

Part 6: Election FactCheck

Is Australia losing one manufacturing job every 19 minutes?

Fabrizio Carmignani

Griffith University

Reviewed by Phil Lewis

University of Canberra

16 July 2013

Under this [Labor] government we've seen one manufacturing job lost every 19 minutes. — Opposition industry spokeswoman Sophie Mirabella, Q&A, 1 July 2013

The Conversation contacted Mirabella's office to request a source for this claim, and a spokesman quickly responded: "Sophie's comment on Q&A was based on ABS data... the Labour Detailed Quarterly collection (cat no. 6291.0.55.003). If you open Table 04 in the series of spreadsheets available in that collection, then the 'Data 1' tab, and then column W, you'll see it contains seasonally adjusted manufacturing employment figures from 1984 to the current day.

"For the '1 every 19 minutes' calculation, Sophie was using the decline from 1,081,700 employees for February 2008 (the first reading after Labor was elected at the end of 2007) through to the most recent number of 938,300 for May 2013. That's an overall loss of 143,400 jobs over a period of five-and-a-quarter years, or 273 weeks."

Dividing that jobs figure by the time elapsed, Mirabella's office came up with the total of around one job lost every 19 minutes. The spokesman added: "It's worth pointing out that at no time prior to this period of Labor government has the total

number of jobs in Australian manufacturing ever fallen below the one million mark, let alone by so far under that mark. I may be wrong, but I also don't think there's ever been such a sustained loss of manufacturing jobs over a five-year period."

So, are those calculations right? Is it true that Australian manufacturing has had a particularly bad five years compared to the past? And to put that in some context, how has manufacturing fared in other industrialised countries?

Crunching the numbers

Employment figures by industry are available from the Australian Bureau of Statistics (ABS) on a quarterly basis. That data is also available through the Organisation for Economic Co-operation and Development's Short Term Labour Market Statistics. The OECD version reports data to the unit, while the ABS version rounds up data to the nearest hundred.

Kevin Rudd was elected prime minister on November 24, 2007, towards the end of the fourth quarter of the year, so I have examined employment data from the first quarter of 2008 to the end of the second quarter of 2013 to cover when Labor has been in power to date.

The ABS data shows that there were 1,081,664 manufacturing jobs at the start of 2008 and 938,280 by the second quarter of 2013 — meaning there was a net decline of 143,384 jobs.

In that time, there were 22 quarters, each averaging 91.25 days. Since there are $24 \times 60 = 1440$ minutes in a day, the total number of minutes in a quarter is equal to $1440 \times 91.25 = 131,400$. Hence, in 22 quarters there are $22 \times 131,400 = 2,890,800$ minutes. Dividing 2,890,800 by 143,384 one obtains 20.16, which means that one manufacturing job was lost every 20 minutes from the first quarter of 2008 up until the second quarter of this year.

Mirabella's figure is slightly different because instead of counting the duration of the time in government in quarters, she counts it in months, starting from February 2008 and ending in

May 2013. This approach is consistent with the fact that the ABS collects quarterly data on the second month of each quarter. This way of counting yields a total of 2,759,400 minutes. Dividing this number by 143,384 we obtain 19.24; that is, one job lost every 19 minutes.

Both counts are acceptable and they yield very similar results, so I would consider both to be numerically correct.

But what does it mean that Australia is losing one manufacturing job every 19 (or 20) minutes? It is worth putting that in some historical and international context.

Made in Australia: a recent history

The data series available from the ABS goes back to the mid-1980s. So it is possible to compute “minutes for one manufacturing job loss” for five consecutive periods of 22 quarters, from the first quarter of 1986 through to the second quarter of 2013.

As noted earlier, the last of those periods corresponds to the Rudd/Gillard Labor governments. However, the loss of manufacturing jobs is not a recent phenomenon: with the exception of the 1991–96 period, all other 22-month periods since 1986 are characterised by a decline in manufacturing employment. But it is correct that the pace at which jobs in manufacturing are lost has been faster in the most recent period.

In the 22 quarters preceding the beginning of the first Rudd government, one manufacturing job was lost every 140 minutes. Before that, from the start of 1997 to mid-2002, one manufacturing job was lost about every two hours.

And in the period from the start of 1986 to the second quarter of 1991, one manufacturing job was lost about every hour.

