit each year under the principalship of Jeff Bell. I have been fortunate to visit the school many times over the years. Unfortunately, Powlett River Primary School has had a bad experience with the BER, the project and the program that was put together by the current Prime Minister and is now under the guidance of Minister Garrett. Powlett River Primary School was allocated \$850,000 under the BER program. As part of that the school submitted a proposal for new classrooms and a \$200,000 upgrade to its administration block. This was approved during the tenure of the now Prime Minister and then education minister. It was confirmed in several emails by BER managers and, in July 2009, project drawings were completed for the development that included the administration block. After months of waiting, the classrooms were constructed, costing about \$650,000. A number of questions have been raised by the school community as to the relative value for the \$650,000. However, after waiting for at least two additional years the school was told late last year that the administrative project would not go ahead. As the school said to me, they wrote to the Minister for School Education, Mr Garrett, in November of the previous year. They recently received a response from Minister O'Connor, who was assisting Minister Garrett. The reason given for not completing the administration block upgrade was that 'administration facilities are not included in the priority list under the BER program'.

Why was the school not informed of this fact more than two years ago? Why were they told repeatedly that the administration block upgrade was approved and that it was coming? Why was the school not given the opportunity to redraft its proposals so that it was within the BER guidelines, and where has the remaining \$200,000 allocated for the school's BER project gone? In short, the school has been left to struggle when it could have made alternative plans. Significantly, the application of the project rules has been inconsistent. We are aware of at least three other Gippsland schools who received administration block upgrades under the BER. We expect answers from the minister. We expect to know why this school was led down the garden path for more than two years. (*Time expired*)

### **Shortland Electorate: Australia Day Awards**

**Ms HALL** (Shortland—Government Whip) (16:21): I rise to pay credit to some outstanding members of the community I represent who were awarded the Order of Australia on Australia Day this year. The first of those I would like to acknowledge is my predecessor in the parliament, the Hon. Peter Frederick Morris, of Charlestown. Peter was a member of this parliament from 1972 right up until 1998. During that period he served in a number of ministerial portfolios. He is a very active member of our community and he is currently the chair of the Newcastle Maritime Museum. He has a proud history both within the parliament and in promoting safety in the shipping industry. He is a very strong advocate for that industry.

The next person I would like to pay credit to is Commander Robert Nelson, from Belmont North in the Shortland electorate. He was chief operational officer for the Science and Engineering Challenge at the University of Newcastle between 2000 and 2010. This has encouraged young people to become interested in science and engineering and has promoted skills which will serve them well in their lives. Robert Nelson is not the first person

in his family to receive the Order of Australia. His father received the Order of Australia for his service to merchant mariners, particularly in war.

Sylvia Westerman comes from Lake Munmorah in the Shortland electorate. She is a quilt maker involved in the CWA and a number of other organisations.

Dr Geoff Rickarby is a member of Belmont Rotary Club, a club I am a member of. He is a part-time psychiatrist on the New South Wales Mental Health Review Tribunal. He has been a visiting medical officer for the Child and Adolescent Mental Health Service and he has been one of the frontrunners in child psychiatry. He is a visiting specialist in Hunter-New England and he has provided supervision and mentoring to all child and adolescent health services. He is an outstanding member of our community and he has contributed to it enormously.

I did want to mention Professor John Forbes but I will make a contribution where I spend the whole three minutes on him at a later date.

### **Peter Joseph Murphy OAM**

**Mrs GRIGGS** (Solomon) (16:24): I rise to advise the House of the sad passing of Peter Joseph Murphy OAM, who lost his battle with cancer on Saturday 14 January. Peter Murphy, or 'Murph' as he was affectionately known, was considered by many to be a great Territorian for all Territorians. Peter was most certainly legendary. He was well respected by all, and revered by many, throughout his 40-year career. Our community recognised his contributions in 2007 by awarding him an OAM for his services to the Northern Territory as a result of his outstanding career in journalism and his career as a political adviser. Peter was known as a straight shooter and a person who was across all political issues. He was an amazing strategist and someone who was not afraid to pull any punches, no matter who you were. It is quite incredible to think that Peter worked with all but one of the Country Liberal Party Chief Ministers.

Peter was passionate about the Northern Territory and he was involved in the early days of developing Territory links with our Asian neighbours. It certainly would be fair to say that Peter's influence is still being felt through some of the strategic measures being implemented today. Peter had a good handle on Territory issues as well as the capacity to look at the national perspective. He was very considered and strategic in his approach. In the words of his good friend Shane Stone:

Peter was ... Catholic, a man of faith who did his best to live by certain ideals enshrined in his upbringing ... He was and remained one of the most influential Territorians in his time yet you won't find him through Google—that's the real influence.

It was an honour to have known Peter and I am very grateful that I had the opportunity to work with him, albeit for a very short time. Peter's support and guidance were invaluable and he will be missed by all. May he rest in peace. My deepest condolences to Peter's wife, Lani, and to their children, Sean, Donnagh, Kelly and Siobhan.

### **Lindsay Electorate: HSC Students 2011**

**Mr BRADBURY** (Lindsay—Parliamentary Secretary to the Treasurer) (16:26): I rise to acknowledge the exceptional results of some of the 2011 HSC students in the electorate of Lindsay. The HSC year is an extremely challenging one. It does not just test the academic abilities of students; it is a test of stamina, commitment and conviction. A number of students in my local community have not only risen to the challenge of their HSC year but have excelled by reaching exceptional heights of academic achievement. In particular, I recognise and congratulate Georgia Stellios and Luke Simpson from St Mary's Senior High School and Jessica Fox from Blaxland High School.

These students achieved the highest results in the state for one of their subjects. This is an extremely impressive achievement. Georgia Stellios achieved first place in Standard English. She told the *St Mary's-Mt Druitt Star* that she was ecstatic and shocked to hear the news and that English was not even her favourite subject. Luke Simpson achieved first place in the entertainment industry. He managed to achieve this result while also holding a number of leadership roles at his school, including that of school captain, chair of the student representative council and peer mentor. Jessica Fox is a name synonymous with success in our local community. Jessica has been excelling in the sport of canoeing for a number of years, having achieved two women's C1 World Cup gold medals and having previously won the Australian Canoeing Junior Athlete title and AIS education awards. Jessica achieved first in the state for personal development, health and physical education. These three students are a credit to themselves, their schools and their families and I wish them all the very best in their future endeavours.

I would also like to acknowledge a number of local students who were recognised as all-rounders. These students received a band 6—that is, over 90 per cent—in each of the subjects they undertook. The all-rounders included from Penrith High School, Sarah Attinger, Luke Keanelly, Pradeesh Nallainathan, Shahrukh Shaikh, Anavi Suri, Vinori Vidanapathirana; and from St Mary's Senior High School, Khaulah Bachsinar, Kate Lockley,

Myra Lopez, Marissa Mellon, Tracy Mifsud, Muzammil Rajwani, Laura Sanford and Natalie Tai. These students achieved exceptional results across the board. Receiving a band 6 in one subject is no mean feat but to do it in all of the subjects undertaken is extremely impressive. I congratulate these students and wish them all the best in their future studies and careers.

I regularly see firsthand the outstanding efforts of students in local schools and to see achievement at this level is very gratifying for our community. I want to congratulate each and every one of those students for what they have done. *(Time expired)*

Debate adjourned.

## BILLS

### Appropriation Bill (No. 3) 2011-2012

### Appropriation Bill (No. 4) 2011-2012

#### Second Reading

Debate resumed on the motion:

That these bills be now read a second time.

**Mr ROBB** (Goldstein) (16:30): I rise today to speak on appropriation bills 3 and 4 of 2011-12. These bills support government funding commitments and variations outlined in the Mid-Year Economic and Fiscal Outlook. The total appropriations that are being sought are \$3.1 billion, which includes \$2.82 billion through Appropriation Bill (No. 3) across 19 portfolios and \$341.1 million through Appropriation Bill (No. 4) across 13 portfolios.

These bills form part of the government's quite cynical fiscal strategy to create a budget surplus in 2012-13. These bills shine a very clear light on the fact that the government are embarking on a quite sophisticated and orchestrated attempt to manufacture, if they can, a surplus, whether it is a dollar or \$1 billion, in 2012-13 for political gain. Yet in the process this government is hiding the true nature of its spending patterns—the reckless spending that has occurred and continues to occur. It is a strategy which in many ways disguises the true vulnerability that is now starting to characterise so much of this government's budgetary process and is evidenced by the fact that not one new job was created last year for the first time in 20 years. If that is not evidence that we have problems, what is?

It is a strategy that includes pushing spending outside of 2012-13 and, in several instances, bringing forward into this financial year expenditure that would typically fall in 2012-13. In other cases substantial funds are allocated for programs in 2011-12 and 2013-14, but not in 2012-13. What a coincidence! In many respects, if the 2012-13 foreshadowed surplus is consistent with the wafer-thin number, the \$1.4 billion pencilled in to this MYEFO, it will be illusionary; it will be a totally manufactured surplus. Despite all of the nonsense about fiscal consolidation, this is a very big-spending government. It is now spending virtually \$100 billion a year more compared to the last year of the Howard government, an increase of some 37 per cent.

You might say that there was fiscal stimulus during the global financial crisis. Let us assume that the 16 per cent increase in spending in 2008-09—the fiscal stimulus in the form of \$900 cheques and the gross waste of money on school halls and pink batts, the latter featuring in the MYEFO and appearing to be never ending—was justified and essential despite the fact that the economy they inherited in 2007 was by far the best in the world. But let us assume that 16 per cent was necessary, that massive \$87 billion spike was essential, you would expect the year after the spike that government spending would return to somewhere near the long-term trend. You would know, Madam Deputy Speaker, with your own household expenditure, that if you and your husband decide to put on extensions this year, you have a spike—you have a stimulus to family spending for one year. You have your household expenditure and you have the spike, and you get something for it. The next year you should probably return to your long-term spending pattern, because that reflects your income and your way of life.

But not with this government; not on your nelly. They had a long-term trend of spending. They had a spike of \$87 billion and then they had another spike, greater than \$87 billion, and another one. In fact, the \$87 billion has now become a permanent feature of government spending. They never had any downturn in expenditure, despite the biggest spike in spending by any government in our country's history. The following year they spent more money again, and this year they are spending more money again. According to MYEFO, that \$100 billion will continue to be a permanent feature of government spending. It is an increase of nearly 40 per cent in four years. Yet in that period of time inflation rates were nothing like that, just a minor fraction. And there has been a permanent 40 per cent increase in government spending. It makes a nonsense of all this talk of fiscal consolidation. Of course the rate of increase on top of that would have to be smaller than you would expect, because they have already incorporated an extra \$100 billion within the body of every annual budget, and they

pretend that they have some fiscal rectitude. It is just an illusion and a deception, and it needs to be fingered. This is a government that blew out spending by more than 16 per cent over two budgets and has not stopped since.

This government has, for these reasons, proved quite incapable of living within its means. It took over a budget that had absolutely no debt, and \$70 billion in reserves. Sure, they had a fiscal stimulus—\$87 billion—one year. But they have had the highest terms of trade in 140 years. This is a long and protracted mining boom, which we more than any other country are enjoying the benefit of. That is going on and on and on. They had no debt. They had \$70 billion in the bank, and they have spent \$87 billion. Yet we now see a debt of \$136 billion. We have now seen the four biggest deficits in our history, a total of \$167 billion. Not only that, but they have also funded a raft of things off budget—which, again, is borrowings—such as the \$50 billion NBN white elephant.

Even worse is the environmental slush fund that has been created—the Bob Brown bank—and the skulduggery in the middle of the night to get the carbon tax through. What does another \$10 billion here or there matter? That fund is almost identical to other funds within the current budget of this government—funds that companies can apply for to undertake renewable energy projects. This extra \$10 billion is absolutely no different. People will apply, they will be assessed, they will be given money and they will seek to undertake a renewable energy project. They will do all that, and yet it is off budget. One program is on budget and the next is off budget. It is just a convenience to hide another \$10 billion worth of debt and not have it on the balance sheet. It is a deception; that is all it is. It is like someone with 10 credit cards. They have debt on this one, debt on that one and debt on the other one. They have an overdraft at the bank and they have a mortgage. They are hiding funds everywhere. Lift up the mattress; there is probably something hidden away. This is a government that will pull any trick in the book to deceive and mislead. But people are not misled. Households on average have been saving 13 per cent of their disposable income over the last year. This is unprecedented saving by households. Households have a sense that something is wrong; they have a sense that there is a vulnerability. They had a sense 12 months ago that their jobs were suspect. Dick Warburton is a man who has been employed by both sides of politics to assist them with major policy projects over recent decades. He is a man of great manufacturing experience and he still has his finger on the pulse as executive chairman of Manufacturing Australia. He said today that we could expect up to 400,000 Australians to be in danger of losing their jobs this year. What a chilling warning. People smelt this 12 months ago. The average mum and dad out there smelt this; they sensed it. Yet the Treasurer said today that the economy walks tall. That was said with a sense of complacency born out of ignorance and deception. People face the prospect of another 400,000 jobs going, and not one new job was created last year. Yet the Treasurer is saying our economy walks tall and the Prime Minister says this is all just 'growing pains'. This is the ignorance or arrogance, or both, of the two people who are leading this government. No wonder people are confused. No wonder they feel a crisis of confidence. No wonder they are saving 13 per cent. Here is a government that is spending as if there is no tomorrow and not living within its means, yet we have every household living within its means. They are doing the responsible thing and taking responsibility for their lives in the areas they can influence.

We have businesses not investing. There is money on balance sheets; a lot of businesses are cashed up. So why are they not spending? It is because they have a crisis of confidence. Much of that is born out of the government's lack of direction, lack of conviction, lack of competency, lack of understanding and preoccupation with the Prime Minister's job, not other people's jobs. They see it all. They feel that the Treasurer, in particular, and the Prime Minister are both out of their depth. They are. You see it on the faces of their colleagues behind them every day in this House. They see that lack of confidence; everyone has it. In fact, from the time this Prime Minister took over, there has not been a sense in the eyes of the people behind her that she is giving them confidence in where she wants to take the economy and where it is going.

There is no story. There is no capacity to tell a story, because they have not got one. Jobs are going left, right and centre. We are in the middle of the biggest mining boom in our history. They inherited an economy which, compared to the rest of the world, was in unbelievable shape. They have wasted it all. They have wasted a mining boom. They are still wasting a mining boom. There are still pressures. There are still people waking up at night wondering how they are going to pay the bills if they lose their job. There is no peace of mind. You have oldies, grandparents, sensing the disquiet among their own children and grandchildren. You have businesses expressing warnings to their staff about the difficult times.

It is all because there is no vision, no competence, no attention and no focus. This is a government which is derelict. It is totally preoccupied with internecine disputes. There is no sense of teamwork going on. The Treasurer cannot even sit next to the foreign minister in the cabinet. This beggars belief. This is an appalling statement about this government. The Prime Minister cannot talk to the foreign minister. These are the heads of Australia's government! The relationships have totally collapsed. People sense this; they know this. It causes enormous disquiet. And what is happening? All that happens is we get abused by the Prime Minister, day in and day out, rather than her doing something constructive. There is a total preoccupation with their internal wrangles, with the

Prime Minister's job and the Treasurer's job. In boardrooms throughout this country, no-one has any respect for this Treasurer. He is seen as a total lightweight. He is seen as a treasurer who is out of his depth. He is seen as a hapless treasurer. He is seen as a treasurer who is totally captive, a wholly owned subsidiary of the Treasury. Whatever they say goes. They have an important view, but it is not the only view. As the Treasurer and the Prime Minister, you need to balance all points of view. You need to take everything into account, listen and have some capacity. But all we hear is class warfare, a sense of resentment and jealousy about anything to do with wealth.

Increasingly in that chamber all we hear is something I have not heard for 20 years, a growing sense that there are great divisions within our community and that there is something wrong with anyone who is creating wealth or creating jobs. It is thought that they are doing something inherently distrustful or dishonest and that they deserve to be brought down a peg or two. It is a very nasty development. It is a cultural change. It is a reversion to 40 or 50 years ago. It smacks of the old union. You can see the BLF coming up through the CFMEU, and now they are dominating this government. They are pulling the strings in this dirty culture, grubby culture, unfortunate culture associated with a government that is now starting to sow the seeds of significant class division for political capital. It is pathetic. It is dangerous. It is unnecessary. It underscores the need for an election in this country right here and now, because people are suffering. Those who are suffering are the 22 million Australians watching a pantomime played out by this Labor Party government. It has to be fixed.

This MYEFO is just another characterisation of it. We have this tricky strategy to try and pull money forward and push money back, so that in 2012-13 there is some manufactured surplus. There is some sense that everything is fine. As he said: 'Our economy walks tall; there is no vulnerability. The prices of commodities are going to keep going at 140-year highs forever. We're okay.' There is a complacency, because they do not know what to do. Nothing real is happening. What has happened to productivity? The front pages of today's papers are full of business people, people who normally do not speak out, decrying the fact that there is no productivity in this country. They are spending billions and billions, borrowing hundreds of billions, and yet there is no productivity improvement. We are not seeing any gain out of this wasteful expenditure.

Waste, waste, waste and debt and deficit and new taxes, that is what we are seeing. That is the characterisation, the legacy that this government will leave. It will leave a lack of peace of mind for Australians all over this country. It will leave businesses bewildered and going offshore. Listening in the chamber, you would think all was well, that there were opportunities and we are such a blessed country. We are in the middle of the biggest mining boom. We are in Asia and it is going to be the century of food security. It is going to be the century of opportunity for us, with education, with agricultural output and with mining. We have it all. What has happened with agriculture? The Department of Agriculture, Fisheries and Forestry has been stripped. This budget takes \$100 million off R&D in agriculture, in the century of food security. What vision! They have no sense of what is going on out there in the bush or in Asia.

They tell us about Asia and new economies. It will be agriculture. The thing the Americans feel is most likely to cause international disputes in this century is a lack of food. We have an opportunity with millions of hectares of black soil across the north and 76 per cent of our water falling above the line from Broome through to Townsville. It all falls in three months and we capture about half a percent of it. The Greens have a veto over any development in this country. I have been all over the country with my dams committee. There has not been a dam in 30 years. People have got their heads down, because everywhere you say, 'That's a good project. You've spent thousands of dollars coming up with that thought, that proposal. You know your local area. You know the hydrology of this. You know the opportunity. Why aren't you going ahead with it?', they put their heads down and they say: 'It is the Greens. You can't get it through.' We have this enormous opportunity in the north of Australia. It just reeks of opportunity, and we are doing nothing with it.

This government is visionless. It has no strategy and no sense of where this century is going. We are sitting there in a time warp and now we are culturally going back to snarling at one another about who has money and who has not and who is ripping off the system and all the small-business people working their 20-hour days are all 'crooks' according to this government. They do not like it. They do not understand growth; they are all about redistribution. You have to grow the cake; then we can redistribute.

Real wages increased through the Howard term by 22½ per cent. Look at the Keating-Hawke years. What happened there? A negative-1.2 per cent increase in real wages over 13 years of office. Twenty-two per cent increase in real wages is money people's pockets. That is mums and dads who want to send their kids to school and go and have holidays and make a go of their lives.

This MYEFO document is just a charade. It is another piece of evidence that we can put on the table. We have a debt ceiling. Look at all the trickiness that is in these things. On the other side of the building, the minister for finance, the person responsible for this appropriation bill, is sitting up there in Senate estimates and in response to every question about the debt, she says: 'Not my responsibility, no. That is Treasury.' She is very quick, a lawyer

practised at saying nothing, a lawyer practised at getting out of every proposition. This finance minister has done nothing except pour scorn over us in 85 per cent of her press releases. That is all she does.

Today, when asked about the debt again and again, she says, 'That is Treasury.' Yet her appropriation bill at the last budget sought to increase the debt ceiling—in the depths of night—to \$250 billion, a quarter of a trillion dollars. That was her responsibility and now she is saying she has nothing to do with debt, as they climb towards that quarter of a trillion dollars. They will be back again asking for permission to increase it, so they can keep going with their debt binge, so they can keep creating the vulnerability and just waste what was a magnificent opportunity—the blessings this country has.

We have had deficit after deficit after deficit. All this spending that I have talked about, this wanton spending, has increased interest rates. They have been in the market and they are still in the market for \$100 million a day every day. They have pushed up the price of money because of that demand, and that has meant that many small and medium-sized businesses who are trying to refinance are unable to get money at any price. Doors have closed. In Moorabbin I am on the doorstep of the biggest mid-tier manufacturing community in Australia. Really good healthy businesses that have been long-term family businesses just cannot get the finances to refinance their mortgage. Mortgages average \$800,000 across that whole precinct. Yet they are closing because they cannot get the money or they are paying very high rates.

They are pushing up interest rates and that is pushing up the exchange rate. A lot of other factors affect the exchange rate, but when money is coming out of the US, when people feel some confidence about the US, immediately money starts to look for more opportunistic opportunities and it goes where the highest interest rate is. The gap between our interest rate, our cash rate and the cash rate of other developed countries has grown through the term of this government. That is because they are spending like there is no tomorrow. It is because they are in the market for \$100 million every day. It is because they are competing. They put pressure on the exchange rate yet the Prime Minister comes in here in her ignorance and talks about the exchange rate being just a function of how strong we are. With 400,000 jobs being threatened this year—all these vulnerabilities.

It is because the fast money is chasing high interest rates. If the government spent less, there would be lower interest rates and the exchange rate would be down—if it was only two or three points, it would be down, and that would be a big help. But, no, they are blind to all of that; they are blind to doing anything. We have this enormous mismatch between fiscal and monetary policy.

You have people out there now confused. The government spent two weeks talking up the banks and trying to bully the banks into reducing interest rates. We have had two weeks of the Treasurer saying, 'There's room, there's room.' You have to see there is room; they are making lots of profits. There is room for the banks to bring down interest rates. He has been verballing the banks for two weeks. People believe that the government knows what it is doing. They think he was competent. They assume that the Reserve Bank is going to listen. What has happened? Interest rates have gone up, not down. Now you have families out there anxious the government really does not know what to do, so much so that the Reserve Bank does not listen to them anymore and the banks do not listen to them anymore. Interest rates are going up and they do not feel any sense of control over their situation.

*Ms Rishworth interjecting—*

**Mr ROBB:** You can bleat on over there, but the fact of the matter is that there are hundreds of thousands of people potentially losing jobs this year. Interest rates are going up. You go and pay their bills! The government is spending so much money. Why doesn't this government do something? There is a mismatch between monetary and fiscal policy. They have left all the hard yards and heavy lifting to the Reserve Bank, and they done nothing but borrow, spend and create new taxes. This is a government that needs to be ashamed of what it is doing.

On top of all this, you have a carbon tax. Can you believe it? After all the things I have talked about, I have not talked about the carbon tax yet. Here we are, with all that vulnerability, all that opportunity, and we are going to introduce a carbon tax and go it alone. I had climate change for nearly two years. I got sick of being lectured about how we had to be part of a global scheme 'because nothing else made any sense'. I got lectured endlessly, and now we are the only ones in. Here we have mountains of expenditure, hundreds of millions of dollars, to create this massive bureaucracy, to churn this money and to redistribute income. This is a government that is introducing a tax at the absolute worst time. People are confused. There is no confidence in the community or in the business sector. They scratch their heads and say: 'What the hell is this government doing? Why would they introduce a tax when this vulnerability exists? Why would they introduce a tax when manufacturing is on its knees? Why would they introduce a tax when we are trying to maximise the market share from the mining boom while we can and take every advantage?' No. Instead, the government says: 'Let's put two taxes on—not just a carbon tax but a

mining tax too. Let's put a lead weight around our best player.' They are running out into the grand final—the mining boom—with a lead weight on the captain. This stupidity is profound.

I had a lot more to say here, but I think you have the gist of it. This document is another sad piece of evidence that what we need in this country is a government which will help people get ahead and help get things back on track. We need a government that will live within its means, end the waste, reduce the debt and the deficit and stop the new taxes. It is not hard. If you stop spending and if you start living within your means like every household in this country—saving on average 13 per cent of their income—you start to see some confidence grow. People would feel that there was a government that had some empathy with the problems they face and with the circumstances we face in the world, and the opportunities we face in the world. They despair at the waste. They despair at the cynicism. They despair at the focus on one person's job—the Prime Minister's—and not on every Australian's job. There is great despair about this government, a lack of confidence, and it needs to be addressed. In that sense, I move:

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 is of the view that, in light of global economic uncertainty and existing pressures on Australian industry and jobs, the Government should not appropriate funds for measures associated with the introduction of a carbon tax to allow for the postponement of introduction of the tax until after elections have been held for the 44th Parliament and the Parliament has met.”

I rest my case.

**The DEPUTY SPEAKER (Ms Vamvakinou):** Is the amendment seconded?

**Mr Somlyay:** I second the amendment.

**Mr HAYES (Fowler) (17:01):** I too wish to speak on Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012. I rise in support of the appropriation bills before the House. These bills are important as they ensure funding in a number of significant areas, including, as the member for Goldstein has indicated, the clean energy future—and particularly, which he did not happen to indicate, and most importantly, the level of household assistance. I am sure that members in his electorate, as in mine, are very keen to see the development of that.

One thing my colleagues have not raised is anything associated with the global financial crisis. They are three words that seem to be relegated to history, but the fact is that the global financial crisis tested the strength of some of the largest economies around the globe. The effects are still reverberating throughout the US, Great Britain, Japan and most European states. Australia came through the global financial crisis relatively unscathed with comparatively low unemployment of 5.2 per cent, and new jobs are being created. In fact, over that period, in the vicinity of up to 700 jobs have been created alone. This did not occur by chance but through the response of the federal Labor government to stimulate the economy and generate jobs. Even the Leader of the Opposition—and regrettably he is not here—in addressing commentators in London, compared the most developed countries and said that our economic circumstances are enviable.

I know you would not get that by listening to the last speech, but we are getting on with the job. We are building better schools. We have doubled our spend on education. My electorate alone had \$108 million spent on school development, which those opposite would ridicule as being just another school hall program. But let me tell you that science blocks and language laboratories are the things that are going to be important for advancing young people and equipping them with skills for the future, and that is what we were doing. We are certainly tackling the issue of the challenge of climate change, introducing for the very first time paid paternity leave, and delivering the first pension rise in 12 years. I am not sure what they were doing on the other side when they were in government but the Howard-Costello government were certainly not looking after pensioners.

I now turn to mining tax. I know this was fought tooth and nail by those on the other side. It is true that we did support and implement a minerals rent resource tax in the midst of a mining boom to spread the value of it across the whole economy—to fund tax cuts to small business, to increase superannuation from nine per cent to 12 per cent and to increase the level of spending which was neglected by the former government on roads, bridges and other vital pieces of infrastructure. We are getting on with the job. In respect of all those matters, all those responses to the global financial crisis, just look at the record. Go back to the history books of a couple of years ago and find out how many of those initiatives were supported by the other side of politics. You would not have to go too far because it is almost a big, fat zero. As you will be aware, since the last election I have been the member for Fowler. It is the most multicultural electorate in the whole country. It is also the second most disadvantaged electorate, according to the ABS. It is ranked second lowest in terms of socioeconomic disadvantage in this country. In other words, there are a number of challenges there. When I was first elected one of the publications in the area put to me: 'What are your priorities? Don't give us your party line. Don't give us a flowery speech. We

just want to know your personal priorities. You're somebody who is coming into this electorate anew. We want to see what you stand for. Nominate five things you think are a priority for you personally.'

I will just take the House through what I nominated as those five things. I said to the people concerned that I am happy to be judged on those. The first is availability. I gave a commitment to make my electorate office more available. Ever since coming to the parliament, first as the member for Werriwa, I have had an open-door policy when it comes to dealing with constituents. In my move to Fowler we commissioned a number of pieces of research to find out, quite frankly, whereabouts the most people were affected and would need the assistance of a federal member. As a consequence, we moved the office into the middle of Cabramatta itself. The vast majority of Cabramatta is Vietnamese. That in itself caused me to do a number of other things, including engaging Vietnamese speakers on staff.