Rudd vs Gillard

Some recent trends in Australian employment are worth noting, including that manufacturing job losses slowed considerably while Julia Gillard was prime minister.

In the ten quarters of the first Rudd government, one manufacturing job was lost every 12.5 minutes; during the twelve quarters of the Gillard government, one manufacturing job was lost every 29 minutes.

However, this is not really surprising, given that the early years of the Rudd government corresponded to the most acute phase of the global financial crisis.

Jobs growth in the wider economy

The employment data also shows that the loss of jobs in manufacturing has been matched by a gain of jobs in other sectors.

Seasonally adjusted total employment data for the second quarter of this year are not yet available. So, one can only compute changes in total employment over the period from the first quarter of 2008 to the first quarter of 2013.

Over these 21 quarters, total employment (including manufacturing) in Australia increase by 836,490 units. This is equivalent to one new job being created every three minutes.

The global picture

Finally, it is worth looking at a global perspective using OECD Short Term Labour Market Statistics.

Using the same methodology described above, we can determine “minutes for one manufacturing job loss” for each of the 34 OECD member nations, including Australia, over the period from the first quarter of 2008 to the first quarter of 2013.

In fact, five out of the six other countries used for this comparison lost manufacturing jobs at a faster rate than Australia (one every two minutes in the United States and Japan, one every five minutes in the United Kingdom and Italy, and one every twelve minutes in Canada).

The loss of manufacturing jobs is a common phenomenon in many industrialised countries and it is partly due to the process of

structural transformation of the economy. Furthermore, the global financial crisis hit manufacturing hard worldwide.

Verdict

Sophie Mirabella's calculations of manufacturing job losses are correct.

Her spokesman's assertion that manufacturing jobs have been lost at a faster rate in the past five years than other recent five-year periods (going back to 1986) is also correct.

However, these job losses should be considered in their wider international context, including the global financial crisis and an even sharper decline in manufacturing jobs in a number of other industrialised economies.

While manufacturing jobs have been lost in Australia, over the past 21 quarters total employment (including manufacturing) has increased at a rate of one new job created every three minutes.

Review

I have gone through both the Mirabella statement and this author's comments. These comments confirm that Mirabella's original statement, with some minor quibbling, was basically correct.

The main point seems to me to be not the factual accuracy but, as the author points out, the phenomenon that manufacturing employment has been on the slide for over 40 years, no matter who has been in power. This is as a result of structural change, whereby manual labour has been replaced by labour requiring knowledge and people skills as we become an advanced, service-based economy.

There is no reason why we would necessarily regret the passing of skills no longer in demand and the stronger growth in demand for different skills, as long as jobs growth overall increases. There are, however, problems for those workers whose

skills are no longer in demand who may find it difficult to gain employment in the new growth areas of the economy. — Phil Lewis

Does Murdoch own 70% of newspapers in Australia?

Terry Flew

Queensland University of Technology

Reviewed by Ben Goldsmith

Queensland University of Technology

8 August 2013

Mr Murdoch is entitled to his own view ... he owns 70% of the newspapers in this country. — Prime Minister Kevin Rudd, press conference, 6 August 2013

One of the more spirited discussions of the first week of this federal election campaign has concerned whether News Corp Australia, as our largest print media company, has a vested interest in the election outcome.

After a front page of Sydney's *Daily Telegraph* declaring "Finally, you have a chance to... KICK THIS MOB OUT", and a tweet from Rupert Murdoch questioning the cost of the National Broadband Network (NBN), prime minister Kevin Rudd responded at a media conference in Brisbane that "Mr Murdoch is entitled to his own view ... he owns 70% of the newspapers in this country".

This statement is factually incorrect. According to the Finkelstein Review of Media and Media Regulation, in 2011 News Corp Australia (then News Limited) accounted for 23% of the newspaper titles in Australia.

In a rebuttal of Kevin Rudd's claim, Sally Jackson from *The Australian* observed that News Corp Australia accounts for 33%

of the newspaper titles that have sales audited by the Audit Bureau of Circulation.

But Rudd's claim has more validity if we focus on newspaper circulation. Many of the newspapers listed are highly localised and have small circulations.

News Corp Australia titles account for 59% of the sales of all daily newspapers, with sales of 17.3 million papers a week, making it Australia's most influential newspaper publisher by a considerable margin.