Not only have I had the opportunity, since moving there, to engage Vietnamese speakers; I have also employed a Chinese speaker on staff. We take very seriously our responsibility to constituents. We do not simply go through an interpretive service but try to show real service and get involved. We are not simply the conduit for problem solving but actually try to be a part of resolving problems directly on behalf of the constituents. I am very fortunate to have retained the services of a graduate who speaks Serbian, another important community in my electorate. It is important for me not only to have access to those language skills but also, as someone new to this electorate, to have a very clear understanding of traditions and culture. I am indebted to those young people. They are very hardworking. Judging by the increased numbers of people who are now presenting at my office, I am sure most of the community feel the same way.

I also continue my practice of conducting a mobile office on Saturday mornings, as do most members. That has proven to be an invaluable opportunity to get out and see people and to have my finger on the pulse of the electorate. I am very fortunate that five of the 40 people who have been selected to be appointed as People of Australia Ambassadors are from my electorate. Again, this probably reflects the fact that it is a multicultural electorate. I congratulate people such as Jenny Tew, Ricci Bartels, Carmen Lazar, Dr Tien Nguyen OAM and Samir Yousif on their appointments. These people will make a great contribution, and I intend to work very hard with them as we mutually go about our business of looking after the community and making sure that there is a real voice for positive multiculturalism, particularly in my electorate in Western Sydney.

The second issue I raised as being a priority for me personally is disability. For many years now I have had a commitment to the disabled, those who are disadvantaged and the elderly. I continue that commitment in this electorate. I find that my electorate now is over represented with people with disabilities. It is certainly not the water we drink; it is more the fact that the home prices are lower. Families who live with a child with a disability know that the cost of raising a child with a disability is very expensive. Comprises need to be made and housing is one of them. We are over represented with disabilities, particularly with autism. Within a radius of almost 25 kilometres of Liverpool CBD there is about 52 per cent of all families who live with autism in New South Wales, which is the very reason we were successful in attracting one of the six nationally funded autism learning centres in Liverpool.

Dealing with families with autism is not a matter of trying to work out whether their problem comes under the federal government, or our Constitution or somewhere else. If parents have a child with autism or with any disability my view—and it has always been my view—is that we should be working pretty hard. They have a hard enough job themselves. We do not need to be pointing them to other people and referring them to state or local governments. We should actually get in and do what we can to assist them. Most members here know that people do not read the Constitution and work out who is responsible. When you are living with a disability, you just need help, and I think that is what we should be there to do.

Last year I held a forum for people with disabilities. One of the big things that came out of that was the absolute need for a national disability insurance scheme. I am very happy that the government is progressing with that. It is going to be huge and it will make monumental progress in respect to disabilities and is something that I am personally proud of, and the House should be proud of it. It is going to make a huge difference in the lives of the families as their kids grow up and move into adulthood.

Another issue I raised as a priority was the level of employment. There are many things in my electorate that I am very proud of and multiculturalism is certainly one of them. One of the things I am far less proud of is the level of youth unemployment in the south-west of Sydney. Last year I moved a private member's motion that drew attention to the alarming level of youth unemployment rates in my electorate. The national rate of youth unemployment for persons 15 to 19 looking for full-time work is 24.2 per cent. In my electorate it is 33.5 per cent. That is certainly a major concern. Young people should have the opportunity to be at school studying or be in employment. Having that proportion of people in that age group looking for jobs presents the community with

very significant problems. There are a number of things that we are doing—one of them is a job forum and we are also working very closely with the principals of the high schools in my electorate.

Another matter that I list as a personal priority is the level of domestic violence. I am alarmed at the level of violence that does occur throughout the community, but particularly when it comes to domestic violence it is something that causes me great concern. I am a White Ribbon Day ambassador. Each year on 25 November we have White Ribbon Day and are reminded of the statistics that one in three women in our country is likely to experience physical violence and one in five will experience sexual violence. As a father, as a grandfather, I find that thoroughly reprehensible. The tragic thing is that there is very strong evidence that the cycle is repetitive. Fifty per cent of young women who have grown up in an abusive household are likely to take an abuser as a partner. Sixty per cent of young men who grow up in abusive households are likely to become abusers themselves.

We need to take a very solid stand on this. Last year I engaged a young woman, Zara Maxwell Smith, from the Australian National University to write a report about domestic violence in my electorate. She drew upon issues of the levels of multiculturalism, some of the issues associated with that and how we should better direct some of our funding, particularly through the migrant resource centres. We need to actually communicate to people that violence against women is completely unacceptable in this country. We should be encouraging people to report such violence but, more importantly, we should be saying to the perpetrators and potential perpetrators that this is just unacceptable in Australian culture. That leads me on to the final thing that I list as a personal priority. It probably comes as no surprise to members of the House that it is in respect of police and policing. As you know, I have had a long involvement in law enforcement, not only as the son of a police officer but through my involvement with police associations in the country for many years. I have nothing but admiration for the work that the police do in protecting our community. I know a lot of it is quite thankless, but what they do is essential. I am committed to working as closely as I can with my local area commanders in Liverpool, Fairfield, Green Valley and Cabramatta to ensure that, at least when it comes to issues of law enforcement, we do not play politics and we put the community first. Mr Deputy Speaker, I thank you for the opportunity to discuss these matters.

One final thing I would like to submit—and it probably applies to other areas—is that we should be doing all that we can in respect of law enforcement, particularly in relation to drug related crime. One of the things that are proving a very significant deterrent and moving crime on is the provision of strategically located closed-circuit television. That is an area where I would like to see government becoming more involved in assisting in those developments. *(Time expired)*

**Mr FLETCHER** (Bradfield) (17:16): I am very pleased to rise to speak on the Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012. In the time available to me I want to offer some observations on this government's track record of budgetary discipline and management, which is a poor one. Sadly, the poverty of its approach is all too clear in these appropriations bills, seeking as they do permission from the parliament to spend more money than had originally been proposed for the current financial year.

I want to make three points in the brief time available to me. Firstly, the bills before the House demonstrate that there has been a huge blow-out halfway through the year in expenditure by this government. That is what we see from the Mid-Year Economic and Fiscal Outlook. Secondly, unfortunately, that is simply the continuation of a trend which has characterised the approach of the Rudd-Gillard government to financial management. We have seen consistent lack of discipline and a consistent poor approach to budgetary management, and what we are seeing in the bills before the House this afternoon is simply a continuation of that most unfortunate trend. Thirdly, against that backdrop, it really is extraordinary that Labor Party members of this House would think that there was some mileage to be gained in talking about what they persist in describing quite inaccurately as a \$70 billion black hole.

Let me turn to the first point: that what we are seeing in the legislation which is before the House this afternoon is evidence of a very serious blow-out in Australia's public finances in just the six or seven months between the time that the 2011-12 budget was brought down and the time that the Mid-Year Economic and Fiscal Outlook was published. We were told in May 2011 that the outcome that the government was budgeting for in the underlying cash balance would be a deficit of \$22.6 billion. By December 2011, a mere seven months later, that deficit had blown out to the figure of \$37.1 billion—in other words, almost \$15 billion worse in a mere seven months.

What was put to the parliament, and to the people of Australia, in the budget of 2011-12 was by any standards of fiscal management underwhelming and unimpressive. This government was proposing that the 2011-12 year would see spending of \$362 billion, revenue at a mere \$342 billion and, as I have mentioned, an underlying cash balance deficit of \$22.6 billion. But a mere seven months later we learnt that things had got materially worse. Spending was going to increase from \$362 billion to \$370 billion and there would be softness on the revenue side with revenue down from the originally proposed \$342 billion to \$336 million.

How is it possible to achieve such a remarkable deterioration in the fiscal position in such a short period of time? How can this be possible? What is it that has driven this very serious deterioration? If you look through the budget papers, you will see, sadly, in area after area, evidence of profligacy, mismanagement and spending for clearly political objectives. For example, in the area of climate and energy efficiency, we learn that an extra \$1 billion of spending has been agreed to in just the six or seven months between the budget and the MYEFO. In the area of families we see an extra \$1.5 billion, essentially as part of the taxation and compensation package linked with the carbon tax; indeed, it forms part of what we are told is a \$14.3 billion package to help households meet increased costs under the carbon tax.

That is how it is described by this government, but seasoned observers of this government know well that you are naive in the extreme to take this government's explanations at face value. What we really have under the carbon tax arrangements, what we really have reflected in the budget deterioration which is documented in the legislation before the House this afternoon, is the use of the carbon tax package as a disguised means of offering benefits to particular groups of stakeholders in the community. This is a deeply political package which has been specifically targeted to particular groups as a means of furthering the Labor Party's political objectives.

Remarkably enough, the figures which are contained in the budget, the figures which go to make up the underlying cash balance, do not tell the full sorry story of the financial deterioration which is occurring under this government. The Rudd-Gillard government has been an enthusiastic user of accounting tricks designed to keep expenditure out of the headline number, which is generally referred to as the budget deficit—that is, the underlying cash balance. They have done that through a range of approaches which are designed to make the underlying cash balance smaller than it otherwise would be.

For example, if you look at the treatment in 2011-12 budget paper No. 2 of the \$108 million Renewable Energy Venture Capital Fund, which we are told will support the development and commercialisation of renewable energy technologies by making early stage equity investments, that \$108 million was included in the bottom line and in the forward estimates. That is the appropriate accounting treatment—expenditure to be incurred is included in the underlying cash balance. However, when we turn to the much larger \$10 billion Clean Energy Finance Corporation, that number is not included in the budget bottom line; it is not included in the forward estimates. The rationale for that treatment by the finance minister, Senator Wong, when speaking to Senate estimates some months ago, was that this is not necessary because the Clean Energy Finance Corporation is 'undertaking investments to make a return'. The fiction inherent in that is obvious from the fact that the Renewable Energy Venture Capital Fund, which I have just described, is included in the underlying cash balance and is included in the budget bottom line. Yet the Clean Energy Finance Corporation, which does just about exactly the same thing as the Renewable Energy Venture Capital Fund, is not included in the budget bottom line because the government has taken a highly optimistic, and on any objective view a heroic, interpretation of the accounting standards to reach the conclusion that the bulk of this \$10 billion does not need to be included in the underlying cash balance. The reality is this: whether those numbers are included in the underlying cash balance or not, it is money that will be spent by this government. It is money that needs to be borrowed and it is money that will have to be repaid by Australian taxpayers.

This is not a one-off. This is not the only time this government has used this accounting trick—far from it. The National Broadband Network comprises \$18.2 billion of spending over the four years to 2014-15. None of that is included in the underlying cash balance, again on the fiction that this is an investment and that, in some way, we are going to get a return. I say this to any taxpayer who is patiently awaiting a return of his or her money that is being thrown into this yawning, gaping chasm of waste: do not be too optimistic. Do not spend much time thinking about what you are going to do with the return on that investment, because you will almost certainly never see any of that money again. So far, NBN Co. has racked up accumulated losses of \$400 million. Yet this completely unsuccessful venture is the subject of spending of \$18.2 billion, and this government has the hide to claim that it is an investment and that, therefore, the money does not need to be included in the underlying cash balance.

The range of areas in which this accounting technique has been used goes on and on. When it comes to Railtrack, for example, \$1.2 billion has been invested in Railtrack on the same basis. In fact, when you add up the three ventures I have talked about—that is, the Clean Energy Finance Corporation, the National Broadband Network and Railtrack—over the next six years beginning in 2011-12, the federal government, the Gillard government, is planning to spend over \$5 billion per year which is not included in the budget bottom line.

I have spoken about the blow-out that we have seen in expenditure by this government, and I have made the point that the true situation is even worse than the figures put before the parliament and the people of Australia in the underlying cash balance because there is an additional amount exceeding \$5 billion a year being spent, using

heroic accounting treatment which assumes the money is an investment because there will be some kind of return. Anybody who expects a return is, frankly, naive.

Let me turn to the second point I want to make in the time I have available. The deterioration we are seeing in the middle of this year is consistent with the hopeless and ongoing deterioration in Australia's fiscal position that has characterised every step taken by the Rudd and Gillard governments. We hear frequently that there was a global financial crisis and that that excuses all spending. There is nothing that a Labor government enjoys more than a rolled gold excuse to turn on the spending taps. There is nothing they like more than being able to say: 'Oh, well, we were going to be fiscal conservatives. Kevin Rudd did talk briefly about being a fiscal conservative, but circumstances have changed, so let's rub our hands together with glee; it's spend, spend, spend.'

Even if we were to take at face value, just for a moment, this government's claim that unusual spending was required to respond to the global financial crisis, it does not explain why spending rose in the 2008-09 year to \$316 billion, up from \$272 billion in the previous year—that is to say, well over \$40 billion in increase. It does not explain why with that increase having reached that new baseline, justified we are told as a response to the global financial crisis and as a requirement to stimulate demand, when we got to the next year we did not return spending to normal levels. Of course, we did not. What happened under this government was that spending just exploded. The so-called peak requirement to meet the global financial crisis became, I am sorry to say, under this government the new normal, and \$316 billion became \$337 billion, which became \$349 billion, which became \$362 billion, which became \$372 billion—spend, spend, spend.

This government has the hide—I say in making my third point—to claim that the opposition is in some way in fiscal trouble because of this alleged \$70 billion black hole. Let me contrast that with Labor's proven record of black holes year after year—a \$27 billion deficit, a \$55 billion deficit, a \$48 billion deficit and a \$37 billion deficit. This government is not in a black hole; it is in a black universe, and it is not coming out. It just loves spending. There is a massive difference between this government's proven track record of fiscal failure and what we see on the part of the opposition, which is a forward-looking policy process in which you identify possible gaps and then set about doing something to correct them. That is the fundamental difference between our approach to fiscal policy and Labor's approach to fiscal policy: when we see gaps, we set about trying to correct them. If you doubt that, look at the proud record of the Howard-Costello government over more than a decade—surplus after surplus after surplus. The only way we will get back to surplus is to get back to a coalition government.

**Mr STEPHEN JONES** (Throsby) (17:31): It is always a great pleasure to enter a debate after the member for Bradfield, who in some parts of his speech today gives new meaning to the expression 'talking under wet cement'. We have heard a description that these guys are the 'star tracks' of political and economic policy, sailing through the political universe in search of black holes, without a clue in the world about how to fill them.

We are here to debate Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012. It is worthwhile as we engage in this debate around these important bills, an instrument of economic management, that we reflect on where we have come from, where we are and where we are going in terms of our economic management. There is one thing to be certain of: we did not land in this position that we are in through pure accident. The position I am talking about is having the lowest debt-to-GDP ratio of any country in the Western world and the lowest unemployment of any comparable country in the world. We have unemployment which has been consistently around five per cent for the last 18 months, contrasted with unemployment in Europe and the US which hovers around the low double figures.

We have heard a lot from the other side about interest rates, but what they do not say is that interest rates are lower now than at any time since they were in office. In fact, interest rates would have to go up 10 times before they reach the levels they were at when we took office in 2007. For all the hue and cry that we hear from the member for Bradfield, what you will not hear him say is that interest rates not only are lower now than they were when the Liberal-National Party left office in 2007 but would have to go up 10 times before they reached those levels. That makes an enormous difference not only to households in electorates like mine and yours, Mr Deputy Speaker Murphy, but also to the small business sector, which relies on a line of credit to meet the bills and pay for the capital that keeps its doors open and its businesses running.

It was not all easy when we took office. There were enormous challenges that we had to meet. There was a long-running deficit in infrastructure spending that we had to fill. You talk about black holes. The mob on the other side like to talk about black holes.

*Ms Rishworth interjecting—*

**Mr STEPHEN JONES:** That is right—\$100 million—

**Ms Rishworth:** Billion.

**Mr STEPHEN JONES:** \$100 billion in deficit in infrastructure spending around this country. We are doing our darnedest to ensure that over the next few years we backfill that deficit through road projects and rail projects. We have rebuilt well over half the national rail network. We have spent more money on urban rail than any other government since Federation. We continue our commitment to rebuild and renew our national road network. And that is before we start to talk about the investment we have put into ports and, of course, the National Broadband Network, which is popular everywhere except on the other side of the House—that is, when they are here in Canberra. When they go back to their electorates they are sending letters to the minister saying: 'Please, Minister Conroy, how soon can we get the NBN into our backyard? We think it is the best thing since sliced cheese.'

Some of the measures contained within the bills before us, which are a part of our forward-looking economic plan for the next 12 months, relate to the government's clean energy package, including transitional assistance to highly emissions-intensive coal fired power stations in the form of cash assistance in the financial year 2011-12 and a limited allocation of free permits thereafter until 2016-17. This is important because this is going to help those regions, and particularly those power facilities, to make the transition that is sorely needed in this country and by the rest of the globe. We also provide loans to emissions-intensive coal fired power stations to provide additional working capital for the purchase of future vintage carbon permits at advance auctions. On the advice of the energy security councils, loans will be made to emissions-intensive coal fired power stations for the refinancing of existing debt where finance is unable to be obtained from the market on reasonable terms. The bills also provide for the governance arrangements around the establishment of the Clean Energy Regulator.

Importantly for jobs in our mining sector, the bill will also enable the government to provide funds over six years to assist the most emissions intensive coalmines to transition to the carbon pricing. I need to say a little about this particular measure. Since the introduction of the Clean Energy Future package of bills, which I know you are a very big advocate of, Mr Deputy Speaker Murphy, we have heard all sorts of outlandish claims made by those opposite about how it was going to affect mining and in particular coalmining, and in particular coalmining in regions like mine, in the Illawarra on the South Coast of New South Wales. We saw the Leader of the Opposition don a hard hat and make a dash down a mine in the neighbouring electorate held by the member for Cunningham for a photo shoot where he could utter the words, 'This mine is going to be closed down if the clean energy future legislation is passed.' Not only do the measures within this bill support jobs and investments in the coal industry in the Illawarra, not only do they facilitate the purchase of permits, they also facilitate investment in coalmining abatement technology through the Coalmining Abatement Technology Support Package to support research, development and deployment of abatement technologies in the coal industry.

There is no surer sign that the mining industry has got a very positive outlook on the future of mining in a particular district than what they are doing around investment and what they are doing around employment. On both of these measures coalmining in the Illawarra region is going gangbusters. We have seen a recent report published by the Illawarra Regional Information Service, which publishes an excellent quarterly report on labour market and economic indicators in the Illawarra, which has shown that coalmining employment, far from following the pessimistic curve of the leader of the 'noalition', has actually increased and is expected to increase further over future quarters. It is doing that because mine operators in the Illawarra are expanding their mines. The reason they are doing that is that we have some of the finest metallurgical coal to be found anywhere on the eastern seaboard. We have got overseas investors coming into the Illawarra setting up new mines and reopening old mines that had been decommissioned, because they see a real future in this area. High-quality coking coal is exported to the powerhouses of India and China to fuel the development that is going on in the urban sector of those two countries.

There are additional measures in this bill that I would like to address because I know they have been controversial in my electorate. I would like to talk a little bit about the issue of coal seam gas. The mining and extraction of coal seam gas is an issue of great concern and controversy to areas in the northern parts of the Illawarra and the Southern Highlands of New South Wales. This is particularly of concern when we see the sudden expansion or the potential expansion of coal seam gas mining around sensitive national park areas and high-quality rural lands and the potential for coal seam gas to interfere with important aquifer and water tables.

I welcome very much the fact that within this package of bills there have been funds set aside to ensure that the Commonwealth plays its role in what is essentially a state government matter for regulation. The Commonwealth is playing its role to ensure that we have expert scientific evidence and that we know more about the impact of coal seam gas extraction on water tables, on aquifers and on the environment in which these activities are being carried out. Only with this information at hand can the residents and the landholders in regions such as mine be confident that any expansion of the coal seam gas industry is not going to be at the expense of existing land use, existing land values and at the expense of our critical aquifers and water tables.

I am pleased that within the measures of these bills we have the establishment of the Independent Expert Scientific Committee to advise on research priorities, to commission and coordinate research and to engage with relevant stakeholders on coal seam gas and large coal mines. A national partnership agreement with the states and territories will improve regulations and standards relating to coal seam gas and large coal mines. It is absolutely critical and will be welcomed by those in my electorate who have a concern about this issue.

In the time I have left I would like to say a few things in response to some of the comments that have been made by speakers from the opposition parties and a few things about the trends in economic management that we would see if they were ever to occupy the treasury bench. I would like to make some observations about the concern about the budget and a fetish with surplus. The Labor government has committed to returning the budget to surplus by 2011-12 or 2012-13 and we will do this because it is the right thing to do. We will do this because, on current economic settings, it is the right economic thing to do and it does make sense.

If you were to listen to the speakers on the benches opposite you would think that there is some inherent beauty, some inherent wisdom, some inherent virtue in governments running a surplus irrespective of what the economic conditions provide. One can only conclude from this view that they see some inherent virtue in governments continually taxing the corporations and citizens of this country more than is actually needed to meet the revenue needs of the Commonwealth now and into the future. That is the absurdity of the position that they put: that there is some inherent virtue in Commonwealth governments always running surplus budgets irrespective of the economic conditions. We know, and everybody who has studied the most basic level of economics knows, that is complete bunkum. It is the obligation and responsibility of the government in an advanced economy to ensure that when the economy is in downturn or at risk of going through a downturn that we can, through strategic and targeted missions, put more money into the economy to stimulate demand and economic activity. The way the Gillard government has done that, and the Rudd government before, is to ensure that through targeted spending measures—particularly in the area of infrastructure, and particularly in the area of education infrastructure, but also in projects like the National Broadband Network and our ports, our rail and our road projects—we are not only stimulating demand in sectors that are going through difficult times but also leaving a lasting benefit behind. There would be none of that if we were to follow the economic prescription of those opposite.

But they want to do worse than that. They are seriously proposing to reverse the legislation that has been put through the House in relation to getting a better return from the mining boom for all Australians. They are seriously proposing, instead of providing tax cuts for small businesses and other businesses throughout the country, to jack those taxes up again. They would seriously claw back or refuse to give superannuation increases to ordinary Australian workers, and they would not be spending on the necessary infrastructure in the way we were. Not only would they do that, but they seriously propose to reverse the tax cuts we are giving to ordinary Australians. We are going to be effectively ensuring that nobody earning under \$18,600 a year in this country pays any tax. They are going to reverse that. They are going to reverse the pension increases. And they are going to do all of this because they have some ideological obsession or some requirement to pay back their mates. They seriously want to give a tax cut to the big mining companies and make the pensioners, the superannuants, the ordinary working people and the small businesses of this country pay for this ideological obsession. I commend the legislation to the House. (*Time expired*)

**Mr TRUSS** (Wide Bay—Leader of The Nationals) (17:46): These appropriation bills are a further monument to Labor's waste and mismanagement. They pick up some more of the unpaid bill for failed programs, such as the home insulation scheme and the failed asylum seeker plans, and of course some compensation for those damaged by Labor's mismanagement of the live cattle export industry.

These bills also help prepare the way to manipulate a budget surplus for 2012-13—a cynical strategy premised on pushing spending outside of the 2012-13 financial year and in several instances bringing forward funding into the 2011-12 financial year. A classic example of that funding being brought forward is in my own portfolio of infrastructure and transport: \$1.2 billion worth of road funding, which is equivalent to almost the entire projected surplus, has been brought forward into the 2011-12 year, even though that will not result in any new roads being built any sooner. The money is simply being shuffled out to the states, where it will sit in their treasuries and be spent on precisely the same projects and on precisely the same time schedule as originally planned. It is simply a manipulation to try to develop an artificial surplus in 2012-13. The 2012-13 surplus of \$1.4 billion has been pencilled into MYEFO and will clearly be a fraud. The government uses words like 'fiscal consolidation', but in the meantime they have been out spending money at an alarming rate. Labor is right now spending \$100 billion a year more than was spent in the last year of the Howard government—an increase of some 37 per cent. Labor has presided over a spending blowout of more than 16 per cent in real terms over just two budgets. MYEFO reveals that spending under this government, as a percentage of GDP, has been markedly higher every year than in the last two years of the Howard government—and the projections are that it will stay that way at least until 2014-15.

Maybe that would not matter if so much of the money that had been spent had not been wasted. So much of the money has not been put to productive purposes. This government's reckless borrowing and spending—and borrowing again—has placed this nation in a vulnerable position. Believe it or not, despite the best terms of trade in 140 years, Australia's structural budget deficit is more than twice that of Germany and almost double that of Italy. Any superficial surplus this government manages to cobble together will not disguise this reality. The Rudd-Gillard governments have been totally incapable of living within their means. Had they not panicked and spent \$87 billion on stimulus, they could have had a budget surplus right now. They are spending a further \$10 billion on stimulus this financial year in response to a global financial downturn four years ago. The government have taken a \$20 billion inherited surplus and delivered the four biggest budget deficits in Australia's history, with a cumulative total of \$167 billion. Is it any wonder that the Treasurer was labelled the world's greatest Treasurer when he is certainly the world's greatest spender? He has delivered no sound economic management and has no credible strategy for the future.

Labor's last 10 budgets have been in deficit. The last time they delivered a surplus was in 1989-90. MYEFO confirmed that, in the space of just 12 months, Labor's estimated deficit for 2011-12 blew out from \$12 billion to \$23 billion and then to \$37 billion. And Labor want a debate on the economy! You would think they would have some record or some performance to defend. In reality, any debate on the economy will demonstrate that this government are incapable of managing our nation's economy.

On the other hand, this side of the House delivered 10 surpluses from 12 budgets, and that was after inheriting an \$11 billion deficit and a \$96 billion debt from Labor's last stint in office. We have seen the \$70 billion in net assets left by the coalition government turned into \$133 billion in net debt. There is no doubt that interest rates are higher today than they would be if this government's excessive spending and borrowing had been kept under control. The fact that the government are out borrowing in the marketplace is putting substantial upward pressure on interest rates, and higher interest rates increase our exchange rate. That does not seem to me to be a very logical policy for any sensible government to follow.

These bills remind us of the enormous amount of waste and mismanagement we have seen under this government. Appropriation bills Nos 3 and 4 are a continuation of taxpayer bailouts from failed Labor policy—for instance, the home insulation program. In these bills, there is another \$106 million to continue roof inspections and help fix the damage caused by the pink batts debacle—a \$2.4 billion program that was full of waste and mismanagement. Over 200 house fires have been linked to the program and there is still a threat that a quarter of a million dodgy roofs might spontaneously combust at some time in the future. This program resulted in not only four deaths but an insulation industry that is in tatters with its reputation ruined. Insulation manufacturing plants have closed and hundreds are out of work—an example of disgraceful management.

Also in these bills are two allocations for support of the Tasmanian forestry industry workers—people put out of work by this government's mismanagement of that industry at a time when Tasmania's legislative councillors are saying, 'Enough is enough.' They are sick of deals with Bob Brown that destroy Tasmanian jobs and destroy the Tasmanian economy. This government also have blood on their hands in that regard because they have been a partner to many of these packages designed to close down productive industry in Tasmania.

There is another \$330 million to help fund Labor's failed asylum seeker policies. Their border protection policies have failed and the smugglers are running a closing down sale because they know that this government's life is limited and that, after that, free entry into Australia will come to a halt. There is another \$330 million in these bills and there will be much more to come, as Labor have no idea how to resolve the issue.

There is \$24 million to provide assistance to support businesses affected by the live cattle ban—compensation for the people who were affected by policy mismanagement on a grand scale. Labor have damaged the Northern Australian economy with this attack on its second-biggest industry. They have insulted Indonesia and damaged Australia's reputation as a reliable supplier. Indonesia has responded by slashing the live animal quota and also given the lie to those who say that, if we do not export live animals to countries like Indonesia, they will buy more meat. The reality is that they have also reduced their meat purchases from Australia. This has been mismanaged in a way which will leave lasting damage. The amount of compensation that is being provided will not be adequate to make up for the damage that is being done. It is just another illustration of policy mismanaged.

I notice there is \$10 million to strengthen incentives for parents to have their children immunised. Again, Labor's policies had allowed immunisation levels in this country to collapse. So now they are introducing another spending program to try to recover the damage that was done.

In reality, the largest component of the appropriations is for measures supporting the introduction of a carbon tax in July—\$1.3 billion to support a clean energy future for Australia including cash payments to coal fired power stations, which are described as 'to assist the transition' to a carbon price. It is to close down power stations

so that jobs will be lost and Australia's low-cost electricity industry destroyed. There is \$222 million for the coal sector jobs package, compensation for jobs lost as a result of the carbon tax on our mining industry. There is \$36 million to facilitate payments to assist households in meeting additional costs associated with the carbon tax. You would not need the compensation if you did not have the tax. The tax delivers pain and hardship to families and even this amount of compensation will be inadequate for the long-lasting impact on family budgets.

Then there is the \$37 million to establish a clean energy regulator and a further \$30 million for capital funding for the extra bureaucracy, a bureaucracy you have simply would not need if you did not have the tax that the Australian people do not want. Then there is the \$9 million to assist industry transition to a low-carbon economy. Transition to a low-carbon economy means 'close down' and many manufacturing industries will simply close and jobs will be lost, and Labor just dismisses all this as 'growing pains' and chucks \$9 million of petty change to them as some kind of a compensation package. There is \$6 million to inform the business community about the impact of the carbon tax, a tax they do not want to be informed about because they do not want the tax.

This is not the right time for a carbon tax. It is the worst possible time with our economy in the state that it is in to inflict self-harm like this. It confirms that the government has no idea how to manage the economy. At a time when the government should be looking to back our strengths to help us get through these difficult times, they are undermining them. Our advantage was low-cost electricity, but we are going to close down our power stations. Our advantage was to have an educated and productive workforce, but Fair Work and the other policies of this government have turned us into a high-cost, low-productivity nation according to today's *Financial Review*. And of course our abundant natural resources, another natural advantage, are now to be subjected to a mining super tax, fuel tax, carbon tax and a whole range of other taxes to make them less competitive.

Labor is also trying to deceive the public into believing that there are going to be tax cuts for small business. That is simply not true. Most small businesses will not get these tax cuts, and around 400,000, in fact, face major tax increases. The government is proposing to cut the company tax rate, but two-thirds of small businesses are not companies so they get no benefits from Labor's proposed tax cuts. Four hundred thousand of Australia's smallest businesses are going to be affected by the abolition of the entrepreneurs' tax offset. These are the smallest businesses in Australia, and yet Labor is taking away from them the tax benefit that they have had. Labor have already introduced at least 20 new taxes, and these new measures will do nothing whatever to ease the pain or to take away from small business the high taxation burden that Labor has placed upon them. Let me get back finally to the point that I made early in my remarks, which was that Labor is seeking to manipulate payments so that they can artificially develop a budget surplus for 2012-12. Let me cite a few examples. Labor's energy security and transformation spending will be just over \$1 billion in 2011-12—that is this year. It will also be \$1 billion in 2013-14. But in 2012-13, the middle year, it will only be \$1 million. So they will spend \$1 billion either side and \$1 million in the middle—a deliberate attempt to manipulate the budget bottom line.

Labor's Coal Sector Jobs Package provides \$220 million this financial year, zero in 2012-12 and in the year after it is back to \$230 million. They are bringing forward \$2 billion in revenue from advanced carbon tax permit sales to boost the revenue side in 2012-13. But they are making the compensation payments for the carbon tax in 2011-12, before the tax even starts—a multimillion dollar falsification of the true budget situation in 2012-13. They are not spending money in the so-called surplus year but in the two years on either side. When it comes to the critical year, they manipulate the figures to create an illusion of a surplus—and the list goes on.

At least on this occasion they are not trying to bury a proposal to raise the Commonwealth debt ceiling beyond \$250 billion. But with gross debt at \$224 billion as of last Friday, there is a very real prospect that the government will again bust its limit and come back to the parliament to deal with this issue. Is it any wonder that Labor ministers get so touchy when debt is mentioned? By Australian standards, what we have now is without precedent. These bills prove that Labor cannot be trusted with money, let alone with the nation's purse strings. We need better managers and we need them soon.

**Mr KELVIN THOMSON** (Wills) (18:02): The first week of the parliament has made it plain that the Liberal opposition is clueless on the key economic questions confronting Australia. The first giveaway was their reluctance to talk about the economy in question time. They wanted to talk about the events of Australia Day or the Fair Work Australia investigation into my namesake, the member for Dobell. They did not want to talk about the economy. That is not surprising. Inflation is now lower than Labor inherited from the Liberal government. Unemployment is now around five per cent. The average during the Howard years was 6.4 per cent. I heard the Leader of the Nationals criticising the stimulus spending. If we had not implemented the stimulus measures that we did during the global financial crisis—measures opposed by the opposition—unemployment today would be 200,000 higher than it is now. We would have unemployment and social problems of European proportions. Interest rates are lower than they were under the Liberal government. A family with a \$300,000 home loan is paying \$3,000 a year less in interest payments than it was at the time of the change government.

Furthermore, when the opposition is asked about the big economic policy questions facing Australia today they are all over the place. On the issue of whether and when and how they would balance the budget, they have as many positions as they have economic spokespersons. The poor old voter does not have a clue about what their budget strategy might be. On the question of support for manufacturing industry, they have said that they will take \$500 million out of the support that government provides to the car industry. But this policy is supported by some frontbenchers and opposed by others and is apparently under review. With apologies to Jack Nicholson, they want an election but they are not ready for an election.

Given this background, people ask why the government is behind in the polls. Part of the problem is that we are not using the right performance indicators. Two of the key performance indicators that we use are, firstly, how Australia compares with other countries and, secondly, economic growth. It is true that Australia's economy is substantially outperforming other OECD countries and that people in other countries would love to be in our shoes. But the problem with comparing ourselves with other countries is that it is not really how Australians experience life. The way in which people experience life is much more to compare things with how they used to be. Are we better off or worse off than we used to be? Is it easier to get a job? Do we have to work harder or longer? Is it harder to make ends meet? Viewed from that perspective, the picture is much murkier and it also explains why both major parties, who have between us been in government for Australia's entire post war history, have lost significant public support. I believe people notice not only immediate changes in their circumstances and life chances and the world around them but also long-term changes. It is striking for those of us who are old enough to remember that the Whitlam government was tossed out of office unceremoniously on the grounds that it was a poor economic manager, yet its economic figures look great by modern yardsticks—an average of 3.3 per cent unemployment compared with an average five per cent unemployment under the present government and 6.4 per cent under the Howard Liberal government. National savings as a percentage of GDP were 14 per cent and the household savings ratio was 18.9 per cent, which declined to six per cent and 2.2 per cent under the Howard government, now lifted somewhat to 6.7 per cent and 8.4 per cent but still well below the Whitlam years. In the Whitlam years, real wages increased an average of 4.5 per cent per annum. In the Howard years, they were 1.9 per cent per annum. They are now increasing by 0.1 per cent per annum.

The current account deficit increased from 0.7 per cent of GDP under Whitlam to 4.6 per cent of GDP in the Howard years. It has reduced to 3.9 per cent during Labor's term. Net foreign debt has risen sharply from 2.2 per cent of GDP during the Whitlam years to be averaging 51.9 per cent now. Taxes are higher now than they were under Gough Whitlam and housing affordability has deteriorated. So, when people think about how they are going and compare it with the way things used to be, often they are not happy and overseas comparisons will only take us so far.

Then there is our obsession with economic growth using GDP as a performance indicator. Using economic growth as a performance indicator sucks us into a number of traps, most notably inevitably luring us into policies to promote population growth. It is a quick and easy way to boost the GDP number. Of course, it is dodgy. If more people come and live in your street, an economist will do the sums and say your street is wealthier. However, it does not make you any better off. Indeed, population growth makes people's lives harder. There is more competition for jobs, more competition for housing, more competition for space on the roads and a spot on the bus et cetera. It brings with it rising cost of living, more people out of work, traffic congestion, declining housing affordability and environmental damage.

Joseph Stiglitz and his fellow Nobel Prize winner Amartya Sen said in 2009 that the shortcomings of GDP as a measurement were one of the causes of the global financial crisis. The deficiencies helped portray the US economy and the global economy as being in better shape than they actually were before the credit crisis hit. Stiglitz said:

In a performance oriented society, what you measure affects what you do. If you have the wrong measures, you can wind up doing the wrong thing.

Stiglitz said a key problem was that non-existent profits were factored into GDP calculations. For example, 41 per cent of all corporate profits in 2007 were generated in the financial sector and tied to debt. In other words, the gains were 'borrowed from the future'.

The massive subprime related losses that financial institutions booked in 2008 wiped out not only the profits from 2007 but also those from the preceding five years. Stiglitz said, 'They were not really profits, but we recorded them as fantastic years.' Furthermore, during the bubble based run-up to the economic crisis, prices of output or capital were much higher than they should have been. They were 30 per cent or more higher in the case of real estate. So the value of all goods and services being used to calculate the GDP 'overestimated output', Stiglitz said.

GDP does not take into account anything where money is not involved. Accordingly, it does not say anything about the contribution made by households or community volunteers. This leads to transparent anomalies. If we paid our neighbours to do our housework and they paid us to do theirs, the GDP would boom and politicians and economists would be delighted. It is hard to see, however, precisely how we would all be better off under such an arrangement. More seriously, a whole realm of essential work caring for our children and caring for our older people goes uncounted. But just because this work does not have a dollar value does not mean it has no value at all. On the contrary, it is and always has been an essential part of the richness of our society. Take out the volunteer work, the community work, the work we do maintaining our houses and our society would soon fall over. Moreover, it can hardly be right that work such as child care, or the housekeeping in the earlier example, has value if money changes hands and no value if it does not. So, as a celebrated article on this topic way back in 1995 pointed out, GDP rises by cannibalising the family and community realms:

Parenting becomes child care, visits on the porch become psychiatry and VCRs, the watchful eyes of neighbours become alarm systems and police officers, the kitchen table becomes McDonalds—up and down the line, the things people used to do for and with one another turn into things they have to buy.

The GDP compounds the sin by adding in the expense which arises from neglecting the non-market realm, such as the cost of prisons, social work, psychological counselling and drug abuse.

Then there is the question of the environment. In a GDP based accounting system, the environment is treated as having no value, or as capable of indefinite renewal. This runs counter to the overwhelming weight of scientific evidence and, indeed, violates basic accounting principles by portraying the depletion of natural capital as current income rather than as the depreciation of an asset. As the former World Bank economist Herman Daly puts it, 'The current national accounting system treats the earth as a business in liquidation.' If you go back to the 1992 report of the Bush Administration's Council on Environmental Quality, it made the same point:

Accounting systems used to estimate GDP do not reflect depletion or degradation of the natural resources used to produce goods and services.

Not only does depleting natural resources show up as a gain rather than a loss; activity which generates pollution adds still further to the GDP because of the cost of clean-up. So pollution gets counted twice as a benefit to the economy. Oil spills such as the *Exxon Valdez* disaster and the like lead to an increase in GDP. I believe we should ditch GDP as a key performance indicator. We certainly need to continue to have measures of economic performance, but we need to give equal billing to environmental indicators, health indicators, education indicators and social justice indicators.

In relation to economic performance, we should treat GDP and economic growth as a by-product, not as an objective. The important economic indicators are employment, inflation, interest rates and a balanced budget. These things really do matter. We want full employment, or as close to it as we can possibly get. We want low inflation, keeping prices as stable as we possibly can. We want low interest rates; we do not want people in debt and going broke. And we want balanced budgets; we do not want countries in debt and going broke. Full employment, low inflation, low interest rates and balanced budgets—these are the important economic indicators.

There are, of course, many possible different environmental indicators of performance, but I think that three need special attention. The first is stopping the decline in numbers of birds, plants and animals, and the habitat destruction which is the biggest driver of this. The second is cutting carbon dioxide and other greenhouse gases, preferably globally by 60 per cent over the next 40 years to head off dangerous climate change. And, because of the numerous adverse environmental impact of population growth, the third important indicator is how countries are going in stabilising their populations. We need health indicators, like life expectancy and how our rates of obesity and diabetes are moving. We need education indicators, such as English literacy standards and post-secondary education outcomes. And we need social justice indicators. What is happening to the gap between rich and poor? What about fairness in the workplace? How are we treating our students, our older people, people with a disability and our Indigenous people? These are the things that really matter. These are the things that we should be putting real effort into measuring and even more effort into achieving. If we adopted these indicators, it would become blindingly obvious that our migration level is too high and, in particular, that our skilled migration level is too high. It strikes at the heart of our ability to deliver these indicators.

There has been a really interesting debate around the Labor Party in recent times about the unemployment benefit. Some people say the unemployment benefit, or Newstart allowance, is too low, that it is a recipe for real hardship and that we should lift it. Others say that we cannot afford to do that and that in any event the solution to disadvantage is not to increase the benefit but to get people a job. Some say there is no 'magic bullet' to reduce unemployment and others say that five per cent unemployment is pretty much full employment and that we are actually short of workers. First of all, I emphatically disagree with the latter view. In addition to the 630,000 unemployed we have over 800,000 people on disability support payments, some of whom, with proper training

and incentives, could rejoin the workforce. In Broadmeadows, next to my electorate, there is 13 per cent unemployment. In Preston, a suburb also neighbouring my electorate, the local newspaper reported that an engineer from Colombia, who came to Australia as a skilled migrant, was working as a cleaner after applying 17 times in four months for engineering work without getting so much as an interview. We are not short of workers and potential workers. I do not agree with those who are pessimistic and say there is no magic bullet. When we had a lower rate of unemployment in the 1970s, we had much lower net overseas migration. In 1977 it was 58,000; in 1978 it was 63,000; and in 1979 it was 55,000. By 2009 it was over five times as high, nearly 300,000. If we return to a net migration level of 70,000, it would open up opportunities for people who are presently locked out.

I strongly agree with the Prime Minister's support for the manufacturing industry and for the car industry. I strongly agree with her agenda of increased workforce participation and of building research, development and skills, but I think the high migration load—high skilled migration, high subclass 457 visas and high overseas student numbers—completely undermines this worthy and important agenda.

We need to use performance indicators that will help us to focus in on groups who are entitled to our support: workers, students, pensioners, small business, those concerned about the environment and those for whom there is clearly scope to lift our support.

**Mr WYATT** (Hasluck) (18:16): In rising to talk on Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012, I was reminded of the fact that the total additional appropriation being sought is a little over \$3.1 billion. The other interesting element to this was the re-appropriation that is occurring between a number of agencies. I am a firm believer in small government with Australia's legislators creating an environment that allows for small business to grow and for its people to take more responsibility for their own decisions. Too much interference from big government confuses the commercial sector and creates an atmosphere where people increasingly rely on guidelines for where to live, how to shop and even how to think. An example of this is that the Gillard-Greens government have introduced nearly 20 new taxes and the multiple layers of red tape that our families and small businesses and the manufacturing sector have been facing since 2008.

I propose direct investment into critical projects, less bureaucracy and reducing duplication of projects, building on the purpose of Federation, where the Commonwealth has a lesser role in managing the states and territories than it does now. That is why I am calling on the government to fund the following projects and initiatives within Hasluck that help provide the conditions for sustainable growth not only in Hasluck but, more importantly, in Western Australia. At the heart of these projects is laying down the infrastructure for growth to occur.

An important area that needs federal funding is the Nicholson Road-Garden Street intersection. This is a massive issue for the people in the south of Hasluck. Southern River, Gosnells, Thornlie and Huntingdale are the growth areas of the south-east. In these areas, the number of new housing estates over the past several years has been escalating and commercial premises have opened as a result. Unfortunately, the transport infrastructure has not kept pace with this growth. This is not news to the Labor government. They have known about this issue for several years. What needs to happen here is an injection of federal funding to create a rail grade separation and additional lanes to be added to the current road structure.

Let me acknowledge the WA member for Southern River, Peter Abetz MLA, who has been campaigning for these upgrades since 2008. Since my election to Hasluck, I have joined Mr Abetz in his fight and we will advocate at the state and federal level for this issue to be progressed. I would also like to acknowledge the Premier, Mr Colin Barnett, and the transport minister, Troy Buswell, who have injected \$500,000 into planning works in the cities of Canning and Gosnells, which also committed three quarters of a million dollars into the planning phase. However, the councillors of the city of Canning are holding up the work, and I call on the Mayor of Canning to ensure that work is started to support this critical piece of local infrastructure. I also call on the Gillard Labor government to fund the completion of this project. In addition, the Berkshire Road-Roe Highway intersection in High Wycombe is equally important. A recent truck rollover and lane closures highlighted the urgency of this upgrade, and a substantial injection of federal funds in concert with state funds will allow this to occur. It is something that I have been tirelessly working for behind the scenes since my election. The WA government certainly has a role to play in this, as does Main Roads, and I have met with all parties several times to try and bring the issue to the front of the planning queue.

The mining boom in WA offers both reward for effort and opportunity to workers, but also places a strain on existing infrastructure. Heavy haulage vehicles that come from Hazelmere, Gosnells, Forrestfield, Maddington and Kewdale and head north on the Roe Highway carrying freight, heavy mining equipment, housing and specialised units put pressure on existing road infrastructure. I am constantly approached by businesses, families and individual residents about this issue.

I want to emphasise the fact that Western Australia is responsible for producing a disproportionate amount of Australia's wealth but gets little in return from the government. Instead, Western Australia's taxes are used to support the south-eastern region of Australia and WA receives little in return. This puts incredible pressure on the state government to maintain existing government services, provide the infrastructure required for Western Australia and deliver a better way of life for all Western Australians. I am not proposing cost shifting but am arguing that, where there are successful industries, Commonwealth governments have a responsibility to provide a commitment to the development of infrastructure and ensure that commercial opportunities are realised and supported. In developing the economic base of any country it is important that Commonwealth governments of all persuasions focus on the fostering of economic opportunities that will benefit Australia and position us as a strong trade nation within the global economy. Governments of the past have been bold enough to invest in Australia's major infrastructure needs such as the Snowy Mountains Scheme, the Ord River Dam and the Sydney Harbour Bridge. I challenge the current Gillard government to have the gumption to support the development of the northern regions of Australia rather than hinder through their short-sighted policies.

I want to turn to Midland and in particular the extension of Lloyd Street in Midland. This passes through the residential and commercial precincts on Morrison Road and ends at Clayton Street just short of the Hazelmere industrial area. This creates challenges for local industry and businesses. Obviously federal funds will be required to make this a reality and lay the foundations for further growth in the Midland-Hazelmere region. This issue is well known to both the state and City of Swan, who have worked together to plan the grade separation of the heavily used freight rail line and the road, allowing easier access for emergency vehicles to the future Midland Health Campus. Let me congratulate Alyssa Hayden, a member of the Legislative Council, and the CEO of the Swan Chamber of Commerce, Mrs Sandra Wallis, for their continued advocacy on this and on many other issues of importance through the City of Swan.

At the other end of the electorate pensioners and young families in Gosnells forgo a doctor's appointment due to waiting lists, the expense and the lack of bulk-billing. If you think that this is over-reacting, I have direct quotes from three people in Gosnells who I spoke to when doorknocking. One said:

I can no longer afford to go to the doctor because I can't get in to see one that bulk bills.

Then there was a quote from a young mum on Corfield Street:

If I need medical advice I speak to my chemist.

The next quote is the most damning of all and does not come from someone in a developing nation but from a pensioner in Gosnells, just 30 minutes from the Perth CBD:

I can't afford to see my doctor when I need a new script for my medication, that's why I ration my medicine or take it every second day.

This is disgraceful and highlights the need for better access to primary health care in Gosnells. The City of Gosnells recognises this increasing issue and is fully supportive of every effort to improve health services in the area. There are good GPs and facilities in Gosnells, but not enough to cater for the booming population of new Australians that increasingly call Gosnells home, and there are certainly not enough GPs that bulk-bill. There are over 90 different language groups in Gosnells, which brings additional demands to the local area. Prime Minister, funding is need to give battling families in my electorate better access to affordable primary healthcare services.

Still inside the City of Gosnells, the Richard Rushton Community Centre is in desperate need of refurbishment or replacement. It is currently used by several community groups, the local primary school and private citizens, but years of heavy use have taken their toll on the building. The Richard Rushton Community Centre is rapidly deteriorating and this could result in its decommissioning. This would be a blow to the local community of Gosnells and it is critical that it be repaired. The City of Gosnells has this on its 10-year plan but cannot afford to repair it at the present due to the extreme load it is bearing with the rapid growth in the area. Ask the teachers, students and parents at Wirrabirra Primary School how important this facility is to their community and what it would mean to them if it were forced to close. A relatively small injection of funds from the government would have a major positive impact on the families of Gosnells and the surrounding areas of Thornlie and Huntingdale. I am sure there are hundreds of similar facilities across the country in desperate need of an upgrade, and it is hard to imagine how much better the social fabric of the country would be if federal money were spent wisely on projects such as this.

A key area in my electorate that needs attention is disability services and cutting the red tape for people accessing Centrelink. For the families of people with disabilities, life is hard enough without putting further obstacles in the way. One of the first things I did when I was elected was to initiate Hasluck's Disability Advisory Group, where stakeholders and families in the electorate meet with me regularly to discuss the issues of importance around disability. A major issue that needs urgent federal attention is the endless red tape that faces

people living with and caring for someone with permanent disability. The biggest frustration of families who have a member with a permanent disability is the requirement to fill out multiple forms on an annual basis to prove their disability, even though it has not and will not change. This requirement, if not followed, can result in ineligibility for benefits from the government. That is not only discriminatory but degrading and embarrassing for the carer and the person with a disability to have to front up every year and prove their disability to receive their benefit. This highlights the inefficiency of the excessive red tape requirements, and I call on this government to invest in cutting red tape for people living with permanent disability.

One resident approached me in Forestfield shopping centre. She is incapacitated and relies on wheelchair mobility every waking hour of her life. It was clear from talking to her for a moment that her disability is severe and permanent. But she is required to attend a meeting every year to prove this. She expressed her absolute frustration at the annual ritual. I am committed to working with my colleagues in the coalition to cut the level of red tape for people with a permanent disability, and I call on the federal government to spend more time solving this issue for people in my electorate and across Australia.

The Gillard government proudly promotes the NBN as the silver bullet solution to the internet problems faced by everyday Australians. I notice that in the appropriation bills there is an increase in funding, and supporting broadband and better access to better services is of critical importance to the people of Hasluck and, in particular, to those in the Southern River area in the south-east region of Perth. I have received numerous calls, letters and emails from residents in the communities of Southern River, Huntingdale, Martin, Kalamunda and Gooseberry Hill concerning their inability to access broadband internet services. Many residents in Hasluck still do not have access to dial-up internet. When these residents have phoned Telstra to inquire or complain, many are told they will have to wait up to seven years before they will get faster broadband services due to the protracted rollout of the NBN. Seven years—longer than the Second World War but probably shorter than the time it has taken and will take for the Craig Thomson investigation to be finalised. How is small business supposed to flourish in the digital age when many still resort to using dial-up internet, a technology that was outdated for many a decade ago? Once again, the state member for Southern River, Mr Peter Abetz MLA, has been very vocal on this issue, and I join his efforts to improve the situation and call on the federal government to make this rollout in Hasluck a greater priority for the NBN Co. I cannot accept that in 2012 people in large parts of my electorate are living with this outdated technology. The issues I have raised today are not exhaustive of what needs urgent federal attention and funding in my electorate, but they provide a snapshot of what is going on and the neglect that areas of Western Australia face from the east-coast-centric Gillard-Greens alliance.

I call on the Prime Minister to urgently make funds available for these upgrades and projects in my electorate of Hasluck and give greater attention to the needs of all Western Australians. I think that within the appropriation of \$3.1 billion, and certainly with underspends within Commonwealth budgets and realignment of funding within the budgetary processes, attention should be given to the needs of those battling families we all talk about within this chamber and within the main chamber.

**Dr LEIGH** (Fraser) (18:30): It is with great pleasure that I rise today to speak on these appropriation bills—important legislation to support the reforms that this government is implementing. The Gillard government's economic reforms take place in a context in which the performance of Australia's economy among the best in the world. Jorg Decressin of the IMF said last month:

There is no advanced economy—or maybe there are one or two—that is as well placed as Australia in order to combat a deeper slow down, were such a slowdown to materialise, and that's because you still have room to cut interest rates if that was necessary and you also have a very strong fiscal position.

Anoop Singh of the IMF said, on 2 February 2012, that 'despite the global slowdown, Australia is facing good times'. The IMF's article IV analysis of Australia in October 2011 described our performance since the onset of the global financial crisis as enviable.

Australia's fiscal position is no accident. It is the result of a timely, targeted and temporary response to the global financial downturn—a response that is very different from what those opposite would have put in place. Those opposite have been very clear over recent weeks that they would not have allowed the Commonwealth budget to go into surplus when the global financial downturn hit.

So we are talking about two very different perspectives. Ours is that it was appropriate to take on a small debt load. Less than 10 per cent is where Australia's debt will peak—about the amount a typical household would take on to buy a small car, for example. But those opposite would not have taken on that debt. Those opposite are of the firm view that they would not have allowed the Commonwealth budget to go into deficit. That would have meant that as the revenues fell—and let us remember that the main reason for the Commonwealth debt is revenue downgrades, not spending increases—those opposite would have cut government spending. While our fiscal stimulus saved a couple of hundred thousand jobs and tens of thousands of small businesses, those opposite not

only would have failed to put a stimulus in place but also would have instituted cuts. We have a precedent for that. It is what Herbert Hoover did in the teeth of the Great Depression. It is what caused the Great Depression to take a decade rather than a couple of years. And that is the economic recipe of those opposite.

Those opposite continue to maintain their policy of economic vandalism. They oppose a carbon price and suggest again a policy of direct action, a policy that finds no support among a single credible economist in Australia. Their policy of direct action will amount to a new tax—\$1,300 a household—that goes straight for polluters. Under our scheme, nine out of 10 families will get assistance; under theirs there will be no assistance for households. Theirs is of course a non-market-based scheme, one of picking winners and in which there are no incentives for innovation. Ours is a market based scheme, because that is what the experts tell us is going to be the most effective and efficient way of reducing Australia's carbon pollution. It will achieve the targets, cutting carbon pollution by five per cent by 2020 and achieving an 80 per cent cut by 2050. Those opposite have an expensive and inefficient scheme, with no idea of what they will do past 2020.

At the same time, we on this side of the House are continuing to invest in the productivity-boosting reforms that are essential for Australia's future prosperity. Productivity is an ugly word, but ultimately that is what underlines increases in living standards. It is why Australian's real living standards have more than doubled since I was born, and I hope will more than double again in the generation to come. Those productivity-enhancing investments are things like more education and higher quality education. Our investments in schools, backed by the transparency of the My School website, My School 2.0, now opposed by those opposite, will ensure that Australian kids learn more in every year of school.

We are building trades training centres, which will ensure that when children are at high school, looking and casting around and thinking about maybe taking on a trade, they can dip their toe in the water. They can engage in trades training within the comfort of the school environment. We are investing also in universities. More Australians are attending university this year than ever in the history of this great nation. We are doing that because the one certainty of the labour market of the future is that is going to be different from the labour market of today. The right investments in productivity are investments in the human capital of future generations. They are investments that ensure that young Australians have the skills to adapt to a changing labour market. This is recognised by the IMF article IV analysis of Australia. They have recognised Labor's investment in skills and participation.

At the same time we are investing in infrastructure. We have doubled the roads budget and increased tenfold the rail budget. We have put more into urban public transport than all the other federal governments since Federation put together. We are building a National Broadband Network. I noticed the member for Hasluck has one complaint about the National Broadband Network, and that is because it is not happening fast enough. I understand that objection. That is an objection that I hear in my mobile offices and community forums. My constituents in the electorate of Fraser want the NBN. I do not blame them for wanting it faster. But it is pretty rich for those opposite to walk in here with their string and tin cans alternative to the NBN, suggesting that the Labor government is somehow to blame for not bringing on the NBN fast enough.

In schools, we have invested in the Building the Education Revolution program. It is a program which is not just about providing better school halls—although they are sometimes needed—but is about providing better classrooms too. Amaroo Primary School, in my electorate of Fraser, now has classrooms with dividers that can be opened up between them that allow teachers to team teach together. You can have a teacher who is great at literacy paired with a teacher who is great at numeracy. They can learn from one another. I have seen a new school hall in Black Mountain Special School in my electorate. It now has ramps that lead up to the stage that allow children who are in wheelchairs to go up on the stage and receive their awards in the same place as students who are not in wheelchairs.

In speaking to the appropriations legislation, I do want to rebut some suggestions that have been made by the member for Goldstein in this parliament and which have been announced over recent weeks. The member for Goldstein suggested that government accruing very low net debt—as I have mentioned, it will peak at less than 10 per cent of GDP; that is less than a tenth of the average of major advanced economies—will influence the interest rate that Australian businesses pay. Nothing could be further from the truth.

*Opposition members interjecting—*

**Dr LEIGH:** Those opposite are now denying this suggestion? That is interesting. If those opposite would like to stand up and rebut the member for Goldstein, you would be more than welcome to. God knows, there have been plenty of your colleagues that have disagreed with the member for Goldstein. Indeed, the member for North Sydney has disagreed many a time with the member for Goldstein on the issue of the coalition's black hole. But let me take him to task on this issue of interest rates. It is simply not the case that government borrowing in Australia

drives up the interest rate. The interest rate is set by a combination of factors including the world interest rate. In a small, open economy we typically think of world savings as driving the price of funds and it being driven by the independent central bank. But the suggestion that a modest level of government borrowing affects the interest rate for small businesses is wrong and scurrilous, and it continues as part of a scare campaign run by those opposite.

Those opposite seem to be happiest when they are talking down the Australian economy, when they are trying to reduce consumer confidence in this country. But they cannot change the simple facts. In Australia unemployment is 5.2 per cent, in the US it is 8.3 per cent and in Europe it is now over 10 per cent. Our economy has grown to seven per cent since the GFC. Others have just recovered, lost ground or are struggling to recover.

I notice that members opposite would like to make comparisons with the past. Well, let us do so. When we came to office we faced higher inflation, higher interest rates and higher income taxes than we have today, but we now have a gold plated AAA credit rating from all three major agencies.

*Mr Baldwin interjecting—*

**Dr LEIGH:** And, yes, we have debt, because we know the alternative to taking on debt. The alternative to taking on that debt would have meant hundreds of thousands of Australians thrown on the scrap heap of unemployment. We on this side of the House know what unemployment means, and we will fight to prevent that unemployment. You on that side of the House are clearly happy to have more unemployment in Australia if it means that you can refuse to take on a skerrick of debt. Those on the other side of the House are like a family who, as the floodwaters are rising, say, 'Oh, no, we couldn't possibly put a lifeboat on the credit card; we don't want to take up any credit card debt; let's just let the floodwaters rise.'

When the Leader of the Opposition went to London, he said, 'Australia has serious bragging rights. Compared to most developed countries, our economic circumstances are enviable.' If you want to hear from a more economically literate member of the opposition team, you could have the member for Wentworth speaking to a Liberal Party convention about 'the current success and strength of our economy against the troubles of so many others'. Our economy stands head and shoulders above other developed countries, and it is about time that those opposite stop trash-talking the Australian economy and began to speak honestly with the Australian people about the strength of the Australian economy. It is about time they began to speak honestly about the benefits for Australians and about good economic policies like a profits based tax on mining. A profits based tax on mining is economically sensible, because it recognises that, as mineral prices rise, mining companies ought to be able to afford more taxes going back to the people of Australia. Those mining resources can be dug up only once, and the Australian people are right to demand their fair share of the mineral resources that are theirs. So, yes, we are putting in place a profits based tax on minerals and we are putting in place a price on carbon pollution. These are key economic reforms laying the foundation for Australia's prosperity.

We are raising the compulsory superannuation contribution rate from nine per cent to 12 per cent. Those opposite are going to vote against it, as they voted against the introduction of compulsory superannuation. History proved them wrong then; history will prove them wrong again. At least they have a sense that they are going to be on the wrong side of history with this one, because they have said they will not try to wind it back if they were to win office. They have admitted that the increase in compulsory superannuation is good for Australian workers. It recognises that more Australians should be able to retire in dignity, and higher compulsory superannuation will allow them to do so. These appropriation bills are good economic management, part of the strong economic management that is the hallmark of this government.

In closing, I am pleased to note that the House of Representatives Standing Committee on Economics yesterday discharged the reference of the appropriation bills to our committee, an utterly bizarre reference. I am not sure, in the history of this parliament, whether the appropriation bills have ever been referred to the House economics committee, but those opposite decided that they wanted to play their political games, and the House economics committee has sent back that reference. What would an inquiry look like? Perhaps the member for Wright can enlighten us as to what such an inquiry would have looked like if the coalition had gone ahead with it. Thankfully, cooler heads have prevailed. I commend the bills to the House.

**Mr BALDWIN** (Paterson) (18:45): According to Wikipedia there are around 150 recognised big things of Australia. The big things have become something of a cult phenomenon and are sometimes used as an excuse on a road trip where many or all big things are visited and used as a backdrop for group photographs. Many of the big things are considered works of folk art and are being heritage listed. Tony Abbott was spotted in the lead-up to Australia Day near the Big Golden Guitar at Tamworth for the 40th Tamworth Country Music Festival. That was, of course, the day before the actions of the Prime Minister's office brought the world some delightful antitourism footage of the Australia Day riots. According to the *Australian* newspaper's travel writer Peter Needham, perhaps it is time to build more big things. Whether eyesores or artistic installations, the sight of giant gumboots,

lawnmowers or potatoes livens up a car journey and brings a smile to many. The somewhat bizarre website bigthings.com.au tells us we have about 6.7 things per million people. The figures show that for every million people somewhere between three and 11 big things will be built—that is, a big thing is built for every 90,900 to 330,000 people.

While it is well beyond our capacity to pay, the government is proceeding with plans to build a big thing for every tourist, inbound or domestic. But instead of announcing practical measures that the tourism sector wants, like incentives to build new accommodation stock, Labor will stick a great big new tax at every tourism pit stop around the country. Instead of sensible, practical policies and milestones measuring how Labor is helping tourism move forward, enough policy failures litter the roadside to make Ian Kiernan cry. Since Tourism Research Australia has been eerily silent on the carbon tax since it was absorbed into the Department of Resources, Energy and Tourism, it seems that every major transport and tourism operator I speak to is doing their own modelling on the impact of the carbon tax. Even ATEC has announced \$20,000 for a project to look at how ever-growing passenger movement charges are impacting the costs of holidays.

Last week Qantas CEO Alan Joyce told a Senate committee that about an extra \$6.80 would be added to a flight between Perth and Sydney. If the same passenger flew to Bali, they would get an extra discount without having to pay any carbon tax. 'So what?' you might say. If \$6.80 were your only expense on a holiday, nobody should care. But what is really in store for a typical family on a road trip holiday—let us say from Hobart to Sydney and back? The family would pay extra for fuel used by the *Spirit of Tasmania* to ferry their car across Bass Strait according to CEO Charles Griplas, who told a government business hearing that its fuel supplier, Shell, is yet to determine new prices under the tax. Fuel makes up a quarter of TT-Line's costs. Mr Griplas says his company is investigating several strategies to minimise the impact on fares. This month I am expecting to hear the results of this modelling. Mr Griplas has told the parliament that TT-Line's vessels go into dry dock to receive a superpolymer paint which ensures a better glide on the vessel, which in turn will reduce emissions. Superpolishing propellers is a similar measure. No doubt TT-Line will be seeking the sort of compensation package that Wayne Swan was embarrassed into providing to Quicksilver Group in the last fortnight, and it has every right to do so.

The Prime Minister made no effort to respond to the question in question time last Thursday on the Quicksilver Group's increased fuel cost. This company will pay an additional \$250,000 per annum, which puts pressure on the 450 local employees, to mention but one operator in Cairns, let alone across the country as a whole. It proves she does not understand her own policies and the impact on the Australians she is supposed to lead in their interests. This 6.2c-per-litre impact on marine tourism operators around the country, like whale and dolphin watch operators, ferry operators and fishing charter operators, will have a significant impact on the adventure tourism industry right around Australia—indeed, all tourism operators. But, after the *Cairns Post* ran a damning article about the carbon tax and the impacts on the Cairns Marine Park tourism operators, the Treasurer announced a reduction in the environmental management charge, or EMC, of \$2.50 per reef visitor to offset the impacts of the carbon tax. This serves to acknowledge (1) the huge impact of the carbon tax and (2) that Labor has begun to pick winners. Things get messy, complex and unfair when the government starts picking winners in this way.

I am glad of this assistance to reef tourism operators. As someone who ran adventure tourism businesses in my own right involving the diving and fishing industry, I know how tough it is and how fine the profit margins are. But what will the government do for Port Stephens whale-watching marine tour operators? Where does it leave the *Spirit of Tasmania* ferry operating between Tasmania and Victoria? What will it do for fishing charter operators, not to mention those who rely on fuel for remote electricity generation? What about those land-based tourism and regional aviation companies not compensated? Will they be left high and dry?

The government's attempts to link the carbon tax to temperature increases and reef impacts only serve to highlight the strengths of the coalition's approach. The Liberal and National parties' focus on reducing run-off and limiting fertiliser types would have helped to contain the latest outbreak of crown-of-thorns starfish impacting the reef, whereas the carbon tax will serve no environmental benefit. Furthermore, it is the marine park tourism operators themselves that have joined in the massive effort to contain the outbreak and eradicate the crown-of-thorns starfish—the same operators whose jobs are being put at risk by Labor's carbon tax. This Labor government seems to hide the fact that some \$650 billion will be spent by 2050 buying offshore carbon credits, not spent addressing environmental needs here in Australia that would make a substantial and real difference.

Once our Tasmanian family drive their car off the *Spirit of Tasmania* to begin their road trip on the mainland, they can look forward to paying the carbon tax on fuel after 2014. At the TTF leadership summit in Canberra last year, the member for Lyons stressed that the exemption for private vehicle fuel only has his support for now. Transport accounts for some 14.6 per cent of Australia's greenhouse gas emissions, and 90 per cent of that is private vehicles, so we can expect that the Greens will force Labor to remove this exemption.

If part of a holiday includes regional aviation, the carbon tax is more problematic for those businesses than for the larger operators like Qantas and Virgin. Regional aviation contributes only 0.4 per cent of carbon emissions according to the Brindabella Airlines CEO. They will pass on their \$600,000 to \$700,000 costs to their customers through a ticket price increase of \$6 or \$7. They might levy a further \$12 to \$20 per passenger to cover the cost that Tamworth Regional Council will impose for building new baggage-screening facilities. Sadly, they are also set to lose the en-route subsidy scheme and will continue to pay the cost of sponsoring new pilots from South Africa due to local crew shortages. Brindabella applied a special levy to bring in their last pilot. You cannot endlessly add to the cost of the ticket without affecting demand. This government does not understand that tourism in particular is a price-point-sensitive market. If Tourism Research Australia were allowed by the government to investigate the tourism impacts of a carbon tax, research would tell us that Brindabella Airlines' main competitor on the Newcastle-Sydney leg is private vehicles driving up and down the Federal Highway. Labor's carbon tax on regional aviation encourages the use of private motor vehicles, which for now are exempt. You will get the picture.

Tonight, for good measure, Senator Bushby will ask in estimates for modelling on the carbon tax impact on the tourism sector. I expect the government will, for the third estimates in a row now, avoid tabling research they have held onto since before the clean energy bills were debated. With accommodation providers, tourism transport operators, adventure tourism businesses, restaurants and others releasing information on how much more expensive holidays will be under the carbon tax, I would be surprised if before 1 July we do not see a sample holiday itinerary published with each carbon tax payment totalled with the standard one-week holiday. It is surprisingly complex. If Labor were genuinely worried about the unscrupulous operators using the carbon tax as an excuse to fleece customers, they would publish a sample itinerary. But the government instead have threatened the tourism businesses with ACCC action if they feel profiteering occurs. Faced with this threat, the sector needs the government to explain what costs can be reasonably passed on to its customers. For example, a restaurant meal would cost more because of electricity business input costs; groceries, including supermarket, transport and refrigeration costs; cooking appliances; lighting; vacuum cleaning; restaurant till; and computers. They will all go up. It is therefore entirely baffling that Tourism Research Australia has not researched the most significant financial challenges facing tourism businesses at the moment. Pressure can only grow over the coming months for a guide on holiday costs and by the next election the one million people employed in Australian tourism and hospitality, and anyone planning a domestic holiday, will have a clear choice to make. If elected, the coalition will not proceed with the damaging carbon tax that only advantages overseas airlines and forces small and medium businesses, and in fact all Australian restaurants, hotels and other tourism businesses to pay more for electricity, gas and transport, that will result in job losses.

When the carbon tax was first announced, the Tourism and Transport Forum produced a report that highlighted 6,400 job losses industry wide and agreed to support the carbon tax on the condition of an adequate compensation package for the tourism sector—assistance that never eventuated. In the same report the TTF stated that the net revenue loss for Australian tourism businesses after the imposition of the carbon tax will be \$731 million. In a low-margin, labour-intensive sector this will prove to be a significant impost.

The coalition will rescind the carbon tax which will only add costs to the Australian tourism industry and discourage Australian holidaymakers by adding to their household budgets. Sure, Labor says that household budget impacts on the poorest people will attract compensation, yet the Australian Hotels Association doubts—and I share their doubt—that the recipients are those people who support accommodation hotels by vacationing—again, modelling TRA should be doing.

When asked at additional estimates on 19 October whether TRA has approached Treasury to access its carbon tax model so that TRA can better understand the impact of the carbon tax on the industry, the department answered no. When asked whether TRA had asked Treasury to undertake any modelling on the impact of the carbon tax on tourism industry, the department also answered no. This week, Senator Bushby will ask whether this is still the case or whether the department has begun to show an interest in the effect of carbon tax on the tourism industry.

At the last estimates officers from TRA mentioned the impact that changes in discretionary spending would have on the tourism sector and said that, because there was not going to be a large change in discretionary spending, there would not be a change for the sector. That is quite a claim. What modelling has been undertaken to support this assumption? How can TRA make this claim when it has done no modelling on the impact of the carbon tax and has admitted that it has not even sought advice from Treasury? The sector needs answers urgently on both household budgets of Australian holidaymakers and the cumulative business costs impacting restaurants, hotels, airlines, attractions, adventure tourism operators and other businesses involved in tourism.

Anyone reading media reports will sense the sector's growing frustration. Take those comments by John Lee, CEO of the Tourism and Transport Forum in his media release, 'Tourism envies support for car industry':

Tourism's GVA is \$31.5 billion a year, compared to \$4.5 billion for the car industry, while tourism exports are \$23.7 billion a year, compared to \$3.6 billion.

The car industry has received more than \$12 billion in government support over the past decade and this week has received significant additional funding.

At the same time, Australian tourism is facing the same global challenges as all other industry sectors and tourism remains our only export which is subject to the GST.

And now the government has begun the process of picking winners by paying off the steel industry with a carbon tax assistance package of \$300 million—double the Tourism Australia budget—and, through sneaky backroom payments, by lifting the Great Barrier Reef visitor levy. This is 'game on' for any tourism business expecting some relief.

This government does not understand the effects of its own policy and what the impact will be on any of the one million people employed in the hospitality and tourism sector. There are more employees in this sector than in any other sector in Australia, but instead of getting any financial support, any encouragement, any relief, in fact this government has reduced the funding for Tourism Australia—which already has a low budget. As I said in my speech earlier, the steel industry will get a \$300 million carbon tax adjustment package. Tourism Australia's budget is less than \$150 million and they received under MYEFO a \$6 million cut in their funding. This government talks about saving and sustaining jobs. When you have one million people employed in the tourism and hospitality sector, cutting the budget of the very thing that produces interest and therefore product to Australia does not make common sense. In other words, this government is nothing more than a slave to some of the faceless men in grey suits who dictate who the Prime Minister will be, not those workers out there in the Australian workforce who demand the support of their government. This government provides no support. We hear all the excuses from members opposite, but we hear of no supportive actions for the tourism or hospitality industry in Australia.

**Mr JENKINS** (Scullin) (19:00): It is a pleasure to be able to take part in this appropriation debate. Can I say from the outset that the second reading amendment moved by the member for Goldstein, Andrew Robb, of course does not have my support and it actually gives us the clue to what the coalition sees as important. The member for Paterson in his contribution talked about the carbon tax and the fact that a coalition government, if elected, would repeal it. What a nonsense. What a silly statement from the coalition. I just remind them: if they think that they are going to repeal the carbon tax legislation they will not be able to do it before July 2014. So what they are telling us is that a piece of legislation will come into play in the middle of this year but they are going to say to Australian businesses, 'Live with the uncertainty for the next two years in doing your business.' What a nonsense. Even if a House of Representatives election was held on Saturday, the point is that they would not have the numbers in the Senate until the new Senate is elected and takes its place in mid-2014—and, even then, do they really expect to have control of the Senate?

I highlight this because of my concern about the level of debate that we have seen in this place since the last election. We have an opposition that cannot come to grips with living in a world where there is a minority government in this place that is getting on with the job, that is passing legislation and doing the job. The member for Goldstein's contribution as the lead speaker on the resumption of this appropriation debate was all about negatives, talking down the economy, absolutely distorting facts about the way in which this economy is in a very good state and the way in which this government does have a handle on the economic levers—and that can be seen in any fair critique. It is a waste of a half-hour contribution in this sort of debate for a senior member of the coalition to talk in the way in which the member for Goldstein spoke.

Before returning to the economy I wish to take the opportunity of this appropriation speech to talk about the work of this parliament. I think from time to time we have to remind ourselves that, no matter what people see through the prism of the argy-bargy of question time, there are very many things that take place around this parliament where there is a great degree of cooperation in the national interest. I picked up the December edition of *About the House* and it is replete with articles about the work of House committees that are very positive and that should make those that send us to this place have some confidence that we know we are here to work in the nation's interest. The member for Moreton mentions the front-page article 'Muddied waters: insurance without assurance'. And the member for Wright, as a Queenslander, understands that these are issues that in the aftermath of the Queensland floods are still on people's minds. It is up to us, through the opportunities that we get to debate and through the opportunities that we get to do good work on committees, to make sure that people know we see these things as being important. In *About the House* we have articles to do with the House environment committee's inquiry into boosting protection for the Antarctic and the audit of Australia's diplomatic service that

one of these subcommittees of the joint foreign affairs, defence and trade committee is doing. There is a major article about the problems of flood insurance, previously identified in an earlier report, which have really come home to those who have suffered losses through the floods. I say to members that what we really need to do is see this type of work has been very important and something that we can say to people it is appropriate for the House to do.

The only other inquiry I wish to mention, because it is in the context of yesterday when we celebrated the fourth anniversary of the apology, is the House Indigenous affairs committee's inquiry into Indigenous languages. This is a very important inquiry because language is so important to Indigenous culture. It is the way in which the stories have gone down through time—the dreamtime stories, the association with place. So anything we as legislators can do to ensure Indigenous languages are a protected is important.

On this side I follow the member for Fraser in this debate. The member for Fraser has been celebrated as an acknowledged economist throughout the world. I am pleased to be able to enter into this debate. He made the valid point that the strength of the Australian economy is acknowledged throughout the world. Yet if you sit in this place and listen to question time and contributions to a debate like this, the coalition have not got it in them to acknowledge that. Instead we have silly stunts that try to emphasise things that are out in the media and say these are distractions to the government. If the government were as distracted as people believe, we would not be having the economic results that we see in Australia.

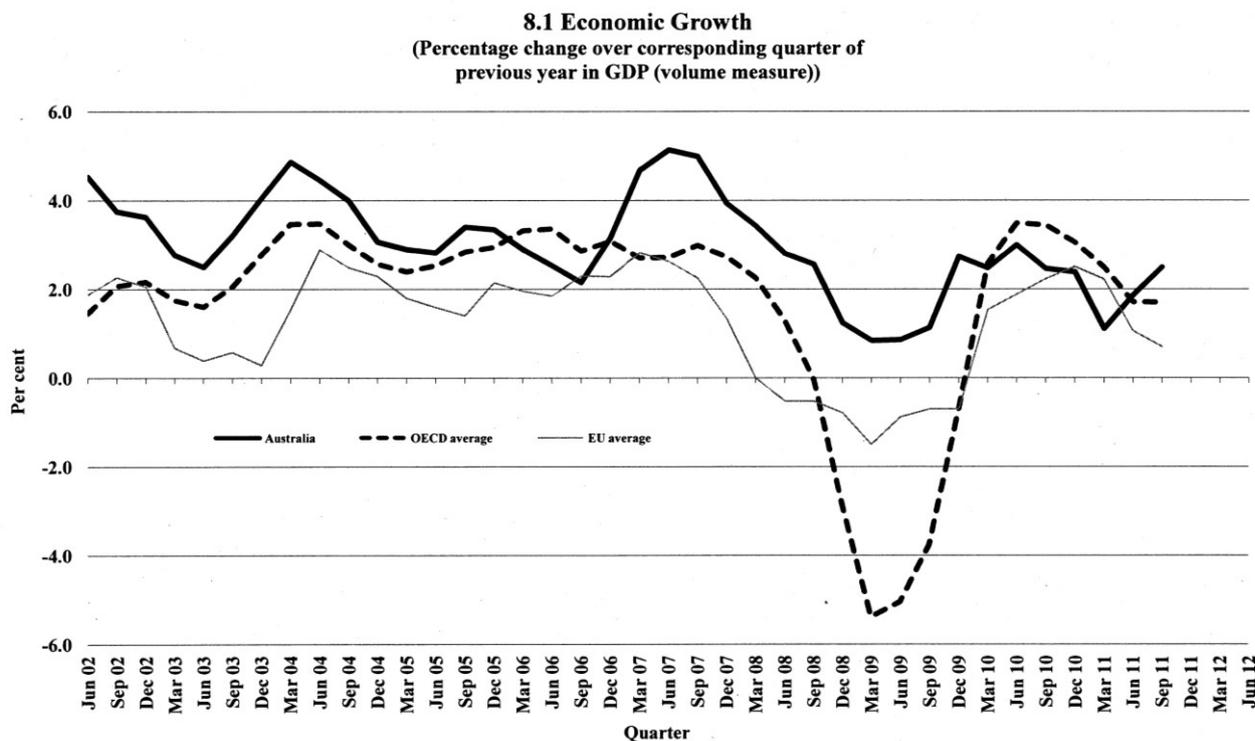
Mr Deputy Speaker, as you are so aware, the strength of the Australian economy was shown in our performance through the global financial crisis that became a global economic crisis. I refer to table 8.1 entitled 'Total Economic Growth' from the Parliamentary Library's monthly series that is now available as an e-table. I seek leave to have this table incorporated in *Hansard*. I spoke to the person on duty for the opposition previously and I hope that I am able to get leave.

**The DEPUTY SPEAKER:** Is leave granted?

**Ms MARINO** (Forrest—Opposition Whip) (19:08): Out of respect for the former Speaker and his previous role, I accept it. But in my four years here I cannot recall this courtesy having been extended to a member of the opposition.

Leave granted.

*The graph read as follows—*



**Mr JENKINS:** What this graph shows clearly—and this is why I have asked that it be incorporated in *Hansard* so people can look at it—is that Australia did not go into recession but performed well. The graph compares Australia to the OECD average and the EU average, which, as we can see from the graph, troughed out. The other thing I want to emphasise is that if this had simply been a result of things that the coalition had done, and those things alone, that does not explain the different performance of the Australian economy compared to those other two sets of data. There is similarity in the run-up to the global economic situation and a completely different performance afterwards.

If those opposite are concerned, I place on record and have said in the opportunities that I had over the last four years, not in this place, that our performance during the global economic crisis was as a result of decisions of three governments: the Hawke-Keating years that took hard decisions; the Howard-Costello years, when—I might be described as being mealy-mouthed to say they could have made even more decisions—they were the stewards of the economy; and then, it has to be recognised, under Prime Ministers Rudd and Gillard and Treasurer Swan. It is not as if a government does not do anything that affects the economy, so I think we should give credit when a government can see those types of indicators of the performance of our economy.

Much can be said about these macrofigures and they are very important. We should look at them. We should analyse what it means. If we look at the performance of household savings that are now creeping back up, if we look at the ratios of household debt, which increased dramatically over the years from the late 1980s through to about 2004 and have now plateaued, we see a steadying out such that people can have confidence in the way they have control over their household economies. We should not look to the naysayers who say, 'Well, during the term of this government everything has gone awry.' If you look, for instance, at the Parliamentary Library's graph on household debt ratio you will see that it increased throughout the Howard-Costello years.

If these things are important for the confidence that people have in their economy, we should be talking about them. I have looked at the unemployment figures in the electorate of Scullin over the four years of Labor governments since 2007. In September 2007, in the three statistical local areas, unemployment in Whittlesea South was 5.1 per cent, in Banyule North it was 2.7 per cent and in Nillumbik South West it was 1.8 per cent. Now, for the September 2011 quarter, Nillumbik South West is still at 1.8 per cent and Banyule North has decreased to 2.6 per cent. Whittlesea South SLA has been replaced by Whittlesea South East, which is at 3.6 per cent, and Whittlesea South West, which is at 7.6 per cent.

That is what people in their day-to-day lives are looking for—the type of leadership that the government has shown to keep people in jobs, to increase the number of jobs as population increases, and to ensure that everybody throughout Australia has access to the things that make the economy tick over. Mr I am proud that I can stand in this place as somebody who has the great honour to represent what is described as a safe Labor seat and say that, over the last four years, the electorate of Scullin has got its fair share of federal programs. The federal programs have been above board, they have been transparent and they have given all areas of Australia the opportunity to put their hand up. Those that are going to be in partnership with us, whether they are non-government organisations or local government, also have the opportunity to do that.

To have \$101 million allocated to 89 projects in education facilities in the electorate of Scullin is really big. Some of those schools had not had anything done to them in a major fashion since the seventies. When you go to those schools, they know the mealy mouthed criticism of a school halls program is hollow. They know the importance to the opportunities that their kids will get by the way in which the federal Labor governments under Prime Minister Rudd and Prime Minister Gillard have given opportunity to all Australians in education and by the way in which we have indiscriminately made sure that everybody gets an opportunity to share that benefit. I say to members that the appropriation bills should be passed without amendment. (*Time expired*)

**Mr BUCHHOLZ** (Wright) (19:15): Before I speak at length about appropriation bills 3 and 4, you may recall that earlier the member for Fraser asked a question as to why the bills were referred to the economics committee. I, being a lowly rank backbencher, am not privy to those conversations in Cabinet or wherever they come from as to why the bills were sent to economics committee. But I can only assume that potentially maybe it was a trust issue? I think that last session the appropriation bills 3 and 4 were a vehicle to lift that debt ceiling from 200 to 250, buried deep in the documents. Maybe their logic in sending them to us was to highlight the amount of money that is going towards the clean energy bill. There is a substantial amount of funds allocated to that in the bills in those line items. Maybe it was a vehicle to highlight to the nation bills that we oppose—just how much this thing is going to cost. But without being privy to those discussions higher than I, I can only hypothesise.

I rise to speak on Appropriation Bill (No. 3) and Appropriation Bill (No. 4). The first point I feel I ought to make is that these appropriations are perfect examples of the sort of creative accounting that the government uses to protect its estimates for a surplus in 2012-13. Earlier this year, I wrote an op-ed about the Clean Energy Finance Corporation, in which I discussed the highly questionable practices of hiding funding for government projects off

budget. I confess that when I first heard the phrase, I did not know what it meant. How can something be off budget? I run a sizable transport interest in Queensland and it was not a practice known to me with our internal accounting procedures. I sat on a number of boards, and off-budget practices were not something that I saw in the corporate boardrooms. I was a corporate banker and specialised in agri-finance. I had a little knowledge of what an off-budget expenditure was. I find it hard, even today, so that is why I wrote about. How can you tip \$18 billion into the NBN and another \$10 billion in the Clean Energy Finance Corporation and not have to account for it in a budget just because you have got a hunch that it might make a return on an investment one day?

Every investment property in this country was purchased because someone hoped that they would make a return on their investment one day. You just cannot exclude the mortgage from your budget because you reckon the prices are going to go up. You just cannot disregard the payments on a wish and a prayer. The debt is there. The debt really counts. It will be a fact when it comes time to borrow again, hunch or no punch in the family budget. We have seen how much that hunch looks. In the case of the NBN, the company had such strong fundamentals that the government had to force any potential competitor to rip their cables out of the ground. What a great investment it must be and how excited we should all be to be part of it. 'Meet the NBN' is giggled at around the world with its costings per head. It is extremely expensive when it comes to world standards.

But getting back to my concept of spending off budget: how many mums and dads out there do you reckon would be able to keep huge chunks of their debt off their ledger? How many businesses do you think out there would be able to keep huge parts of their debt off their ledger?

**Ms Marino:** We cannot.

**Mr BUCHHOLZ:** I cannot. No. Imagine taking the theory to your bank manager and saying, 'Well, I will borrow a huge pile of money and I am going to buy a race car, but I do not really consider it a debt because in a number of years my child is going to make millions of dollars as a race car driver. So it does not sit as a debt on my ledger.' How do you reckon that would go down?

The important thing to remember is that, if it were not for the neat accounting trick of hiding stuff 'off budget,' there would be no real surplus.

The second thing that this bill does is to provide clear evidence of Labor's lack of understanding regarding its debt problems, and it highlights the need for greater due diligence in relation to government spending. Of the \$3.1 billion being sought across the bill a full \$1 billion is going to the department of climate change to provide cash payments to coal fired power stations to assist in transition to the carbon tax. I could go on about the carbon tax, but I will not because I do not want to get it confused with this appropriations bill. The carbon tax spending could not come at a worse time. It will exacerbate recent blowouts in the government's budget deficit estimates and net debt.

How do you think other countries—America and the European Union—got into trouble in the first place? There is a common thread that they all got themselves into. It was basically too much debt. There have been comments made in this chamber that our debt ratio is only eight per cent. It could be whatever figure you want. The theory is that debt is relevant to your capacity to repay. At the moment there is no capacity for this government to service that mere eight per cent. Testament to that are the structural deficits. The important thing about a surplus is that the money you make in the surplus can actually go to paying wealth debt. In 2008-09 there was \$27 billion deficit. In the 2009-10 period there was \$54 billion. In the 2010-11 period there was \$47 billion. The government is \$167 billion in deficit.

Last week the gross debt increased by \$3 billion bringing the total market value of Australia's debt to \$224 billion with the current debt ceiling being set at a face value of \$250 billion. The government needs to commit to bringing any further debt limit increase to the parliament for frank and open debate. I do not think that pushing through appropriation bills for increases in the debt ceiling will be a practice that will be encouraged in the future. I mention this because, when it comes to hiding increases to the debt limit, this government has got form. Last year they snuck an increase to the debt ceiling into the middle of the budget appropriations, as I mentioned earlier, thereby preventing debate. I cannot imagine why they would be scared of this debate unless it is because they know that, when it comes to matters of money and matters of debt, they have no credibility.

When it comes to credibility, as leaders in this room, the Australian people need to believe what we say. We continually erode the Australian public's capacity to have faith in politicians when we have comments from the Treasurer of our nation talking before the election about commitment to the carbon tax. On 12 August on the *7.30 Report* the Deputy Prime Minister Wayne Swan was asked about the issue of carbon tax and his response was:

We have made our position very clear. We have ruled it out.

They said one thing and did another thing. It comes back to credibility. On 15 August on *Meet the Press* on Channel 10 the journalist asked Wayne Swan:

Can you tell us exactly when Labor will apply a price to carbon?

Wayne Swan's response was:

Well, certainly what we rejected is this hysterical allegation somehow that we are moving towards a carbon tax ... we certainly reject that.

You cannot interpret that any other way. Those comments affect the government's credibility.

**The DEPUTY SPEAKER (Dr Leigh):** Order! The member for Cunningham.

**Ms Bird:** Mr Deputy Speaker, I seek to ask a question of the member.

**The DEPUTY SPEAKER:** Does the member wish to answer a question?

**Mr BUCHHOLZ:** Sure.

**Ms Bird:** I would seek an indication from the member if he has heard the term 'core and non-core promises'?

**Mr BUCHHOLZ:** Sure. You will get a time to speak in a moment and then you can go home. I have not finished talking about credible comments. Julia Gillard in 2004 said of the health insurance reforms that are on the table at the moment:

Labor is committed to the maintenance of this rebate and I have given an iron clad guarantee of that on a number of occasions. She also said in 2004:

I grow tired of saying this—Labor is committed to the 30 per cent private health insurance rebate.

At the moment we are debating that very thing on the floor of the House. I have had a quick look through the 2010 policy on health. There is nothing there that speaks about the Labor Party's walking away from its commitment to health reform. So I must admit I was astonished when the Prime Minister said that she wanted to make this year about the economy because you would think that she would have tried to shift the conversation to an area of strength, not to where we are at the moment.

On the subject of economic credibility, there is no better example of Labor's wrongheaded approach to economic policy than the Infrastructure Employment Projects Program job fund. It was set up more than 12 months ago at a cost of \$150 million and it has not created a single job. In fact, for the first time in 20 years last year there was no jobs growth in Australia at all. Last week, when the Leader of the Opposition asked simple questions about aluminium jobs, the response of the Prime Minister was, 'Well, we've got a \$3½ billion fund.' This goes to the heart of Labor's problems on economic policy. There is no point racking up record debt or implementing record levels of taxation if you are just going to tip it into poorly thought out funds and do not deliver on the stated objectives. You might as well pour water onto sand.

Trying to boost the economy with billions of dollars of debt is like trying to jumpstart your billycart. The billycart does not need electricity; it needs momentum. The same applies to the economy and the best way to get momentum into the economy is to create conditions of prosperity. That means growing the economy. It means giving employers an incentive to make money and, therefore, to spend money and to continue to grow. This creates jobs. That creates growth. That creates prosperity. We know about this sort of stuff because we have done it before. When we left office in 2007, unemployment was at four per cent and we had a budget surplus. Labor is now revelling in a 5.2 per cent unemployment rate because we are better off than the Greeks, the Irish and the Spaniards.

**Mr Perrett:** And the Americans and the French.

**Mr BUCHHOLZ:** And the Americans. I am glad you raised that. What is the point of comparing yourself to the slowest runner in the race? We have heard a lot about the Asian century, so let us compare ourselves to those economies. Greece, Spain, Portugal and Italy are not our competitors. We do not trade with them. The only reason to compare ourselves with them is that it makes us look good. Now that Tiger Woods has gone off the boil, you do not think that he is suddenly comparing himself with guys on the feeder circuit. No, he still compares himself with the elite players so that he can lift himself up. That is what people do when they want to improve.

This government is taking the approach with economic rationalism that it is fine to wake up in the morning and drink a tallie of beer because other nations are waking up in the morning and drinking a bottle of scotch. Both of them are wrong. The trajectory levels of debt cannot be sustained. They are at eight per cent at the moment. The real question has to go to curbing expenditure. The simple fact of the matter is that Labor's track record on the economy is appalling. Just have a look at its current deficit estimates.

**Mr Perrett:** AAA rating.

**Mr BUCHHOLZ:** We were meant to have a \$12 billion deficit and then a \$22 billion deficit just after six months and then to turn it into a \$37 billion deficit. Labor has managed to preside over a \$15 billion blow-out in the last six months.

I take that interjection that referred to our credit rating. I loved that. To have that AAA credit rating is a good thing. However, I think it is a big call for the government to be making these assumptions that it is due to fiscal responsibility, fiscal prudence. Do you think that 100-year terms of trade and the demand out of China for our resources—our coal on the east coast and our iron ore—might have something to do with the strength of the economy?

**Mr Perrett:** So nothing good is our responsibility but everything bad is?

**Mr BUCHHOLZ:** No, I give some credit to the government for some of the stuff. If you are going to take anything constructive out of this, take away the fact that there needs to be some curvature in the expenditure. There is a lot of waste and a lot of mismanagement out there. If you are genuinely impressed about the economy, get in and tidy it up while you have the opportunity, because with the way the polls are I do not know how long the Labor government is going to be there for.

I did have some other points here that I want to speak to with reference to how this affects the man on the street, but I can leave you with a closing comment. It is from a bloke that employs 80 people in my electorate. His comment to me the other day about the economy was, 'Scotty, it is tough out there and I have never seen it as tough.'

**Ms BIRD** (Cunningham) (19:30): Can I open by thanking the member for Wright for his goodwill in taking my question. He did not answer it, but I will let that pass. I definitely remember terms like, 'Well, that was a core or non-core promise.' I remember terms like, 'Do not believe anything unless I have written it down.' So it is interesting that he placed so much emphasis in his speech on the reliability of people's words before and after elections. A bit of history would not go astray there. Certainly I think the member raised his genuine concern about debt and the ongoing issue of debt in the economy, so I would seriously encourage him to have a good chat with his leader and his shadow Treasurer, because they are running it up much faster than we are. So he might want to take those concerns to them as well.

I rise to support Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012. Appropriation Bill (No. 3) seeks to appropriate \$2,828 million to a particular range of projects from the budget and the MYEFO, and Appropriation Bill (No. 4) appropriates \$341 million, again to go towards a number of projects. I want to briefly cover the programs that those appropriations are covering, but I will use most of the time to talk about a particular one of them and the importance of it to my local area.

These measures are to fund a range of initiatives, particularly around the clean energy initiatives of the government. We will be using part of the funding for the energy security fund. This is transitional assistance to highly emissions-intensive coal-fired power stations. That is the cash assistance allocated through free permits. The government will provide loans to these emissions-intensive coal-fired power stations to provide additional working capital for the future vintage carbon permits at advance auctions.

Some of it is also going towards the Clean Energy Regulator. This is funding over four years to establish a Clean Energy Regulator, with the task of administering the carbon pricing mechanism. The regulatory functions will be under the National Greenhouse and Energy Reporting System, the renewable energy target and the Carbon Farming Initiative, which are all to be brought under that particular regulator.

The third Clean Energy Future component that these appropriation bills will cover is the one that I want to come back to. It is to do with supporting jobs in the coalmining industry, an issue of particular importance to my own region. I will deal with that in a little more detail. The fourth initiative is the Biodiversity Fund, which is creating opportunities on the land under a clean energy future. This is funding over six years to establish the Biodiversity Fund. It will support the establishment, restoration, protection and management of biodiverse carbon stores and is an important part of the overall Clean Energy Future package.

There is also funding under these appropriation bills for extractive industry activities. In particular, there is funding for five years to support the management of extractive industry activities, particularly—as will be of interest to people in the current circumstance—coal seam gas and major coalmining developments. I note today that there are some pleasing announcements about progress on a national position on coal seam gas, made by our minister. This measure will aim to build scientific evidence and understanding of the impacts on water resources from coal seam gas extraction and large coalmines, an issue of particular interest to communities at this time.

There is also funding for official development assistance, through Australia's contribution to the Horn of Africa drought and famine. I know many members of this House on both sides have spoken on the importance of our contribution to addressing the drought and famine in the Horn of Africa. This is additional assistance for the 2011-12 year to that particular effort by the United Nations High Commissioner for Refugees and the World Food Program. It is predominantly in the form of food rations and shelter.

There is a further contribution under official development assistance for the Mining for Development initiative of the Commonwealth Heads of Government Meeting. This is appropriation for four years to establish an international Mining for Development centre. It will provide scholarships through the Australian Mining Prospect Awards program and build regulatory and administrative capacity in Africa. It is a new example of a long and excellent tradition of developed nations using scholarships to provide a form of interrelationship between developing and developed nations—a very good initiative.

Under the 'helping households' component of the Clean Energy Future initiative the government will provide, through these bills, assistance to households to meet the additional costs associated with the carbon price. This is in the form of payments to families with children, to aged and other pensioners and to people with a disability. Also of current significance to many people, as many of us have seen in emails from our electorates, there will be business assistance under the live animal exports component. The government intends to support eligible businesses affected by the temporary suspension of live cattle exports to Indonesia and to improve animal welfare outcomes. The assistance package provides a range of incentives to provide support and assistance to businesses in that particular situation.

It is important to note that the government will also provide assistance over four years to improve animal welfare outcomes in the official development-assistance-eligible countries. So there are some important initiatives in that area as well. I also want to acknowledge that there are a range of other initiatives. I do not want to go into detail on them all. One initiative relates to the Tasmanian forestry industry, although I would acknowledge that it is not something I am particularly familiar with. That industry is of significance to people from Tasmania and to the nation more broadly. There will also be some emergency assistance for Norfolk Island.

The reason I particularly wanted to support these bills is that these appropriations cover the initiatives under the Coal Sector Jobs Package. The Coal Sector Jobs Package is part of the government's Clean Energy Future plan. The package provides assistance to existing coal mines that had fugitive emissions intensity above 0.1 tonne of carbon dioxide equivalent per tonne of saleable coal in 2008-09. Members who are familiar with the industry would appreciate that in the Illawarra this covers a vast number of coal mines. They are all underground mines and all affected by fugitive emissions. Assistance will be based on the levels of an emissions intensity of production. Payments will be subject to a cap and based on production levels, the higher of 2007-08 and 2008-09 levels. A Coal Mining Abatement Technology Support Package is also being introduced to support research and development and the deployment of abatement technologies in the coal industry. The package is expected to assist coalmines in Queensland, the Hunter and the Illawarra and will be funded over six years.

The Illawarra coal industry, according to the New South Wales Minerals Council's key industry statistics for 2011, employs 5,638 people across our local region. That represents an increase of nearly 1,000 miners compared with the 2010 figures and nearly 2,000 additional jobs in the industry compared with the 2009 figures. The Illawarra region operates eight coalmines, most of which operate in my electorate and that of my colleague the member for Throsby and employ people from across our region. Most of the coal produced in the Illawarra is used at BlueScope Steel at Port Kembla, which is also located in my electorate, and the rest is exported through the port of Port Kembla. Illawarra Coal, the biggest coal producer in the Illawarra, have recruited 160 graduates and apprentices over the last six years who have been offered training and development through those programs. More than 300 Illawarra businesses supply products and services to Illawarra Coal. They generate up to \$350 million in local household income. It should be acknowledged that last year the company played an important role in helping retrenched employees following the BlueScope Steel decision to restructure its operations. Illawarra Coal, like all the other coal producers in my region, have very strong community links, and I am pleased to say that they are making those even stronger.

According to figures compiled by the Illawarra Regional Information Service, IRIS, in its December 2011 quarterly profile of the Illawarra, production in coalmines increased from 12.9 million tonnes to 14.8 million tonnes—that is, a 15.3 per cent increase. IRIS has also predicted that as part of the regional investment pipeline, worth nearly \$3 billion, mining investment was worth \$500 million of that. The feasibility study into the completion of the Maldon-Dombarton rail link, in which this government has invested \$25.5 million, is in its engineering stage. It relies on the production of coal to help make the project viable.

There are many in the clean energy debate who wish to dismiss coal as not being part of the future. We do not see that to be the case. Coal has a part in the future because it will remain a chief source of energy supply, particularly in the developing world. More importantly, technology and innovation should be deployed to ensure that coal is used more efficiently. That is what the Coal Sector Jobs Package is about, and that is why it is important to a region like mine.

It should also be acknowledged that the coal industry in the Illawarra is of significant importance in the production of steel and that it retains an important role into the future for our region. It is a significant and

important employer, a significant and important part of our history and, I believe, part of our future. This appropriation bill seeks to provide that assistance through the Coal Sector Jobs Package. It is an important part of our Clean Energy Future package. Moreover, it is an important part of that package for our region. For that reason, as well as the many other important initiatives I outlined under the appropriation bills, I would encourage members of the House to support the passage of both of these bills.

**Mr McCORMACK** (Riverina) (19:42): May I at the outset take issue with the member for Cunningham, who talked of the assistance package for those in the live cattle export industry which is part of these appropriation bills. The assistance would not have been necessary had the Prime Minister not, in a knee-jerk reaction, shut down the industry in the first place. Nothing will reimburse the people—those hardworking people in Western Australia and the Northern Territory—for what they lost when the Prime Minister had that knee-jerk reaction. Nothing will put the industry back to where it was before this dreadful, stupid decision was made on the whim of a television program which was dubious at best. No-one wants to see animal cruelty, but no-one wants to see an entire industry brought to its knees to appease the sensibilities of the noisy minority.

One way—the best way—to describe Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012 is 'money bills to fix up Labor's mess'. This is what these bills represent: a request by the government to draw down funds on the public account. The front page heading on the *Australian* newspaper said it all yesterday: 'PM losing battle over economy'. Yet, while the economy falters, businesses close, farmers struggle and regional towns die due to this government's ineptitude, what does Labor do? It ramps up the attack on the coalition in an internet advertisement, using selective quotes and more political spin, rather than doing what a government ought to be doing—governing for the good of the nation and the good of its people. How much did that ad cost? Who is paying? Probably hardworking union members whose fees should be spent on something more worthwhile than Labor propaganda.

This government has failed to ease financial pressures on Australian families. Every day, in every way, this Labor government has let people down and let them down badly—very badly. It will continue to let people down for as long as it ploughs ahead with policies which hit the hip pockets of ordinary, everyday Australians: Mr and Mrs Average. This is a government which continually talks about economic credibility. This is a government which drones on about its jobs record. Labor cannot, however, justify any claim whatsoever to sound economic management. Its fiscal record is poor—pathetically poor.

*Mr Perrett interjecting—*

**Mr McCORMACK:** The member for Moreton can complain all he likes but he knows as well as anybody on his side how poor Labor's record is when it comes to handling the economy. As the opposition leader pointed out on the first day of parliament this year during the matter of public importance debate, Labor inherited \$70 billion worth of Commonwealth assets and a \$20 billion surplus and yet has produced the four biggest deficits in Australia's history. Yet last September, the same Treasurer who oversaw those four deficits was named world's best Treasurer by *Euromoney* magazine. What a farce! Even allowing for the global financial crisis—which, granted, did sap economic confidence the world over—Labor has failed miserably.

Labor inherited a government with no debt. In fact it actually had \$70 billion in net assets. This government's wasteful and reckless spending has now racked up a record debt of \$200 billion and it is paying nearly \$20 million a day in interest. The result of this mismanagement is increased taxes, cuts to family benefits and a lack of business and community confidence. This is certainly so in regional Australia.

In Senate estimates yesterday the government admitted that Kevin Rudd's decision to abolish the Pacific solution and temporary protection visas has increased costs to taxpayers, with the Department of Immigration and Citizenship's budget blowing out by more than \$1 billion a year since Labor was elected. The costs of running the department of immigration were \$1.6 billion in the last year of the Howard government. Now, under Labor, these have grown to more than \$2.7 billion. It is not surprising to learn that department officials reported that the key reason for this increase was the growth in cost for managing asylum seekers. Across the entire immigration portfolio, and not including last year's blowout, the increase for the four years to 2014-15 is \$759 million. This is \$559 million, or almost three times more than the \$197 million the Treasurer and the immigration minister told taxpayers the bill would be for immigration when they released the Mid-Year Economic and Fiscal Outlook 2011-12 for this period just last November.

How can Labor be so laissez-faire with taxpayers' money? They have blown out their estimates in just two months by almost \$560 million. If—and it is a big if—Labor's immigration policies were working, you could almost be forgiven for saying, 'Oh well, keeping our borders protected is an expensive operation.' But, when the Howard government left office, there were just four illegal boat arrivals, all adults, in detention—just four people. As at 31 January 2012, there are 4,783 in detention and 1,600 in the community. That is Labor policy at its

unworkable worst. A government's first priority is to protect its borders, protect its people. Labor has failed to do so and will continue to fail unless the Prime Minister acknowledges that the Howard government policies worked and implements the Nauru solution.

Labor has also wasted more than \$1 million of taxpayers' money with department of climate change officials revealing the government has paid a consultancy firm to provide public feedback on the carbon tax. Good money, I suppose, if you can get it. This absolute waste of taxpayers' money on market research is almost unbelievable; except that we know how out of touch Labor is with the Australian public.

First and foremost, the Prime Minister promised that there would be no carbon tax under the government she led. Therefore, it must come as no surprise that the Australian public does not want this tax. There is certainly no need to have spent \$1 million finding this out. Labor should have listened to the public from the start. But 'Labor' and 'listening' are two words which do not belong in the same sentence; unless of course the quasi-Prime Minister, Greens leader Senator Bob Brown, is doing the talking and has the ear of Julia Gillard.

It is not just the public that Labor is not hearing. Labor has also ignored warnings from its own climate experts that Labor's Global Carbon Capture and Storage Institute is an unnecessary waste of money. It has been reported that Peter Cook, the recently retired head of the Cooperative Research Centre for Greenhouse Gas Technologies said in a 2008 letter to then Prime Minister Kevin Rudd that the Global Carbon Capture and Storage Institute was a mistake, unnecessary and that the money could be saved by building on existing organisations. This is \$315 million of taxpayers' money being thrown away against expert advice. This blatant disregard for unnecessary spending only serves to highlight the Labor government's complete vanity project—which has been ignored by every other country—and its desire to pat itself or Senator Bob Brown undeservingly on the back.

The Department of Agriculture, Fisheries and Forestry has also been splashing out on consultants. In particular, \$77,627 was spent on consultants to inform the department how to remove the agricultural sector's aspirations and needs from the department's mission statement. Can you believe that? The department now has a mission statement which is so pathetically politically correct that it does not resonate with the sector it is supposed to protect. This almost \$80,000 identity-branding exercise resulted in the department being left with no distinct identity at all.

As a country, our identity is sculpted from the agricultural sector. To remove this department's identity is like removing who we are as Australians and where we have come from. But this is hardly surprising. A government without a cabinet minister living in regional Australia—real Australia—is a government with no concept of the throb and the pulse of the nation. Regional Australia is the lifeblood of this country. It nurtures the nation. It sustains it, keeps it fed. That being so, the agricultural sector is not even on Labor's radar—unless it is cutbacks, of course.

It would seem that a number of departments are having identity issues. The Department of Climate Change and Energy Efficiency is also shelling out big bucks for consultants to help the department with its brand identity—more tealeaf readers. It is questionable why the department is undertaking a new branding exercise; but even more questionable is why the contract, which runs from 30 November 2011 to 30 June 2012, has blown out from \$41,167.50 to \$200,000. It seems highly plausible that this is another Labor backdoor attempt to have the public fund its desperate advertising attempt to sell the unwanted carbon tax. This is advertising which the Auditor-General has been highly critical of—spin, spin and more unnecessary spin.

The Building the Education Revolution projects are yet another scheme which appeared to be of benefit to schools and students, but in true Labor style has resulted in more waste, more mismanagement, rotting and price gouging. In my electorate of the Riverina, \$280,000 was spent on a library for Mangoplah Public School, which was completed last year. However, with no enrolments for 2012, the school is in mothballs, and sitting on the site is \$280,000 which could have and should have been used elsewhere.

Private schools which managed their own BER finances built value-for-money multipurpose centres and the like, using local tradesmen; whereas local schools had to make do with a one-size-fits-all approach, with outside contractors and projects with price tags which were unrealistic. Little wonder many people in my electorate refer to the BER as the 'builders' early retirement'. What it did do, however, was widen the gap between private and public schools. Parents of children in public schools drive past big new rinky-dink multipurpose halls at, for example, Catholic schools, and look on with envy, then drop off their kids at their local public school, which has a project which might have cost more yet pales into insignificance by comparison. Maybe that is what Labor wanted.

Just like the misnamed Fairer Private Health Insurance Incentives Bill—class warfare by any other name. Labor purports to be robbing from the rich and giving to the poor. But they are no Robin Hood; let me assure you.

Robbin' by hoods is more to the point. The BER is yet another example of this government's complete incompetence with finances.

The absolute tangle of red tape and bureaucratic waste is highlighted in the government's administration of the set-top box program. Almost a quarter of the \$308 million to put set-top boxes in pensioners' homes was spent on administration. Can you believe that? The Department of Broadband, Communications and the Digital Economy received \$24.5 million for the extremely vague 'department costs' and to manage the program. Centrelink received \$42.2 million to assist in administering the household assistance program. All up, the government is having set-top boxes installed for \$350 each. But I made a phone call tonight to Harvey Norman at Wagga Wagga, and they can do the same thing for just \$99. That is \$49 for the converter and \$50 to have someone go around to the person's house to set it up. Therefore, Harvey Norman can install three for less than the price of one of the government's.

In yet another blunder by Labor, taxpayers are still owed millions of dollars from the disastrous \$2.5 billion Home Insulation Program linked to at least four deaths and more than 200 house fires—as tragic as that is. As Senator Simon Birmingham stated last year, this was clearly an 'unmitigated disaster'. The government ignored countless warnings.

The Green Start program, another abandoned Labor scheme, has also left the taxpayer footing a \$30 million bill. It is a disgrace. By abandoning the scheme, Labor had to compensate 10,000 assessors who were left without work or had undertaken training to do a job which no longer existed. Just when it seems that Labor's spending could not get more frivolous, we learn that AusAID has spent more than \$110,000 for foreign aid workers to learn, wait for it—martial arts. The justification being that it allows workers to perform duties safely while working abroad. It also appears that Labor has been using taxpayers' money to assist its friends in the unions; probably no surprises there. In recent federal budgets, Labor has granted \$20 million to the unions. In the 2010-11 budget, \$10 million was given for a Trade Union Education Foundation grant; in the 2011-12 budget, \$10 million was granted for educational resources to membership.

This is simply unacceptable. Taxpayers' money should not be handed over so freely to the unions, especially when it appears that there is no accountability over the funds being used as directed. Labor is spending money at an unprecedented rate and its economic malaise is hurting Australia. It is hurting families and hurting Australian workers. Instead of curbing its spending by cutting back some of the wasteful schemes, or the kung fu lessons, Labor is instead passing on the cost to the Australian people in the form of taxes or by taking away private health insurance rebates. Labor's mismanagement is costing Australians now and it will continue to cost Australians for generations to come.

What Labor could do is actually roll out some of the \$5.8 billion set aside by the coalition for water savings infrastructure. So far, this money has been drip-fed to people and to irrigation corporations who could really utilise it to make the sort of water savings that could help the environment. We all want a healthy river system, and no-one wants a healthy river system in the Murray-Darling Basin more than the farmers who help sustain this nation, who grow the food to feed this nation. Our farmers in Australia are the best in the world, make no mistake. Labor might not recognise that, because the Prime Minister does not ever mention the word 'farmer' in question time, in matters of public importance or in any of her speeches. She never mentions the word 'farmer'. But they are important and they need water to grow the food to feed this nation and, more importantly, to feed other nations which do not have the resources and the wherewithal to grow food to feed their people. We have a responsibility as a nation in the Pacific to do that for them. But, so far, only several million dollars has been spent out of this \$5.8 billion set aside for valuable water saving infrastructure which could be used to help on-farm and off-farm water savings, which could then go into the river system and provide the sort of water that could help the environment. But that is not being done. Labor needs to roll out the money and it needs to roll it out now.

**Mr RIPOLL (Oxley) (19:57):** It is a pleasure to have an opportunity to speak tonight about a range of issues. I particularly want to bring forward a positive approach on some of the really great things about Australia, about the Australian economy, Australian people and Australian business and about the way that Australians generally conduct themselves not only in the domestic market but also in the international markets. I think there is a great story to tell and everyone in this place has some responsibility to remind Australians just how lucky we are. This really truly is the lucky country.

There is no era that best demonstrates the luckiness that I am talking about than this era. I firmly believe that, not since the 1950s, the golden era of riding on the sheep's back, have Australians been in a better position. When you compare us internationally, when you look at all our competitors and at our region, when you look at any other comparable economy you can see just how lucky we are. Sometimes that can be lost on people because you hear so much negativity. You hear so much of the bad news that sometimes you forget that there is actually some good news out there and good things.

Tonight I want to talk about that positive agenda. I also want to talk about the good work of the Gillard government, in particular the work we have done over the past four years since we won government in 2007 to help drive the Australian economy and keep people in jobs. I want to talk about how we managed to do that through the global financial crisis and some of the most critical economic conditions that the planet has seen probably ever, historically. I want to talk about how Australia has managed to not only keep its head above water but keep its head well above water and actually do well.

I think the hallmark of any modern economy can probably be found in a whole range of things but, for me, it is two very important things: productivity and innovation. I think those two things really are the central pieces of the economic puzzle that drives any country. Much has been said in Australia about the mining boom and its effect on the Australian economy. I just want to remind people that, while mining is very important in terms of our exports and a whole range of things for our economy, it is not the only part of the economy. To some people that might come as a surprise. As an example, as an employer the mining sector employs only 1.5 per cent of Australians. Where are all the other Australians employed?

They are employed in manufacturing and retail and key sectors of the economy. There are more people employed in the financial services sector than in all the mining, energy and resources sector—oil, gas, coal, iron ore and so forth. So there is a great story to be told about the Australian economy apart from just mining and those things.

The task of any good government, any prudent government, particularly in terms of economic management, is to nurture and ensure that the nation is well placed to take advantage of boom periods such as we now have in mining and resources. But how do we go beyond that? How do we ensure that jobs in the Australian economy are future proofed? How do we ensure that people will have an opportunity to get jobs in what we are calling the new economy? The reality is that the new economy is also part of the old economy; it is where all of those people are working today. It is people in the manufacturing sector, in the automotive industry, in the production sector and in the retail sector. The new and old economies are the same economies. What they are about is the transition. When we talk about the new economy we are really talking about that transition. Where is Australia today and where do we want to be in 25 years time? That is the key issue that should drive any government and it is exactly the issue that drives this government.

A recent global survey of business executives found that 92 per cent of them believe innovation is the main lever for a more competitive economy. I agree with them. Eighty-six per cent of them believe innovation is the best way to create jobs. I agree with them. I think that is the best way to do it. Eighty-five per cent of them believe innovation is the main lever to create a green economy. I agree with them. In fact, so does this government; in everything we have been doing we are in sync with what the business community believes.

But how do we rank compared to other nations? It is no good just to say that you are doing it—how do you compare to your competitors? Recently the Milken Institute, an independent economics firm, released the *Milken Institute Innovation Report*. The report provides a global analysis of the environment supporting innovation in 22 different countries. The report was prepared for GE—no small company and, for that matter, no small feat—and it ranks countries on seven different indicators. The indicators are industry-university collaboration in R&D; venture capital deals; gross expenditure on R&D; high-tech exports; utility patents; science, technology, engineering and maths education; and, lastly, business environment.

So how did Australia perform compared to its competitors? We performed extremely well. And you should not expect anything different because, do not forget, we are an innovative nation. We are a nation that has always ridden the wave of innovation because we are remote and we are outside of a domestic economy and we are part of the trading world. We are trading nation and we always have been. The findings for each of those categories for Australia go something like this. Australia is leading in the area of industry-university collaboration. Our innovation policy has seven priorities, two of which are aimed at facilitating greater collaboration. And we do very well. So far, this government has committed about \$3½ billion to establishing 44 cooperative research centres—government working with universities working with industry. Each of these government sponsored organisations partners a public research facility with an end user and encourages end user driven research.

When it comes to venture capital deals, we scored above average. Australia does better than most. Australia may not be the leader in this area but we are attracting venture capital and we still rate well above average in this area. That is good news. When it comes to gross expenditure on R&D, Australia is a global leader. The government is spending at least 2.2 per cent of GDP on R&D. That is not enough; it is something we need to do more work on. But we certainly do well.

When it comes to high-tech exports we are above average. Again, we do well. High-tech exports account for slightly more than 13 per cent of Australia's total exports. It is another area I think we could focus and do more on

but we still do above average. When it comes to utility patents, we are leading against those 22 countries. When it comes to science, technology, education and maths, we are leading the world.

When it comes to the business environment—the regulation business climate and red tape—believe it or not, for all the complaints you hear, we are leading. This is a country that is good for business. That is why we have so much inflow of capital. That is why people want to invest in Australia. That is reflected in why Australia's currency is so popular. Why is Australia's currency hovering at above 106c to 107c to the US dollar? It is because people have confidence in our economy, confidence in this government and confidence in where our currency sits, and they invest in that currency. Unfortunately there is a downside to that, of course: that makes our exports more expensive. But it does demonstrate the point I am trying to make here tonight.

It goes on in a whole range of areas, demonstrating just how much Australia either does well above average, punches above its weight or actually leads the world. This can be demonstrated not only in the work that was done for the Milken report but also by the way that for most people the global financial crisis was something that they read about in newspapers. It happened in another country or was a far distant thing, because for a lot of people and a lot of businesses it just did not happen in Australia. But the reality is that it did not happen because there was enormous government intervention. Government intervened. What we did was put forward an enormous stimulus package to make sure that people kept their jobs, to make sure that Australian business not only survived but thrived, to make sure that the economy remained strong and to make sure that for all intents and purposes people felt as little impact as possible. Often you will hear people skate over the issue. In Australia, they may well do that. They may skate over the issue, because we did not really feel the full impact. If you compare us to Europe then it is a different story. All you need to do is look at any European country and just see the mess that some of the countries are in right now compared to where we are.

After four years of a good Labor government and a re-election, you can see the impact and the effect of good management, including good economic management, and it is there not in rhetoric but in the numbers. It is there in the data and in all the evidence: nearly record and very, very low unemployment rates not just compared to the rest of the world but compared to any time anywhere—certainly compared even to domestic rates in Australia. We have managed to do these things through good, sound management and good, sound policies. This government has a great story to tell.

There is nowhere near enough time for me to go through all of the great stories tonight, but I do want to take you through some of them, because I think some of them stand out a lot more than others. When it comes to education reform, when it comes to assisting schools and assisting communities, when it comes to the environment, when it comes to managing the economy in particular and in a whole range of other areas, Australia does well domestically and does very well internationally. That is because we are actually focused on these issues.

As I said, the Gillard government recognises the importance of innovation. We have a clear innovation agenda that responds to the needs of business. In December, a new \$249 million industrial transformation research grant was announced. This will help stimulate links between university research and business innovation. This is the core of how you actually create jobs. This is how an economy continues to grow and continues to provide for its citizens. The government's R&D tax incentive is also encouraging companies to undertake genuine research and development by doubling assistance rates for small to medium enterprises and increasing assistance to large enterprises by a third. Already 8,500 companies have registered to take assistance out of this program.

I talked earlier about productivity and why that is so important. Any measure of a good economy in the end has to measure productivity also. Simply put, we have to do more with less. That is the reality of any economy: each year you have to just do a little bit better. It does not necessarily mean working harder; it just means working a little bit smarter. If we are to compete, it is a truism. We will never compete against some of our neighbours on labour costs. For anyone who thinks that somehow there is some magic wand so that we can compete in that area, I am sorry to have to tell you this, but you are just wrong. The only way that we are going to compete is on technology, on innovation, on using our smarts, on using natural advantages or on taking advantage of the things that are right here in this country, including really good, skilled people. This is where we have advantage, whether it is locality, skills, innovation, venture capital, good governance or actually the systems that we have in place. Innovation and productivity go hand in hand. They are linked and, in my view, are inseparable. Productivity is actually a measure of economic output relative to inputs. The most straightforward way of measuring it is labour productivity—that is, the total output of the economy, real GDP, divided by the number of workers or number of hours worked. Increasing productivity is the main way that society can improve its standard of living. The evidence of that can be seen across any country or economy, but there is a slight distortion in Australia which sometimes gives you a false impression of where our productivity is. Often you will read in media reports that we are losing the productivity battle and that it is actually going down. Again, it depends on which figures you look at.

Productivity measured in Australia is skewed by Western Australian wages in particular, because of the mining boom and what is happening in Western Australia, and to some extent also by the data that is coming out of Queensland. But if you take that into account and normalise it across the economy, it gives you a different picture. It actually shows that Australia is not only innovative but is increasing productivity year on year. It is a small increase, but it is an increase. That is the secret, if you look behind the data, of why we are still doing so well. Why did we manage through the GFC? Why did our economy get through that? Why do we still have people in jobs? Why are so many jobs being created? Why is the economy so strong? If you have a look behind all of that, you will see that that is the reason.

According to the ABS, the annual productivity growth fell from 2.1 per cent in the 1990s to just 1.5 per cent in the 2000s. The reason will not be lost on anyone if they have a look at who might have been running the country between those good years and the not-so-good years—I think it might just be a little bit obvious. There are a number of factors that may have contributed to this fall compared to the slowdown in other OECD nations, but Australia has certainly maintained its productivity. While slightly lagging the United States in the 2000s, it was at a higher rate than in the rest of the OECD nations. So Australia has worked hard.

I will finish on a simple note. It is a note of caution, a note of attention as to what is happening in this economy. We can easily be blinded by the mining boom. I do not know how long the mining boom will go on. I hope it goes on forever—for five years, 10 years, 15 years, 20 years. Let the mining boom reign in this economy, but at the same time this is our opportunity to do the right thing by every Australian and get benefit out of the mining boom, to tax the mining industry properly and make sure that we account for the future and future jobs. (*Time expired*)

**Mrs ANDREWS** (McPherson) (20:12): I welcome the opportunity to speak on Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012 and specifically to raise several issues of concern within my electorate of McPherson. This evening there are four issues I would like to speak about: firstly, transport infrastructure and the upgrade to the M1; secondly, an instrument landing system for the Gold Coast airport; thirdly, unemployment; and, fourthly, border protection. I will deal with each issue in turn, starting with the M1.

In particular, I would like to speak about the section of the M1 through the southern part of the Gold Coast that continues to be plagued by traffic and congestion issues. Almost that entire section of the M1 is located within my electorate and it is in desperate need of an upgrade. Congestion causes significant and ongoing issues for local residents getting to and from work and dropping kids off at school and also tourists as they travel through the Gold Coast. It also means that the M1 cannot perform its primary function, which is as a major arterial road from New South Wales to Queensland that should have the capacity to handle large volumes of passenger and freight vehicles.

As part of the federal government's election commitment in 2007, \$455 million was allocated to upgrade the M1 at Logan and on the Gold Coast. The federal funding contribution was matched by the state, I understand, to a total of \$420 million. While I understand the upgrade and widening of the M1 through to the New South Wales border is now unlikely to happen as one continuous upgrade, as originally proposed, the upgrade still desperately needs to happen. Staged upgrades of distinct sections of the M1 are therefore a viable and sensible alternative. The M1 between Worongary and Tugun is seriously affected by congestion and the sections between Robina and Varsity Lakes particularly so, where traffic regularly queues back to the Mudgeeraba interchange. Approximately 950 vehicles per hour exit the M1 at Mudgeeraba in the morning peak and 1,300 vehicles per hour in the evening peak period. There are expected to be major benefits in extending the six lanes to Mudgeeraba with through motorway volumes reducing on the Mudgeeraba to Robina section.

As I have already indicated, the efficiency of not only commuter but also freight movements is being affected by the ongoing congestion problems and these problems are exacerbated by increased numbers of heavy vehicles using the M1. I am advised that there is currently a project proposal report, or PPR, with the Department of Infrastructure and Transport to upgrade the M1 to six lanes between exit 77 and exit 79, but to date there has not been a response to the proposal. I have recently written to the Minister for Infrastructure and Transport regarding this issue and raised my concerns with him. I have sought information on three issues: firstly, the status of the upgrade of the M1 between Nerang and Tugun and specifically the section of the motorway between exit 77, which is Gooding Drive, and exit 79, which is Mudgeeraba; secondly, the time frame for approval of the project proposal report, and when works are anticipated to commence and complete; and, thirdly the time frames, if any, for further upgrades through to Tugun.

The need for an upgrade of the M1 on the southern Gold Coast should not be underestimated. The M1 must have sufficient capacity so that vehicles, both passenger and freight, can flow freely. This is not the case now and it needs to be addressed as a priority. I look forward to the minister's response to my letter on this issue and to the government delivering on its 2007 election commitment so that we can ensure the M1 on the southern Gold Coast gets its much-needed upgrade as a priority.

The second issue I wish to speak on today is the need for an instrument landing system, or ILS, at Gold Coast Airport. I had the opportunity to raise this issue in this place very briefly last week; however, I would like to discuss several points in further detail. An ILS is an aviation tool that provides pilots with a variety of visual and non-visual tools to assist them in landing planes in low visibility conditions. Where an instrument landing system is not installed, pilots have to rely upon non-precision approach procedures that require high levels of visibility. In recent weeks there have been various news reports about the lack of an ILS at Gold Coast Airport, with unhappy members of the aviation community questioning why such an important piece of equipment is missing from one of Australia's largest airports. Gold Coast Airport is the sixth largest airport in Australia, and despite airports in capital cities and some smaller regional airports having an ILS, including Townsville and Cairns, the Gold Coast Airport does not.

The situation has been highlighted in recent weeks where inclement weather and poor visibility have resulted in a number of aircraft go-arounds, holding patterns, aborted landings and diversions to other airports. As I said in this place last week, there is obviously a safety concern as well as risk to aircraft and a significant cost burden to operators. I understand that discussions are already underway between Gold Coast Airport and Airservices Australia, and I call on the government to fast-track the installation and commissioning of an instrument landing system at Gold Coast Airport.

The third issue I would like to speak on today that directly impacts my electorate of McPherson and the Gold Coast as a whole is unemployment. Later this week the ABS labour force figures for January are scheduled to be released, and hopefully we will see an improvement in unemployment numbers. However, the release of the ABS labour force figures show that no jobs have been created over the past year—Australia's seasonally adjusted unemployment rate was 5.2 per cent in December 2011. What is concerning is that these figures do not include the latest round of pending job cuts announced by some of Australia's largest employers; nor do they include the impact of Labor's job-destroying carbon and mining taxes. The Gillard government has again proved that it is without a clue on how to halt the slide in Australia's job market and a faltering local economy. During a recent interview on Radio National, the Treasurer talked up Australia's economy against a flailing European market, only to admit that his May 2011 forecast of 500,000 new jobs in two years was utter nonsense. The interview ran:

Fran Kelly: In terms of the positives though, the government positively forecast half a million new jobs over the next two years to be created. Given the zero jobs growth last year, are you still confident that figure holds? That (it) can be achieved?

Wayne Swan: Certainly we will do less than that.

This is another example to add to the ever-growing list of broken promises: the carbon tax, the tax summit and the private health insurance rebate.

I have mentioned in this place before the difficult situation the Gold Coast faces with unemployment, as we are a region that depends heavily on the tourism and construction industries. Unfortunately, these two industries are the hardest hit in a global economic downturn—and the GFC certainly hit the Gold Coast hard. Despite these downturns, however, the southern Gold Coast has fared better than its northern counterparts in the recently released regional labour force statistics for the period ending December 2011. Not only is the southern Gold Coast region blessed with beautiful beaches and rolling hills but it is also managing to keep its unemployment rate relatively low.

**Mr Ripoll:** A good Labor state government.

**Mrs ANDREWS:** About to be changed. According to detailed figures taken from the labour force statistics, the long-term unemployment rate for the southern Gold Coast, measured over a four-year average, is 5.4 per cent. This compares favourably with the central Gold Coast at 5.5 per cent and the northern Gold Coast at 6.3 per cent. The unemployment rate for women on the southern Gold Coast is steady at 5.6 per cent. This beats both the central Gold Coast at 5.8 per cent and the northern Gold Coast at 7.3 per cent.

These figures, however, do not mean that there is time for complacency. The best result for the southern Gold Coast occurred way back in January 2008, when the lowest figure—just 2.2 per cent unemployment—came directly off the Howard government. More recently the 12-month average unemployment has risen to 6.4 per cent, indicating that the southern Gold Coast economy is hurting. It also indicates that there is a substantial pool of unused capacity in the official unemployment results.

From conversations I have had with local businesses, I have gathered that these figures mask the reality of the situation: the greater problem is the underemployment of labour capacity. While estimating underemployment in the southern Gold Coast regional area is difficult, locals point to a rate of underemployment which could be twice the official rate of unemployment. Clearly we need to get the economy of the southern Gold Coast moving again. It is important that we prevent the cost-of-living pressures from continuing to rise and that we ensure that our unemployment rate on the southern Gold Coast is pushed down again. I repeat: this is not a time for complacency

on the issue of unemployment. The coalition will ensure that cost-of-living pressures are kept to an absolute minimum. We will deliver transparency and accountability and restore trust in government.

The final issue I will speak about today is Australia's current border protection policies and the associated cost blowouts. These issues are consistently raised with me by the people of McPherson, who are concerned about the number of illegal boat arrivals and what this means for our nation's border protection. The number of boat arrivals since the Labor government unwound the coalition's strong border protection policies is undeniably significant. The total number of arrivals since August 2008 is 15,089, and the total number of boats that have arrived in this time is 278. Since polling day on 21 August 2010, 123 boats and 7,740 people have arrived. The Department of Immigration and Citizenship costs an extra \$1 billion a year to run compared with the costs when Labor was first elected.

These are yet more costs to taxpayers for border protection policies by this government which have failed. The government should restore the successful border protection policies of the Howard government. They should, firstly, restore temporary protection visas; secondly, reopen the processing centre on Nauru; and, thirdly, turn back the boats when it is safe to do so. These are the coalition's commitments, and I can assure the people of McPherson that I am fighting to ensure these policies are restored.

As I have highlighted today there are a variety of important issues facing the southern Gold Coast that I will continue to raise and fight for. Upgrading the M1 is important to local Gold Coasters as well as the tourism industry. The implementation of an instrument landing system at Gold Coast Airport will improve the efficiency of flights into the local region. Unemployment on the southern Gold Coast is not as high as elsewhere. However, we cannot become complacent on this issue. Finally, border protection issues and their associated cost blowouts are of serious concern to my electorate. They are concerned about the uncertainty of cost-of-living pressures and they do not want to see their tax dollars wasted any further.

**Mr HUSIC** (Chifley—Government Whip) (20:26): It gives me great pleasure to speak in relation to the appropriations bills because when you look at what we have been able to achieve in terms of our economic performance and where we are headed, particularly relative to overseas economies, we have a fantastic story to tell. In relation to net debt and its peaks in 2011-12, we see it is 8.9 per cent of GDP—less than a 10th of average major advanced economies. If you look at any of the headline indicators, we see growth at trend—others would love to have the growth that we are experiencing here; 700,000 jobs created at a time when 30 million were being cut out of most advanced economies; and unemployment at 5.2 per cent.

Compare that to what is going on in the Euro zone, where unemployment is at 10.4 per cent. The member for McPherson was talking about jobs and the importance of economic growth and employment growth. We are still able to beat overseas unemployment rates, particularly in terms of the Euro zone, where it is nudging 10.4 per cent, and the US, where it is eight per cent. Then we turn to interest rates. If you have got a \$300,000 mortgage, you are paying \$3,000 a year less as a result of interest rates coming down—and I have spoken publicly about the need for interest rates to keep coming down.

In terms of the appropriations bills, we are looking at our fiscal consolidation being the strongest that it has been in four decades—at a time when we have had \$140 billion cut out of revenues, particularly due to the GFC and its aftermath—and we are one of just 12 countries that have a AAA rating from all three ratings agencies. These are spectacular figures when you look at our overall economic performance and compare what other people are experiencing.

On the other side of politics, they talk tough about, for example, what they are able to do in relation to cutting spending and they keep railing about waste and mismanagement. Yet where are they when they have an opportunity to step up and do what we have done? I mentioned earlier in terms of fiscal consolidation the amount we have been able to cut out of the budget and the fact that we are able to point to where we are headed in relation to bringing the budget into surplus.

In the past week the opposition have taken four steps back from a commitment of being able to even demonstrate whether or not they would be able to get to surplus—not when, but whether they would. On 6 February the member for Goldstein said, 'Well, it just depends. As I say, there is so much uncertainty around the numbers.' The next day the Deputy Leader of the Opposition said, 'Well, before the coalition is called to account for a surplus, the government has to deliver a surplus'—not on their own wherewithal and their own ability to find the savings so that they could demonstrate how they could go to a surplus; they are pinning it on whether or not we will be able to do it. On the same day the member for North Sydney said, 'We'll do it as soon as possible,' and then a day later the Leader of the Opposition, the member for Warringah, said, 'What I am saying is that we'll get back to surplus as quickly as possible.' So there is this march back from being able to even point to when they will be able to reach surplus.

Another interesting interview was last week. Emma Alberici on *Lateline*, who I have to say is certainly carving a reputation for herself as a tough interviewer, had the member for North Sydney on the program and basically put to him a series of questions about at what point the opposition would be able to demonstrate their capacity to get to a surplus. Bearing in mind, as I have said, the degree to which we have been able to cut spending and the degree to which we have experienced fiscal consolidation in the course of the last year in particular, Emma Alberici said to the member for North Sydney:

Well the Government says, just like you do, that it will run a surplus next year. They have mapped out how they intend to achieve that. You've said you want to introduce paid parental leave at a cost of \$6.3 billion over two years, that you want to deliver dental help through Medicare at around \$4 billion a year; you're happy to announce where you want to give people things, but—

this was the killer quote that Ms Alberici put to the member for North Sydney—  
you're not particularly inclined to tell everyone where you want to cut things.

That is the problem, because the opposition talk tough about being able to, as they say, cut waste and mismanagement—I note that the member for Higgins is here, and I had the opportunity to read her contribution in relation to what we are proposing with the private health insurance; she too, in her contribution yesterday, indicated the need to cut waste and mismanagement—but whenever there is an opportunity to do so they walk away from it. It is worth noting that last year, for example, when we summoned up the response to the Queensland floods, we obviously committed our support to the Queensland state government. I note that the member for Oxley is here. His electorate in particular, amongst others, suffered extremely hard as a result of those floods. We committed spending, but we also said that we needed to pitch in via the levy. The opposition said, 'We can do that. We can commit to the repair work, but we'll find the savings.' They were unable to find close to \$6 billion in savings and, when they were pressed, outsourced their economic advice to One Nation, who suggested that one of the things they could do was cut a program that the Howard government initiated, supported by us, that provides support to the Indonesian government for education and support to schools in Indonesia. So the best they could do was rely upon One Nation and its type of economic extremism to find savings. They were unable to find savings of their own. It will be interesting to see whether or not they hit the \$70 billion that they claim that they can find in terms of savings.

*Ms O'Dwyer interjecting—*

**Mr HUSIC:** The member for Higgins interjects. I note that, as I said earlier, she was railing against the initiatives and the reforms that we are trying to bring in to make private healthcare insurance fairer so that the constituents I represent are not cross-subsidising residents in electorates that have the capacity to pay. She pointed out that we should find ways of cutting waste and mismanagement. But, whenever we stump up with savings, such as the \$2.4 billion in terms of private health care, we have the member for Higgins, the member for Kooyong and the member for Mayo, the members who have formed this Society of Modest Members—so modest that we never hear any actual firm proposals out of them about what they intend to do in terms of economic reform.

When we do put reforms on the table, they are unable to actually support the cutting of government spending or the redirection of spending in terms of the private healthcare rebate, and they cannot bring themselves to either find savings of their own or fight us on savings, while at the same time they say, 'There is waste and mismanagement to be cut.' In the course of the last week, they walked away from their commitment as to when they deliver a surplus, and they are unable to identify the savings. They are unable to show us where they might be able to bring us into surplus.

Of course, I mentioned earlier that they had outsourced their economic thinking to the extreme elements like One Nation. We had the member for McPherson talking about border control and border protection and the types of things that needed to be reined in. When we said to them: 'You reckon that you can, for example, open up detention facilities on Nauru,' we found out who they have turned to to help them provide support—because they disputed the costings in relation to setting up facilities on Nauru, or reopening them. We found out they have turned to a catering company to provide some sort of thorough costings about how government spending would be directed to establish detention facilities on Nauru.

We should not be surprised at the inability of the opposition to find savings. Frankly, you can go back to their performance when in government. They look to the glory days of the Howard government, but it is worth noting that others, including me, have reflected on that in this place. There are others like, for example, Malcolm Farr in *The Punch* who identified that, in the 11 years of the Howard government, real government expenditure grew. They are lecturing us on cutting spending. The member for Higgins was associated with the former government as an adviser. We have been told that they have been able to find savings. The member for Higgins was associated with the former government, and spending grew by four per cent in the last five years. Every year, it grew by four per cent.

Those opposite point to our deficits and like to airbrush the fact that the GFC occurred. I would ask the member for Higgins, or those opposite, to indicate at some point whether or not, when the economy was freezing up, when banks were unprepared to lend, when construction projects were falling over for lack of finance and when people were concerned about their jobs and economic growth, they would have been prepared to go into deficit to ensure that the economy continued to function, we would get to the other side of the GFC and we would have the types of growth rates that we are experiencing now.

They keep railing against deficits and spending, but in fact we know what the Leader of the Opposition said in February 2010 when he was criticising the work that we did to save the economy through the GFC: 'We shouldn't be spending that much. We should do what New Zealand did.' When you look at New Zealand's performance through the GFC and compare it to ours, they had slower growth. They were not able to save jobs to the same extent that we were able to. That is what they are asking us to follow. They are asking us to follow what they did in their time in government, when spending always grew and inflation was higher. People are saving compared to what the coalition left us with in terms of interest rates. As I quoted earlier, on a \$300,000 mortgage you are saving \$3,000 a year under the interest rates that people are paying now compared to what the coalition left us with. During their time in government—even when the challenge was put to them about what they would do through the GFC or when they were asked to identify savings—they have been unable to match us. Again, it is worth quoting: the inflation rate in late 2007 was under four per cent; last year it was below three per cent.

When the member for Higgins was advising the former government, the tax take was higher as a proportion of GDP than it is now. What was it then?

*Ms O'Dwyer interjecting—*

**Mr HUSIC:** The member for Higgins interjects, but what was the tax take back then? The tax take gobbled up over 24 per cent of GDP at its peak under the coalition. It is heading for 21 per cent now. There was higher taxing on the other side of the political fence than what we have as a proportion of the GDP. We had revenues hit by the GFC, but we still managed the fastest fiscal consolidation. Those opposite are still having problems identifying how to respond to the Queensland floods. They say they can save \$6 billion. They cannot even find the money for that. While we are again going through the fastest rate of fiscal consolidation in four decades, they have a \$70 billion target that they want to cut, and they cannot even crack it in terms of \$6 billion.

What is interesting is that, on the weekend, the columnist Laurie Oakes outlined where the \$70 billion came from. I notice that the member for Goldstein today was talking about a crisis of confidence. If there is a crisis of confidence, it is between the member for North Sydney and the member for Goldstein, because it is clear from Laurie Oakes's article that the \$70 billion was deliberately put out there as a way in which to track leakers in the opposition ministry. It is clear that there is a falling out or a lack of confidence between the shadow Treasurer and the shadow finance minister in key economic portfolios where they are supposed to be able to demonstrate how they can get to surplus, but they have been walking away from that in the last week. They have been unable in the past, either in government or in opposition, to show what they can do to rectify or be able to cut out what they identify as waste and mismanagement.

Yesterday the member for Higgins was railing against our efforts to make the private health insurance rebate fairer. The opposition are unable to come up with savings. The member for Higgins—the next pillar of economic support or advice for the coalition!—and her colleagues the member for Kooyong and the member for Mayo are unable to find those savings or give any economic backbone to the opposition. As I said, we have the runs on the board. We have been able to achieve growth, to protect jobs, to lower inflation, to lower interest rates and to be the envy of the advanced economies of the world, who would love to be able to emulate our situation. The other side cannot even get the arithmetic right.

**Ms O'DWYER (Higgins) (20:41):** It was very entertaining listening to that speech by the member for Chifley. He would make a very good fiction writer, because so much of what came out of his mouth this evening was just that—fiction. If you look at the facts and at the economic record of this government, you see that it is very damning. When you consider this legislation, Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012, the contrast between the Labor government's record—or, to state it more correctly, the Labor-Greens alliance government—and the coalition's record is stark. We were able to repay Labor's debt of \$96 billion and to deliver a surplus of \$20 billion. They have delivered a net debt of over \$133 billion. They have delivered four deficits of an accumulated amount of \$167 billion. They have needed to lift the gross debt ceiling from \$75 billion to \$250 billion. They have sought to increase taxes and to introduce 19 new taxes, and they have had significant cost blow-outs in the various programs, including the most famous program of all when you talk about bad economic management, where you do not even have a cost-benefit analysis of something as supposedly significant as the NBN project, which is starting at \$27 billion but will go so much higher than that.

This government have increased spending; they have not decreased spending. For all their talk about decreasing spending, the government have increased spending by over \$100 billion and that is now going to be part of the structural deficit built into this budget. Every man, woman and child in this country, because of the government's borrowings, is owing \$6,000. If you ask Australians whether they are better off because of the economic management of the government, they will say a resounding no to that question.

Today I came into this chamber to talk about an issue that is concerning to members of my electorate—that is, the review of school funding. As we are aware, the Gonski review has now been completed and we are all waiting to see how the government will respond to the review's recommendations. It is very important, because this review goes to the heart of how our schools operate. It goes to the heart of school funding. As such, its recommendations and how the government respond to those recommendations will shape not only the funding agreements for non-government schools post 2013 but the educational options and outcomes available to Australian families for many more school generations to come.

The government have spoken a great deal in this place about education and revolution: Building the Education Revolution or the Digital Educational Revolution. However, the Australian people should not be in any doubt that the Gillard government's response to the Gonski review will have at its heart the real revolution that this government wants to see in education.

While we are yet to see the review recommendations, as the member for Higgins I am already deeply concerned about the Gillard government's rhetoric and indeed their real agenda on the issue of school funding—and I am not alone. I received a letter only the other day from the principal of one of the schools in my electorate. It read:

The parents and families of the 500-plus students attending our school have begun a new school year with excitement.

**Ms King:** Name the school!

**Ms O'DWYER:** I am very happy to ask this question directly of the Prime Minister. The letter goes on:

But there is a dark cloud of uncertainty about future funding for our school. Parents are worried that the Gillard government will use the review of funding for schooling to disadvantage their children. Much of the public discussion regarding school funding is based on misunderstandings and misinformation, impairing sensible and productive discussion. In their even louder public campaign, opponents of the independent sector claim that non-government schools receive more government funding than government schools. This is wrong.

Governments in Australia spend significantly more on students at government schools than those attending non-government schools. In Victoria 31 per cent of schools are non-government, educating almost 37 per cent of Victorian students. But these schools receive only 22.5 per cent of government funding for Victorian students. Families making an educational investment in non-government schools save Victorian taxpayers more than \$1.85 billion per annum.

The Prime Minister and the minister for schooling have both said that no school will lose a single dollar per student, but there is no guarantee that funding will be indexed to reflect cost increases. In effect, this would be a funding cut. Despite our best efforts to economise there would be considerable pressure on school fees. Some parents may have to consider placing their children in government schools, thus increasing the burden on the government system.

That is a letter from just one of the school principals in my electorate. He is very, very concerned.

In the real world, beyond this place, school funding has a real impact on real Australians. In my electorate of Higgins, there is only one government school, and it is a selective school: Melbourne High School. Every other secondary school in my electorate is from the independent sector. It is therefore of little surprise that school funding beyond 2013 is an area of very great interest to many families and indeed to all of the secondary schools within my electorate. As the shadow minister for education, apprenticeships and training has said:

... Labor appears reluctant to guarantee the future of funding to non-government schools in real terms.

What does this mean? Peter Garrett, the Minister for School Education, Early Childhood and Youth, has said that non-government schools will not lose a single dollar per student as a result of the Gonski review. However, what he has failed to say on many occasions is the word 'real'—that no school will lose a single dollar in real terms. School funding is currently indexed so that the real value of the funding keeps abreast in monetary terms with the cost of living.

The government tries to make very light of this indexation question, but in my electorate of Higgins the impact of the loss of indexation would be enormous. Within my electorate alone there are 22 schools that will have a shortfall of more than \$29 million if the indexation of school funding is discontinued. If this occurs it will be a very bad news day for the families of those students.

The schools in my electorate that will be affected by a failure by this government to provide future funding indexation are the Currajong School, Holy Eucharist School, Korowa Anglican Girls' School, Lauriston Girls' School, Loreto Mandeville Hall, Our Lady of Lourdes School, Presentation College, St Anthony's Primary

School, St Catherine's School, St Cecilia's Parish School, St Joseph's Primary School, St Mary's School, St Roch's Catholic Parish Primary School, Geelong Grammar School Glamorgan, the King David School, Sacre Coeur, De La Salle College, St Kevin's College, St Michael's Primary School, Oakleigh Greek Orthodox College, Melbourne Girls Grammar and Caulfield Grammar School.

Any funding reduction to the non-government school sector will have a direct impact on choice for parents and choice for students. There are a number of school principals who have advised me that they would be forced to close their doors or to radically alter their fees—and therefore their student selection—if the current funding arrangements were to change significantly. I think it is important to put on the record clearly that non-government schools are not all the same. They are not simply, as this government would have you believe, a bunch of wealthy schools. Since becoming the member for Higgins I have made it a priority to visit as many of the 39 schools in my electorate as I can. The schools within Higgins are all very significantly different—as, I expect, are the schools across the country. They charge different fees, have students from varied backgrounds and offer different scholarship programs. If anyone has any doubt about this, I suggest they visit one of the schools in my electorate, Presentation College, which is in Melbourne's inner south-eastern suburb of Windsor. Presentation College is the second oldest girls Catholic school in Victoria. It serves an area that has some of the wealthiest and some of the poorest members of our community. Throughout its proud history, Presentation has made it a stated priority to welcome families from diverse backgrounds and to ensure that its fees are accessible to middle and lower income families. In fact, in 2009 nearly 17 per cent of its students received the educational maintenance allowance.

What will happen if government funding to schools like Presentation college, and many others, is reduced? Across Australia, if just 10 per cent of existing non-government students switch to government education, 120,000 students will have to be immediately accommodated. This will have an impact on class sizes, staff and facilities in our existing government schools. This will prove to be a logistical and financial nightmare for our government schools and, if anything, will reduce the quality of education on offer.

In addition, as I have stated before, there is no years 7 to 12 non-selective government school in my electorate. If funding to schools is reduced, fees will invariably increase. Some families will decide that non-government education is no longer affordable for them—which leads me to question whether the Minister for School Education and Minister for Early Childhood and Youth will actually put a government school in the electorate of Higgins. What will he say to the parents who can no longer afford to send their children to an independent school? What are the government plans? Has a new site even been selected for a government school in my electorate?

This is a real issue for the people of Higgins and indeed all Australians. Across this country, one-third of all students attend non-government schools—nearly half of the secondary sector. I am very concerned that this government is more focused on undermining the non-government school sector—for dubious reasons and questionable benefits—than on improving our government schools. While I am concerned about the government's response to the Gonski review, I am of course left in no doubt of the position of the Greens. Their stated policy is that funding to non-government schools should be reduced to 2003-04 levels. The result of this would be that 90 schools in Victoria alone would struggle to remain open. The coalition remains the only political party that unequivocally supports choice in education. We have consistently argued that the amount of funds under any new model adopted as a result of the Gonski review must be maintained, including indexation. Furthermore, we believe that, since all parents pay taxes, they are entitled to assistance with their children's education, irrespective of whether they choose a government or a non-government school.

The quantum and method of government funding, federal and state, is where this debate gets complicated. As a result, the matter of school funding is often misrepresented by those who have an ideological agenda to push. Let us, though, be very clear: while the federal-state mix does vary, government schools receive the overwhelming majority of total recurrent government funding. Indeed, data provided by the Parliamentary Library states that, in 2007-08, per-student recurrent expenditure at government schools was \$12,639, while at non-government schools it was \$6,607—nearly half. So the students who attend non-government schools receive half the government subsidy that students attending a government school receive. This means that for every child who switches from a non-government school to a government school, taxpayers will have to find double the funds to educate the child. And of course this does not take into account the capital costs that will invariably arise out of the need for new buildings and new facilities.

And here we get to the heart of the issue: Labor—and to a greater extent the Greens—have an ideological opposition to Australian families investing their own money into their children's education, into their children's future. This ideological obsession of this government is one that has been with it since the Prime Minister was the shadow minister for education. Who can forget that she drew up the hit list of schools? We will most probably see that hit list revived.

We need to ensure that all students have an opportunity to receive the very best education they can and that we retain choice in education. What is wrong with choice? What is wrong with investing in education? This is at the heart of the issue that is before us and the people of Higgins today. In my role as the member for Higgins I believe that every Australian child deserves a quality education that enables them to develop the skills necessary to fulfil their potential. As such, I want every child within my electorate to have a range of schools from which their family can choose. I will continue to defend choice and diversity in education. I will continue to fight the Labor-Greens agenda. I will continue to fight their hit list on schools. If the federal government fails to ensure that non-government school funding stays at real levels beyond 2013, the standard of educational outcomes will suffer in both the government and the non-government sectors not just in Higgins but across Australia. That will be the horrible legacy that this Labor-Greens government will leave us for generations to come.

**Ms KING** (Ballarat—Parliamentary Secretary for Infrastructure and Transport and Parliamentary Secretary for Health and Ageing) (20:56): I rise to support the appropriation bills that are before the Main Committee. These bills reflect the government's commitment to delivering on responsible budgets that strengthen our economy. We are focused on bringing the budget back into surplus in 2012-13, in contrast with the opposition's \$70 billion black hole. The break in the parliamentary sitting calendar over the last few months has been a great opportunity for me to spend time at home with families throughout my own electorate, and there have been some constant messages as I have spent time with them. Local families want a government that will, first and foremost, support the Australian economy and support jobs. They want a government that understands the cost-of-living pressures faced by families across the economy. Families want a government that invests in health, education and infrastructure for all Australians, not just those who live in wealthy electorates.

When it comes to the Australian economy, supporting jobs, addressing cost-of-living pressures and investing in health, education and our nation's infrastructure, the government is delivering. It is important to remember where we were four years ago and the challenge former Prime Minister John Howard left us. In terms of jobs, who could forget the legacy of Work Choices, the Liberal Party's policy that left over four million Australians without basic protection in the workplace? That is a policy we know members opposite are working to reintroduce at the next election.

*Ms O'Dwyer interjecting—*

**Ms KING:** I note that the contribution of the member for Higgins during the course of this debate was very much focused on, again, engendering fear in the community about an issue that has not even been decided on or released. I would say to the member for Higgins, as she is a relatively new member in this place, that interjections do not actually make up for substance and good policy development.

In terms of jobs, who could forget the legacy of Work Choices? The Liberal Party's policy did leave over four million Australian workers without basic protection in the workplace. While those opposite continue to support Work Choices, the government continues to stand up for working Australians and their entitlements in the workplace. Our focus has always been on supporting jobs. One of the first things we did was to abolish Work Choices and its anti-worker provisions. Members on this side have been firmly focused on jobs. Our response to the global financial crisis was all about keeping people in work, and our upcoming budget will once again will be focused on supporting our nation's economy and employment for Australian families.

Since Labor came to office, around 700,000 more Australians are in work. A Liberal-National government on the other hand, who opposed our global financial crisis stimulus package which created 200,000 jobs, would not have seen that number of jobs created. Members opposite voted against supporting jobs during the global financial crisis. Only last year, the Prime Minister visited my electorate to turn the first sod at the new Manufacturing Technology Training Centre in Ballarat. In my own electorate that is a very important initiative. We have provided over \$18 million through our Education Investment Fund to support the future of Ballarat's economy and its economy in manufacturing. This centre will accommodate around 100 more apprentices in manufacturing, which is very important for the skills development of our local economy. It is good for industry, it is good for jobs and it will be good for the Ballarat economy. Our record on jobs and our record on the economy continue to be the envy of the Western world. In Australia our unemployment rate is 5.3 per cent, comparable with 8.5 per cent in the US and 8.3 per cent in the UK. Our interest rates are 2.5 points lower than when the Liberals lost office—4.25 per cent now compared with 6.75 per cent in November 2007. But we understand that, although our economic record is the envy of the world, there is still a lot more to be done. One thing that distinguishes members on this side from those opposite is our support for hardworking and struggling families to assist with the cost of living and to support their quality of life. In July this year, low-income earners will benefit from an increase in the tax-free threshold from \$6,000 to \$18,200. This means less tax will be paid by those on low incomes and for over one million Australians there will be no need to lodge a tax return. Our income tax cuts mean that a person earning \$50,000 a year now pays \$1,750 less in tax than they did in 2007.

We have assisted parents by increasing the childcare rebate to 50 per cent, providing families up to \$7,500 per child per year. It has now been over one year since Australian families began taking advantage of our nation's first Paid Parental Leave program—over 125,000 Australians so far. This is giving parents the opportunity to spend those important early months of their baby's life together.

Two years ago it was a Labor government that delivered the most significant reforms to the age pension in its 100-year history. Our reforms have delivered increases to the maximum pension of around \$148 per fortnight for singles and \$146 per fortnight for couples combined. The Labor government will deliver pensioners a net increase in their pension over and above any impact on the carbon price, whereas under the Liberals 3.4 million pensioners will lose about \$338 per year for singles and \$510 per year for couples combined. We have also helped by expanding the education tax refund to include school uniforms from 1 July 2011. I know a 50 per cent refund on education expenses goes a long way for parents in my electorate. Over \$5 million was paid out to over 8,780 families in my electorate as part of the education tax refund in the 2009-10 financial year alone. That was \$5 million back into the pockets of Ballarat families.

For working families faced with cost-of-living pressures, we are delivering tax cuts, education tax refunds, childcare rebates, paid parental leave and increases in the pension. Also, through our appropriations we have focused on addressing the Howard government's lack of investment in education. Many schools across my electorate never thought they would have the opportunity to upgrade their old buildings that were in desperate need of investment. Students were learning in 19th century classrooms and facilities in the 21st century. One of the key elements of our economic stimulus plan was the \$16.2 billion investment in Building the Education Revolution. This has funded some 24,000 infrastructure projects in 9½ thousand schools across the country. Across my own electorate, 85 schools have benefited from almost \$116 million—168 projects in total. I have been out and seen the majority of the completed BER projects, and many of the school principals, staff and school councils I have spoken with have said these new facilities would never have been built without the Gillard government. Students now have access to 21st century learning spaces. We have invested in schools and transformed them. These are learning spaces that were built during the global financial crisis and supported local jobs and these projects have transformed regional and rural schools in particular.

Let me be clear: under an Abbott-led government, these schools would not have seen a cent. There would have been no new buildings in schools and no local jobs supported—nothing. Our commitment to education does not end with Building the Education Revolution. Under our Digital Education Revolution, every Australian student in years 9 to 12 now will have access to a computer, with over 750,000 computers being delivered under the program. We are continuing our hard work to transition Australian schools to be the best that they can. We have improved transparency in our schooling system with the introduction of My School. We are implementing the first ever national curriculum. It is under our government that schools have received record investment—over \$64.9 billion over four years, almost double the investment that schools received from those opposite.

The Gillard government support for education continues through to higher education. At the University of Ballarat, we have not only funded the manufacturing technology centre but we have also funded many other projects: the science and engineering precinct, the equestrian centre at Mount Rowan, the primary industries training facility, and a new childcare centre that we are soon to open at the SMB TAFE campus.

Ballarat and regional students will be able to access independent youth allowance in the same way as students from outer regional remote and very remote areas under our new legislation. That means that more students in my electorate have access to youth allowance. This is especially important for students from low socioeconomic backgrounds.

In addition to giving more regional students access to youth allowance, the Gillard government has removed the restrictions on the number of places available at universities. That means that more students have access to universities than ever before. We saw university offers up by more than four per cent at the beginning of 2012 and an additional 100,000 students are now attending university compared with 2007.

In health, for over a decade under the Howard government families across Australia experienced a lack of investment. Sixty per cent of Australians lived in areas with doctor shortages. Those opposite failed to end the blame game between states and territories and the Commonwealth, they ripped funding out of hospitals and they failed to address those 88,000 Australians waiting far too long for elective surgery. The Gillard government has started to turn this around. We are investing to support the Australian people by building a better health system. The Gillard government is investing heavily in our health system through the Health and Hospitals Fund and we are seeing record investment in my own electorate in vital infrastructure projects, such as the Ballarat Regional Integrated Cancer Centre, the Ballarat Dental Clinic and the Ballarat Central Primary Care Facility—not to mention a number of GP practices and the GP superclinic in Ballan, which has been a very important facility.

Under this government we have seen Australia's largest ever mental health package. We have appointed our country's first ever mental health minister. And we are investing \$2.2 billion over five years to ensure that mental health is a key health priority. Under our mental health package we are seeing real examples across Australia through the establishment of headspace centres. Back in October last year I had the pleasure of announcing that my electorate was successful in its campaign to have the Ballarat region listed as a location for a new headspace centre. The government has also been building the GP superclinics, one of which, as I mentioned, is in the Ballan. The Ballan GP Superclinic has been up and running for some time now and have really transformed health services in that small rural community.

Members on this side of the House have shown their strong support for private health insurance, and we are supporting a private health insurance rebate that is fairer. Why should low- and middle-income families subsidise health insurance for those households earning over a quarter of a million dollars a year? With our reforms we are bringing fairness back into our health system.

*Mr Haase interjecting—*

**Ms KING:** I do not think you get it, actually. I do not think you actually get it at all. Certainly, in terms of the private health insurance rebate, we are making it fairer. We are making sure that low- and middle-income families are not subsidising the health insurance of people like myself whose combined family income is over \$250,000.

*Mr Haase interjecting—*

**Ms KING:** I actually do have private health insurance; thank you very much. But, anyway, we will leave that interjection aside. I am quite happy to lose my rebate. Why should I get a rebate when someone in my electorate earning \$50,000 is subsidising me? Why should I get a rebate? I should not. This is all about entrenching privilege again. In the area of private health insurance we are making it fairer. Our reforms are bringing fairness back into our health insurance rebate scheme. And that money is important. It is important to spend on other health priorities, like dental. I would much rather that money go into assisting low-income people who have chronic dental conditions and are in desperate, desperate need. You only have to look at the dental issues for some of the people in my electorate—which is an area where we have not had fluoride in the water for a long, long time—and what that actually means in terms of their health outcomes. It is a significant issue.

One of the other significant investments that the Gillard Labor government is making across this country is our investment in the National Broadband Network. On Monday I spoke in this House of the great benefits that the NBN will deliver to businesses and families across the Ballarat electorate. Our current telecommunications network has served us well for the past 100 years. But that is exactly what it is—it is 100 years old—and it is going to strangle our economy if we do not change it. If we do not invest in this infrastructure today, it will cause us significant economic problems into the future.

Ballarat Central and Bacchus Marsh residents are awaiting the early rollout of fibre to their homes, which is starting to occur in Bacchus Marsh, and business owners well know the benefits of fast broadband access in today's digital economy and are keen to be part of this new network. The NBN is yet another measure the government is taking to set up our economy for our future. While those opposite have outlined over 20 failed broadband plans, the Gillard government has got on with the job of building this nation's largest single infrastructure project. While we support farmers, business, families and our education and health systems by providing access to the NBN for all Australians, the Liberals would cancel the NBN and cost Australian jobs. Unlike the attempt to create a patchwork solution to our slow broadband speeds that the opposition had in terms of their OPAL solution, which in essence would have, as the member at the table said, almost result in regional and rural people having to be communicate by carrier pigeon, the NBN will have a significant impact, particularly for regional and rural Australians.

There are a number of other things I want to mention in this debate. One of the things I am most proud of is our contribution to the National Disability Insurance Scheme.

**Mr Haase:** Mr Deputy Speaker, I ask to make an intervention, for the opportunity to ask a question of the speaker.

**The DEPUTY SPEAKER (Hon. BC Scott):** Will the member take a question?

**Ms KING:** No, I have little time left.

**The DEPUTY SPEAKER:** The member for Durack will resume his seat. The member for Ballarat.

**Ms KING:** Thank you, Mr Deputy Speaker. I always find it amazing that those members opposite do not want to hear about any of the achievements. What they want to do is spread fear in the community. They want to tell mistruths about what the government is actually doing. The National Disability Insurance Scheme will be a

significant initiative of this government and will leave a very important legacy for those people who have been struggling with disability services for such a long time.

I am very proud of the achievements of this government since 2007: abolishing Work Choices, paid parental leave, the National Broadband Network, the clean energy package, the National Disability Insurance Scheme—very important initiatives. (*Time expired*)

**Mr HAASE** (Durack) (21:11): It gives me a great deal of pleasure to rise this evening to address Appropriation Bills 3 and 4 of 2011-12. Might I remind members that 7 February was the 200th anniversary of the birth of Charles Dickens. All will be familiar with the Dickens novel *Oliver Twist*. After a tortuous three months of slow starvation, Oliver worked up the courage to ask for more gruel. For this simple question, perhaps a matter of life and death, he was ordered into instant confinement and a notice was next morning placed on the outside of the parish gate offering a reward of five pounds to anyone who would take the boy off the hands of the parish.

If only this government were *Oliver Twist*. Then the people of Australia could banish them when they ask for more money to fund their failed asylum seeker policy. The costs of running the immigration department have leapt from \$1.6 billion in the last year of the Howard government to now more than \$2.7 billion a year. In the 2009-10 budget the government provided less than \$500 million over the entire forward estimates to manage asylum seekers. But the direct cost for this period alone has hit \$3.4 billion, without adding the cost of building and expanding detention centres. Labor are now spending in just five months on boat arrivals what they said they would spend in four years after abolishing the Pacific solution and temporary protection visas. So they are going back to parliament asking for another \$330 million. Last year they asked for another \$295 million and the year before an additional \$120 million. In the last year of the Howard government, the cost of running the department of immigration was \$1.6 billion. Senate estimates figures released last week show the cost of running the department of immigration is now more than \$2.7 billion with the key reason for this increase the growth in costs for managing asylum seekers—no justification of any kind for the almost \$700 million cost blow-out in its contract with Serco for immigration detention centres. As at 9 February almost 100 letters to questions on notice from the October 2011 supplementary budget estimates hearings for immigration and citizenship portfolio are still outstanding. This is all indicative of an incompetent minister and an incompetent government.

Now for some shocking details of the incompetence. I apologise in advance for perhaps boring you with this litany of complex figures. The additional estimates released by the government this week show a further budget blow-out in asylum seeker costs of \$866 million, or more than 25 per cent. As a result, the government will go back to parliament this week and ask for an immediate \$330 million to cover the shortfall in last year's costs and the expected increase for this year. Across the entire immigration portfolio, not including last year's blow-out, the increase for the four years to 2014-15 is \$759 million. It is an increase in the amount they are asking. This is \$559 million, or almost three times as much as the \$197 million the Treasurer and Mr Bowen told taxpayers the bill would be for immigration when they released the midyear economic forecasts for this period last November. In just two months, the government appear to have blown out their estimates by almost \$560 million.

In 2011-12, the immigration budget will cost \$2.73 billion. This is \$1 billion more than the \$1.69 billion it cost in 2007-08. It is also \$330 million, or 14 per cent, more than the now estimated \$2.4 billion it cost to run last year. According to the Department of Immigration and Citizenship's annual reports, the number of permanent staff employed by the Department of Immigration and Citizenship between 2007 and 2011 has increased by 1,192, or 15 per cent. During the same period, the number of the highest paying Senior Executive Service positions has increased by 24 per cent. The median income for these positions in 2011 was \$180,000 to \$210,000. Asylum seeker management costs have been revised to \$1.2 billion for the 2011-12 year, up from the revised figure of \$880 million for last year. In 2007-08, asylum seeker management costs were less than \$100 million. That is the cost for asylum seeker management, not the cost of the department, of course.

The blow-out revealed in these latest estimates takes the total budget blow-out from Labor's border protection failures over the last three years—that is, since the 2009-10 budget—to \$3.9 billion. Prior to the release of these figures, the running total on asylum seeker budget blow-outs since the 2009-10 budget was \$3 billion—that is not the cost; that is the blow-out—comprising \$2.6 billion in recurrent expenditure and the balance on capital costs of new building and expansion works for detention facilities.

This week the parliament will debate two additional appropriation bills seeking parliament's approval to provide the Department of Immigration and Citizenship with an additional \$330 million. These funds are needed to make up for a further blow-out in last year's costs and a further increase for 2011-12. These new immigration cost blow-outs will also come under scrutiny at the Senate estimates and did so last Monday. On Thursday, Assistant Treasurer Bill Shorten introduced the bills and made no mention of these further and significant blow-outs in immigration costs. It was a reminder of his effort after the last budget, when we snuck into the dispatch box to raise the government's borrowing limit.

Analysis of the additional estimates shows that the largest increase in costs for the Department of Immigration and Citizenship was in managing asylum seekers, with the additional funding required to cover a further \$116 million blow-out in expenses last year and an expected further blow-out of \$120 million this year, or \$102 million after taking account of the savings from not proceeding with the Malaysian people swap in other programs. The further blowout revealed for 2010-11 follows an earlier blowout of \$291 million which was the subject of an additional appropriation this time last year. The original 2010-11 budget was just \$471.2 million for these expenses. The final cost has now been revealed as \$879 million, which is an 87 per cent or \$407 million increase on what the Treasurer told Australians in the budget before the last election.

The further revision of last year's figures, up by more than \$100 million, seven months after the year ended raises questions about the government's trying to backdate budget blowouts to minimise the impact on this year's budget figures. In addition the government has increased funding over the forward estimates for asylum seeker management in 2012-13, 2013-14 and 2014-15 by a further \$648 million. Once again, this takes into account savings from not proceeding with the failed Malaysian people-swap deal.

The total blowout for asylum seeker management revealed in the initial estimates from 2010-11 and over the forward estimates to 2014-15 is \$866 million. This represents a blowout of more than 25 per cent on the cost revealed in the budget in May last year. This happened well after the government had ruined the border protection policies of the Howard government. In the November mid-year economic forecast statement, the government said that the net impact on the Department of Immigration and Citizenship's budget over the four forward year estimates would be \$197 million. These latest estimates now put this cost at \$756 million—almost four times the original amount—of which \$750 million is due to the blowout in asylum seeker management.

We are talking about approximately \$1 billion-plus. What could we do with funds of that magnitude? In my own electorate of Durack, \$1 billion would address so many of the existing inequities which have been created by the fact that the Durack population basically occupies rural and remote Western Australia. What comes to mind is a hospital. A fully equipped medium-sized hospital in any one of my regional centres could be built for \$1 billion—and what an asset that would be. In all of the Durack electorate there are no private beds in a hospital. All of my Durack constituents take up private health insurance knowing that they are contributing to the health system costs by making their own contribution. If they need hospital coverage because they are taking a trip to hospital, they go to Perth, to which they have the enormous costs of transporting themselves. But at least they will not be making an impost on the public health system.

What could we do with \$1 billion about the costs of remote living? We could afford to bring the taxation zone rebate into the 21st century. We could compensate people for the high costs of living in remote and regional areas in Australia—and certainly all of my electorate of Durack is in the category of remote.

What could we do for the tertiary education of the children of couples living in my electorate of Durack? What could we do to create a level playing field so that my tertiary students would be on something like an equal footing with metropolitan tertiary students and could live at home with mum and dad, borrow the family car, live off the smell of a greasy rag, move on to tertiary education with their cohort of high-school friends and be familiar with the whole environment? With \$1 billion I could really create a level playing field by paying for a tertiary access allowance which would make the cost of living in the Durack electorate akin to the cost of living in metropolitan areas. What could we do with \$1 billion? The mind boggles. What is currently being done with this \$1 billion—dragged out of the pockets of the unsuspecting taxpayers of Australia by this government—is that it is being blown on a policy of border protection that is as good as useless. In fact, the government's border protection policy today amounts to advertising to the would-be people smugglers and emigres of this world, 'Come on down, because we will give you everything you have ever dreamt of.' When it comes to border protection policies, the current government of Australia has not got a clue.

In fact, so blind were the government to the realities that they cancelled a border protection policy that was put in place by Prime Minister John Howard that was absolutely effective and reduced the flow of personnel and boats to an absolute trickle. Yet, in his arrogance or ignorance, Prime Minister Rudd struck out that policy, gave permanent instead of temporary protection visas, trashed the Pacific offshore processing process and gave to the taxpayers of Australia an additional bill of \$1 billion.

Tonight thousands of homeless people across Australia will be sleeping rough. What could we do with \$1 billion to ease their plight? What could we do for a process of caring for those less fortunate Australians right across the nation? Today I had the good fortune of looking at a program that brought humour into aged care facilities. They do not want anything like \$1 billion, but that is what we are wasting on the immigration policy today.

Look no further than the immigration policy when it comes to the follies of this government. They have trashed the good governance that was in place and replaced it with absolute folly—yet another foundation reason for the voters of this country to discharge this government.

**Mr PERRETT** (Moreton) (21:26): Before I start, I would like to pass on my best wishes to the town of St George in your electorate, Mr Deputy Speaker Scott, and hope that everyone is recovering, especially the occupants of those 60 or so houses that went underwater.

I rise to support the two bills currently before the House, Appropriation Bill (No. 3) 2011-2012 and Appropriation Bill (No. 4) 2011-2012, which will appropriate \$2.8 billion and \$341 million respectively. These bills authorise funding for measures outlined in the 2011-12 Mid-Year Economic and Fiscal Outlook. The Gillard government is shaping a strong economy, protecting jobs and delivering the services Australians want and deserve now and for the future. The Gillard Labor government has helped keep our economy strong with a record of fiscal discipline. With continuing global economic unrest, particularly in Europe, now more than ever Australia needs a responsible pair of hands on the economy. Treasurer Wayne Swan—the world's No. 1 Treasurer—has shown how to navigate our economy through global uncertainty. As the Treasurer says, 'Our economy walks tall in the world'—and other political leaders say that as well. I note the Leader of the Opposition said, in his address to the Policy Exchange in London on 10 November last year:

This year, Australia's economic growth is expected to be one and three quarters per cent; our unemployment rate—

**Mr Haase:** Mr Deputy Speaker, I seek intervention and the opportunity to ask a question of the speaker.

**The DEPUTY SPEAKER (Hon. BC Scott):** Will the member for Moreton take a question?

**Mr PERRETT:** No.

**The DEPUTY SPEAKER:** The member for Durack will resume his seat.

**Mr PERRETT:** Thank you, Mr Deputy Speaker. To continue that quote:

... our unemployment rate about five and a quarter per cent; our net government debt, Commonwealth and state, about eight per cent of GDP, the envy of the world;

As stated by Mr Abbott:

... our collective budget deficits just under four per cent of GDP and net interest payments just under two per cent of government outlays.

He went on to say:

Australia has serious bragging rights. Compared to most developed countries, our economic circumstances are enviable.

So here in Australia we hear those opposite bombastically declaring doom and gloom and dole queue schadenfreude, but overseas their leader tells a completely different story—such hypocrisy.

Nevertheless, we have solid growth. We have contained inflation. We have a huge investment pipeline, as anyone in regional Australia would know—\$455 billion worth of projects in the pipeline—and the lowest net debt of all advanced economies. Of 200 countries in the world only eight have a AAA rating, and we are lucky enough to be one of them. Most economies are still trying to make up the ground they lost during the global financial crisis. We are seeing that in Greece and in other countries, and even Canada, which is easily compared with Australia, they have problems. But, here in Australia, because of our solid economic management, as those opposite gladly acknowledge, we have a AAA rated economy which is now seven per cent larger than before the GFC. In fact, all three credit agencies have awarded Australia a AAA rating. There are 192 other countries around the world that do not have a AAA rating from all the rating agencies, and some are a long way south of it.

This did not happen by accident but through a broad based plan to manage our economy and boost productivity. It also reflects this government's courage to make the tough decisions for our future. This is the Labor story: we do the heavy lifting and the nation-building changes and those opposite reap the benefits. There is not a lot of policy ticker to be seen over there at the moment. The easy, popular decision would have been to avoid major reforms like introducing a carbon price, a massive economic reform that will cut pollution, cut taxes and increase the pension. It is a faithful investment in the children who will be born this year and beyond. I particularly note that my brother Tim and his wife, Katie, are expecting a boy in the next month or so, and I think of the economy that boy will face in the many years to come. Good luck to Tim and Katie.

We could have sat back and watched the mining boom plunder our finite resources—and I stress 'our finite resources'—and only line the pockets of wealthy mining executives. But Labor did not. We acknowledge obviously the contribution of Gina and Clive and the CEOs of other companies in helping to dig out and sell our minerals, but the national interest obviously extends beyond Gina and Clive. We introduced the mining tax to ensure that the benefits were shared with all Australians, delivering a boost to retirement savings, tax breaks for small business and a company tax cut to benefit the 2½ million companies throughout Australia, the small

businesses that are doing it tough. We are rolling out affordable high-speed broadband to all Australians and investing in productivity. As all sensible people know, the productivity reading is not going in the direction we need. That means we need better education, better health care and faster and more convenient access for all Australian businesses, and that is what the NBN will deliver.

We are not in government to simply warm the benches and tinker at the edges of legislation. We are here to deliver lasting and real change for a better Australia, for today, for tomorrow—in fact, 'for infinity and beyond'. That is a quote from the movie *Toy Story*. I was disgusted to see former prime minister John Howard endorsing the opposition leader's oppose everything approach to populist politics. The Hon. John Howard should be better than that. It was beneath someone who worked for the national interest at the highest level of Australian politics for nearly 12 years. Surely where we share common ground and common purpose agreement can be reached, as stated so eloquently earlier in the evening by the member for Scullin. The negativity of the opposition leader may enthuse the rank and file of the Liberal and National parties but it does little towards making us a better Australia. It is certainly not befitting of the alternative Prime Minister and neither is his talking down of our economy when he is not back in front of his birthplace.

The Gillard Labor government have been working hard to protect Australian jobs in these tough times. We have created more than 700,000 new jobs in just four years, but I would be the first to admit that more needs to be done in this area. At a time when the opposition were urging us to sit on our hands and do nothing, in fact some of them even slept through votes on things like the steel industry protection package, we instead moved quickly to protect Australian jobs from the fallout of the GFC. All I hear from the opposition are plans to cut jobs and bash Australian industry, plans to slash \$1.5 billion in government support for the auto sector and to cut public service jobs.

With a thriving manufacturing hub in the Moreton electorate, I am concerned about the impact that slowing world growth and the high Australian dollar are having on my local businesses. That is why the Gillard Labor government are working closely with the manufacturing industry to support innovation, increase productivity and to improve our international competitiveness. We must continue to work to protect jobs. However, we should be proud that our unemployment rate remains in the low fives, which is lower than that of almost every other major advanced economy. Still, we must be vigilant.

The Building the Education Revolution program was another fine example of this government's commitment to jobs during the global financial crisis. I am disappointed that tomorrow, because of my commitments here in parliament, I will miss the blessing and opening of St Pius X Catholic Primary School in Salisbury. I wish them well with their new multipurpose hall and council rooms. Those facilities are a fine example of what local schools can accomplish when governments provide the money they need to deliver the education facilities that our students deserve.

Of course, the BER program was not just about better education facilities; it also ensured that our building industry stayed strong beyond the uncertainty of the global financial crisis. So many of the builders, the painters, the carpenters and the electricians in my local area are thankful for the injection of funds and work provided by the Rudd and Gillard Labor governments. The BER program builds on the Gillard government's record investment in education and skills. It fits hand in glove with our other education investments in innovation—for example, computers in schools and the national curriculum. These two initiatives are complemented by the NBN, which will be a step towards our bigger program of improving productivity. I am not taking away from the 3,000 flagpoles of those opposite—they were important—but 3,000 libraries are a much better contribution. I love our flag, but I love our kids too, and I think that libraries are the greater contribution.

We have doubled investment in school education. We have upgraded facilities at every school—all 9,800 of them—and created 130,000 training places. We are also working to protect Australia's most vulnerable people. This work is at the heart of the Labor cause. We have delivered an historic increase to the pension, and we are working to improve the aged-care system. We have to look after those who are nearing retirement—not that there is anyone in this room approaching that age!

We have to get on with our commitment to introduce the nation's first ever National Disability Insurance Scheme. We have secured \$5.8 billion to help rebuild flood affected regions in Queensland, Victoria and Western Australia. As a Queenslander I was little bit disappointed in those opposite, who voted against this helping hand in our time of devastation. The modest flood levy and our tough budget savings enabled us to direct the necessary resources to communities doing it tough after our summer of disaster.

This government's record of service delivery and economic management is noteworthy. As the Leader of the Opposition said, we should have 'serious bragging rights'. But that is not my style; let us just get on with the business of helping industry and reaching out a hand to those who are doing it tough or who have not yet found

the opportunity that awaits them. I am proud to be part of a Labor government which is making life better for all Australians, and I look forward to doing more to help the good citizens of Morton. I commend the appropriation bill to the House.

**Mr HUNT** (Flinders) (21:38): Australia is a great country with a bad coach. Appropriation Bill (No. 3) 2011-2012 is about appropriation: the expenditure of money raised by men and women working on the floors of factories, in shops, in butchers, as plumbers and as nurses. This bill is about how their money is spent, so this is an appropriate time to consider the great issue of the project of the Left versus the project of the Right.

The project of the Left, of course, places the government at the centre of everything—it is underpinned by the notion of the benevolent autocrat giving from above—whereas the project of the Right is based on a sense of nobility and possibility and respecting the aspiration of each person to achieve their best self in an environment which encourages and supports the ability of people to prosper through their own activities.

Against this background, let us look globally at the project of the Left and the project of the Right. What we see at the moment when we look around Europe is a very simple proposition: so many countries have lived beyond their means that Europe has a fundamental issue with repaying its debt. It is that distinction of living within your means, recognising that the debt of today must be repaid by the generation of tomorrow, that defines the two approaches.

When you look around the world, the 20th century was the great century of liberalism, of the open society and of the open economy. The first wave of liberalism gave people the opportunity to strive, to seek and—to paraphrase Tennyson—to find their own lives. The second wave of liberalism was about the great privatisations and the great process of government moving out of the business which can ordinarily be done by individuals and by private firms. The third wave of liberalism, which is to come and of which we are at the cusp now, is about the radical simplification of government and using the extraordinary opportunities of the communications age to enable single-entry governance for firms and individuals and to enable the streamlining rather than the proliferation of processes—a simple society with a simple engagement in government rather than the multiplication of activities which can ultimately crush the ability of individuals to find their way through the thicket and which can crush the ability of those who would create to do so without an unfair and inappropriate burden.

Let me try to put some figures around this and look at the contemporary Australian context. It is rewarding to look at economic history, and the last 21 years are an exemplary case in point. Over those 21 years we have had nine consecutive Labor deficits either side of the coalition's 10 surpluses out of 12 budgets. So the Centre Left has delivered not just nine deficits but nine deficits of over two per cent each. The Centre Right has delivered 10 surpluses out of 12 budgets, and the first of its budgets halved the deficit. Then, during the middle of the tech wreck at the commencement of the last decade, there was one deficit of 0.1 per cent of GDP, or \$1 billion. So over that period, without accounting for the return of capital to the budget to pay down debt, there was an operating surplus of \$97 billion. That in itself paid off the \$96 billion of debt. But, because of capital appreciation from the sale of assets such as Telstra, a national nest egg—a national asset—was created.

It repays one to look at this sequence of deficit, surplus and deficit. The last five budgets of the previous Labor administration delivered deficits of \$12 billion, \$18 billion, \$18 billion, \$14 billion and \$11 billion. Then, miraculously, there were 10 Liberal surpluses out of 12 budgets, not just paying down the \$96 billion of debt with \$97 billion of annual operating surplus but also adding to the national nest egg through a Future Fund and through sinking funds for both hospitals and higher education, each of which has been raided by the current regime. At the end of those 10 surpluses out of 12 budgets, all of a sudden we saw an immediate return to deficit. We have seen deficits of \$27 billion, \$54 billion, \$48 billion and, this year, \$37 billion at the last count—the four largest deficits in Australian history and the four greatest burdens on future generations in Australian history. That came after a golden 12 years. That is economic history. That is the reality of the way both sides approach government. Events are the pretext; they are the precursor; they are the basis for a reversion to the pathology which is in the DNA of each of these two major political movements. On the Centre Left, the ALP has produced nine out of nine consecutive deficits greater than two per cent. Nobody can explain that and nobody can provide a reasonable rationale, because there is none that is justifiable. Economic history shows that, over the last 21 years, the ALP has been the party of deficit. Statistically, factually and historically that is unarguable and it is true. There is no escaping the figures. The coalition has been the movement of surplus, of accumulating assets for future generations. The measure of a great generation in government, as opposed to a profligate generation, is whether resources are paid into the account and assets developed or future generations are robbed for conspicuous consumption now.

That brings me to the issue of waste under the current government. It is a sad tale in my own portfolio alone. Over the last few days we have had Senate estimates and we have been reminded that the Home Insulation

Program continues to run, the pain continues to be felt and the disasters continue to be with us. This is a program which, all up, has cost taxpayers over \$2 billion when you take into account the expenditure and the process of fixing the roofs. That process of fixing the roofs continues. We see that there are still at least \$18 million of debts that have never been recovered from the dodgy dealers that we warned about at the time—and, I hazard to say, they will never be recovered because many of those involved have fled overseas. There should be no surprise about this, because we were warning about it in August, September, October and November of 2009 on radio virtually every day and through the newspapers. There has been no shortage of coverage, but this program is an example of a government which ran to the tune of, 'Let us spend and the money will take care of itself.'

And it was not just wasted money; it was a program which did untold damage. We have had insulation removed from over 50,000 roofs and we have had over 200 house fires. Of course, the greatest tragedy of all, an irrecoverable tragedy, was the loss of four young lives associated with the program. The warnings were there before the first tragedy. We wrote to the Attorney-General in August 2009, before the first tragedy, warning of the risk to life and limb, not to mention the waste. We warned of the looming tragedies to come; so did the National Electrical and Communications Association; so did Master Electricians Australia; so did the various state governments, including the Controller-General of South Australia; and so did the unions. There was no shortage of warnings on a program that was designed with a dark secret—it would not work, it would waste money and it would put the lives and safety of people at risk. But the government ploughed on, because all that mattered was spending money. This program is an exemplar of the way expenditure has been an end in itself under the current regime and under the previous regime. The notion that to spend is good is ingrained in the project of the Left.

This brings me to the current challenge we face in relation to the carbon tax. This issue has been well elevated. I am one who is deeply, clearly and absolutely of the view that we have a challenge in terms of climate change and that we should take practical steps which produce real actions. But this government has not created a system which will produce real actions; it has created a system which will see Australia's emissions increase from 578 million tonnes in 2010 to 621 million tonnes in 2020, or almost two tonnes more emissions per person between now and 2020. That is hardly a functioning and effective system; that is real Australian emissions in this country. Instead, what we will be spending is \$3½ billion on purchasing foreign carbon credits from Hungarian Ponzi schemes, Chinese phantom HFC credits or Norwegian VAT avoidance scams. These are the real schemes that are out there now which have been rorted to the tune not of tens of millions of dollars, not of hundreds of millions of dollars but of billions of dollars today.

So, 60 per cent of the so-called emissions reduction will occur overseas. Only one quarter of any reduction as against trend will come from the carbon tax itself. That is because the carbon tax is an electricity tax. It is a tax designed to drive up the cost of living. It is designed, it is intended and it is constructed to close down blue-collar operations—to close down manufacturing. That is the only way it works. Unfortunately, all of the evidence is that it will have virtually zero impact on consumption of electricity by individuals but it will have an impact on trade-exposed firms.

This brings me to the destructive intent, without achieving any environmental gain because of course, where aluminium closes down it is still consumed in Australia and internationally. It is just that productivity and production are transferred to China, to India and to Indonesia. So against that background, what is it that we have seen in aluminium production? Alcoa's submission to the Senate on 29 April last year made it absolutely clear that their two Victorian plants would receive an annual impairment under the carbon tax—net of everything else—of \$40 million. That figure from 2020 would continue to rise significantly, each and every year. Alcoa made it absolutely clear in numerous submissions that this would affect 'the financial viability' of the plants in question.

My best advice from within the aluminium industry is that within 12 months we will face a situation where two out of six aluminium smelters may well have closure plans. They will not have closed overnight: they will have phase-down plans towards a permanent closure. And those jobs will all be tragic losses because they are the lives and livelihoods of families.

They will also have domino effects in local communities, and the simple testimony to this is that the government's own modelling at table 5.7 of the Treasury modelling says that the difference between a carbon tax and no carbon tax is a 61 per cent decrease in aluminium production. Nothing could be a greater example of the folly of the project of the Left in this country and the destruction of the aluminium industry.

Debate adjourned.

**ADJOURNMENT**

**Ms SMYTH** (La Trobe) (21:53): I move:

That the Main Committee do now adjourn.

Question agreed to.

**Main Committee adjourned at 21:53**

## QUESTIONS IN WRITING

### AWB Ltd Sale

#### (Question No. 377)

**Mr John Cobb** asked the Treasurer, in writing, on 23 May 2011:

- (1) Why did he make the announcement for the blocking of the Australian Stock Exchange Ltd, but left it to Cargill International to tell Australia it had been approved in its takeover of AWB Ltd.
- (2) Is it a fact that the Government has placed no conditions on the sale of AWB Ltd to Cargill International.
- (3) Can Cargill International refuse to accept grain for other buyers at its sites; if so, how will the Government tackle regional monopolies with farmers restricted by freight, from accessing competition.
- (4) What mechanisms are in place to ensure continued competition in this sector, given the Cargill International takeover of AWB Ltd has resulted in a reduction from three to two companies co-owning the Australian flour mills.
- (5) What processes are in place to consider the cumulative impacts of foreign takeovers, in particular industries along the supply chain, that over time may change the nature of foreign ownerships from a competitive market to a monopoly or near monopoly arrangement.
- (6) Were such cumulative impacts considered in the case of Cargill International's takeover of AWB Ltd; if so, how.

**Mr Swan:** The answer to the honourable member's question is as follows:

- (1) Generally an announcement is made or a press release issued for business cases which are rejected or where conditions are imposed.
- (2) I approved this proposal subject to a number of undertakings which Cargill provided addressing issues that had been raised during the examination of the proposal.

Further information on the proposal and the undertakings can be found at:

<http://www.cargill.com.au/australia/en/news/NA3044313.jsp>

- (3) The ACCC conducted an extensive public review of the proposed acquisition and concluded that it would be unlikely to substantially lessen competition in any of the relevant markets in breach of section 50 of the Competition and Consumer Act 2010 (see media release dated 17 March 2011 on the ACCC website).
- (4) In relation to Australian flour mills, the ACCC found that the acquisition by Cargill of AWB did not alter the existing ownership structure as AWB was not involved in flour milling (although AWB was a supplier of wheat to flour mills). The ACCC concluded that the removal of AWB as a supplier of wheat to Australian flour mills would not substantially lessen competition as flour mills have many alternative sources of grain supply.
- (5) Both foreign and domestic investment proposals which the ACCC has identified as potentially raising competition concerns will undergo review to assess the impact on competition. The processes for assessing acquisitions under section 50 that involve foreign firms is the same as it would be for a domestic firm—the test is whether the acquisition would be likely to substantially lessen competition in a market based on a forward looking assessment. Competition is also one of the factors taken into account in assessing national interest considerations under the Foreign Acquisitions and Takeovers Act 1975 and Australia's foreign investment policy.
- (6) The proposal was reviewed by both the ACCC and the Foreign Investment Review Board.

### Asylum Seekers

#### (Question No. 483)

**Mr Oakeshott** asked the Minister for Immigration and Citizenship, in writing, on 16 August 2011:

Is it a fact that the Government is spending \$2.6 million a month on motel accommodation to house asylum seekers because detention centres are currently full; if not, what sum is currently being spent per month to house asylum seekers in motel or other equivalent accommodation.

**Mr Bowen:** The answer to the honourable member's question is:

The Department of Immigration and Citizenship accommodates families and unaccompanied minors in motel-style facilities because this is more appropriate than a detention centre. An increasing number of families and unaccompanied minors are now being accommodated in community detention, reducing the need for motel-style facilities.

During the 2011 calendar year the cost of accommodating Irregular Maritime Arrivals in Alternative Places of Detention – which includes motel-style accommodation - averaged \$3.473 million per month.

During 2011, the following motel style accommodation facilities were closed:

- Asti on 30 June 2011
- Virginia Palms on 30 June 2011
- Jandakot on 21 October 2011

The Darwin Airport Lodge was also expanded during this time.

## Retirement Villages and Aged Care Facilities

### (Question No. 637)

**Mr Tony Smith** asked the Assistant Treasurer, in writing, on 11 October 2011:

- (1) Why is the Government imposing significant GST liabilities on developers of retirement villages.
- (2) Has the Treasury estimated the potential increase in GST revenue as a result of the Productivity Commissioner's recent change of approach to increase the GST burden on developers of retirement villages; if so, does this modelling take into account the cost to the economy of the anticipated reduction in construction of retirement villages and aged care facilities.
- (3) Why is the Government seeking to collect more GST revenue from developers of retirement villages, which more often than not incorporate aged care facilities and may lead to reduced development in an industry where it is acknowledged that there is a greater need for such facilities in Australia.
- (4) Why is the Government seeking to collect GST in excess of 10 per cent, and potentially up to 100 per cent, of the cash actually received for the sale of a newly developed retirement village.
- (5) Has the Government modelled the cost of additional public housing to fill the gap left by reduced retirement village construction in the private sector.
- (6) Has the Government estimated the additional costs on State and Territory governments to provide more affordable housing for older people as a result of the impact of this additional tax on retirement village development.

**Mr Shorten:** The answer to the honourable member's question is as follows:

- (1), (3) and (4) The Government is not imposing any additional GST liabilities on developers of retirement villages. Rather, the Commissioner of Taxation issued a public ruling clarifying that the value of all benefits – not just the cash amount – obtained by a vendor as a result of a sale of a retirement village is subject to GST. The rate of GST, which applies to all taxable supplies, is 10 per cent of the value of the supply.
- (2) The increase in GST revenue collections arising from the Commissioner of Taxation's ruling was estimated. The modelling undertaken does not take into account any wider impact on the economy.
- (5) No.
- (6) No. However, under the Intergovernmental Agreement on Federal Financial Relations, all of the revenue from the GST goes to the States and Territories.

## Climate Change

### (Question No. 697)

**Mr Fletcher** asked the Minister for Climate Change and Energy Efficiency, in writing, on 31 October 2011:

Does the Government have information on any engagement by local government of consultants seeking advice concerning the impact of climate change; if so, is the Minister in a position to provide a summary of such engagements, including the cost.

**Mr Combet:** The answer to the honourable member's question is as follows:

The Local Adaptation Pathways Program and the Coastal Adaptation Decision Pathways projects provided grant funding to local governments to assist with adaptation planning for climate change. The guidelines for each program required that expert consultants be engaged to assist with the project work. The guidelines did not specify the proportion of funding to be used for this purpose.

Information concerning the grant funding provided under the Local Adaptation Pathways Program can be found at [www.climatechange.gov.au/government/initiatives/lapp.aspx](http://www.climatechange.gov.au/government/initiatives/lapp.aspx). Information concerning the grant funding under the Coastal Adaptation Decision Pathways projects can be found at [www.climatechange.gov.au/government/programs-and-rebates/coastal-adaptation-decision-pathways.aspx](http://www.climatechange.gov.au/government/programs-and-rebates/coastal-adaptation-decision-pathways.aspx).

A list of councils that received funding under these programs is at **Attachment A**.

#### Attachment A

##### Local Adaptation Pathways Program participants

Blue Mountains City Council	Blue Mountains City Council
City of Boroondara	City of Boroondara
City of Burnside	City of Burnside
Byron Shire	Byron Shire
	Tweed Shire Council
Cairns Regional Council	Cairns Regional Council
Campaspe Shire Council	Campaspe Shire Council
	Shire of Moira
Cradle Coast Authority	Burnie City Council
	Central Coast Council
	Circular Head Council
	Devonport Council
	Kentish Council

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Eastern Metropolitan Regional Council	King Island Council Latrobe Council Waratah-Wynyard Council West Coast Council Bassendean Town Council Bayswater City Council Belmont City Council Kalamunda Shire Council Shire of Mundaring City of Swan
Gold Coast City Council Ipswich City Council	Gold Coast City Council Ipswich City Council Lockyer Valley Regional Council Somerset Regional Council Toowoomba Regional Council
Kiama Municipal Council Launceston City Council Logan City Council	Kiama Municipal Council Launceston City Council Logan City Council Scenic Rim Regional Council
City of Mandurah Manly Council Mansfield Shire Council City of Marion Melbourne City Council Shire of Murchison New England Strategic Alliance	City of Mandurah Manly Council Mansfield Shire Council City of Marion Melbourne City Council Shire of Murchison Armidale Dumaresq Council Guyra Shire Council Uralla Shire Council Walcha Council
City of Onkaparinga Port Stephens Council Borough of Queenscliffe Randwick City Council Redland City Council Rockdale City Council Shellharbour City Council Southern Metropolitan Regional Councils	City of Onkaparinga Port Stephens Council Borough of Queenscliffe Randwick City Council Redland City Council Rockdale City Council Shellharbour City Council Canning City Council City of Cockburn East Fremantle Town Council Fremantle City Council Kwinana Town Council City of Rockingham
Sunshine Regional Council Townsville City Council Wollongong City Council Shire of Wongan-Ballidu Mid West Regional Council	Sunshine Regional Council Townsville City Council Wollongong City Council Shire of Wongan-Ballidu Shire of Carnamah Shire of Coorow Shire of Mingenew Shire of Morawa Shire of Mullewa Shire of Perenjori Shire of Three Springs Shire of Chapman Valley
City of Geraldton-Greenough	City of Geraldton-Greenough Shire of Irwin Shire of Northampton
Towong Shire Council	Alpine Shire Council Towong Shire Council
Hunter Councils Inc.	Cessnock City Council Dungog Shire Council Gloucester Shire Council Great Lakes Council

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	Greater Taree City Council
	Lake Macquarie City Council
	Maitland City Council
	Muswellbrook Shire Council
	City of Newcastle
	Port Stephens Council
	Singleton Council
	Upper Hunter Shire Council
	Wyang Shire
Nambucca Shire Council	Nambucca Shire Council
	Bellingen Shire Council
	Kempsey Shire Council
Local Government Association of the Northern Territory Tiwi Arnhem	East Arnhem Shire Council
	West Arnhem Shire Council
	Tiwi Islands Shire Council
Local Government Association of the Northern Territory – top end	Belyuen Shire Council
	Wagait Shire Council
	Coomalie Shire Council

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### Coastal Adaptation Decision Pathways projects

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Project title	
Rising to the challenge, developing flexible coastal adaptation pathways for local communities	Local Government Association of Tasmania
Choosing a preferred pathway for Port Phillip Bay	Municipal Association of Victoria
Deciding for the coast: implementing effective adaptation options	South East Councils Climate Change Alliance
3 Projects	Sydney Coastal Councils Group
Assessment and Decision Frameworks for Existing Seawalls	
Demonstrating Climate Change Adaptation of Interconnected Water Infrastructure	
Prioritising Coastal Adaptation and Development Options for Local Government	
Decision Support for Adaptation Action	Hunter Councils
Pilot Council and Insurance Partnership on Climate Adaptation Methods	Sunshine Coast Regional Council
Queensland Coastal Hazard Adaptation Strategy pilot study	Local Government Association of Queensland
Climate change decision support framework and software for coastal Councils	Local Government Association of South Australia
Developing Flexible Adaptation Pathways for the Peron Naturaliste Region of Western Australia	City of Mandurah (for the Peron Naturaliste Partnership)

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### Asylum Seekers

#### (Question No. 706)

**Mr Christensen** asked the Minister for Immigration and Citizenship, in writing, on 1 November 2011:

Can he advise if any asylum seekers have been housed/detained by his department in motel accommodation in Townsville, Queensland, during 2011?

**Mr Bowen:** The answer to the honourable member's question is:

No asylum seekers have been housed/detained by my department in Townsville, Queensland, during 2011.

### Gympie Road: AJ Wyllie Bridge Upgrade

#### (Question No. 788)

**Mr Truss** asked the Minister for Infrastructure and Transport, in writing, on 24 November 2011:

In respect of the AJ Wyllie Bridge upgrade on Gympie Road in Queensland, (a) what total sum will it cost to build the bridge, (b) what total sum has the Australian Government allocated to the bridge construction, and has this contribution been paid to the Queensland State Government; if so, on what date; if not, what sum has been paid to date, (c) when will the tender process be finalised, (d) when is construction expected to be completed, and the bridge open to traffic, (e) is the Minister aware of reports that local businesses have suffered up to a 30 per cent downturn in business, and traffic is severely congested, as a result of the traffic restrictions in place on the current bridge, (f) what measures are in place to assist local businesses and the community until construction is completed, and (g) will the Minister consider fast-tracking the construction of the bridge.

**Mr Albanese:** The answer to the honourable member's question is as follows:  
Refer to response to House of Representatives Question in Writing 787.