Among capital city and national daily newspapers, which are by far the most influential in setting the news agenda, News Corporation titles accounted for 65% of circulation in 2011. Fairfax Media, the next biggest publisher, controlled just 25%. Those figures may have shifted slightly since then, but there is no doubt that News Corp Australia is our most dominant player — as academic Matthew Ricketson pointed out in *The Conversation's* media panel blog, it owns 14 of our 21 metro daily and Sunday newspapers.

The International Media Concentration Research Project, led by Professor Eli Noam of Columbia University, found that Australian newspaper circulation was the most concentrated of 26 countries surveyed, and among the most concentrated in the democratic world.

Two newspaper owners (News and Fairfax) accounted for 86% of newspaper sales in Australia in 2011, as compared to 54% for the top two newspaper owners in the United Kingdom and a lowly 14% for the top two in the United States.

It is not the purpose of this fact check to consider whether that translates into political influence over governments and the electoral process. But it is important to note that this concentration of newspaper circulation exists at a time when the overall number of newspaper sales is declining. Newspaper sales per 100 Australians were 9.7 in 2011, as compared to 21.9 in 1987 and 13.0 in 2000.

The major reason for this decline is the migration of news consumption to the internet, where news.com.au and other News Corp sites face stronger competition from ninemsn, Yahoo!7, Fairfax Media, the ABC, and other sites such as The Conversation, Crikey, On Line Opinion and Guardian Australia. The extent to which some of these sites either gather original material, or have the influence of the News mastheads, is certainly debatable, but the online news environment is far more diverse than that for print newspapers.

But Kevin Rudd's claim that Rupert Murdoch — or News Corp Australia — “owns 70% of the newspapers in this country” is, as a factual statement, false.

Verdict

Kevin Rudd's claim that Rupert Murdoch “owns 70% of the newspapers in this country” is false. He is closer to the mark on the circulation of News Corp Australia's capital city and daily newspaper titles. — Terry Flew

Review

As the article rightly notes, the claim that Rupert Murdoch or News Corp Australia own 70% of Australian newspapers is factually incorrect. As reported in the Independent Media Inquiry final report, its share of daily newspaper is 23%. The report also includes a set of tables on share of newspaper ownership that use Audit Bureau of Circulation data from 2011.

The most recent IBISWorld industry report on newspaper publishing in Australia (July 2013) finds that News Corp Australia has a 42.3% marketshare, with the company's daily and Sunday newspapers accounting for approximately two-thirds of all daily (including Sunday) newspapers sold in Australia. — Ben Goldsmith.

Is our debt and deficit going the way of the disasters in Europe?

Mark Crosby

University of Melbourne

Reviewed by Glenn Otto

University of New South Wales

9 August 2013

Mr Rudd can stand up and show us his chart and demonstrate that by comparison with some other countries, Australia's debt and deficit position is not so bad. But it's not what we've done, it's where we've started that makes the difference and this is where Mr Rudd's deterioration in the fiscal position has been on a scale to match the disasters of Europe. — Opposition leader Tony Abbott, press conference, 4 August 2013

Firstly, it's clear the prime minister's charts comparing Australia's debt and deficit with other developed countries — like the ones he showed at the National Press Club last month — generally show that our position is not so bad. According to the Organisation for Economic Co-operation and Development (OECD), the ratio of gross public debt to gross domestic product (GDP) in Australia was 32.4% in 2012, compared with the OECD average debt level of 108.8%.

In 2011, eight countries had a public debt ratio above 100%. The only countries with a lower debt to GDP ratio were Estonia and Luxembourg. Gross public debt represents the current stock of debt owed by the government, and the ratio of this debt to GDP reflects the size of this debt to a country's income. As with an individual, if the debt to income level becomes too high then the country eventually will get into difficulty, as has been the case with Greece in recent years.

On the annual deficits, Australia's position is also strong. The 2012 government deficit was 3.3% of GDP, compared with

an OECD average of 5.7%. Both Spain and Greece had a deficit greater than 10% of GDP, while the US deficit was 8.7% of GDP.

But Abbott's statement comes down to the question of how these variables have moved in the past six or seven years. Between 2007 and 2013, 30 countries in the OECD showed an increase in the deficit to GDP ratio. In Australia in 2007, the budget was in surplus, with the surplus equal to 1.8% of GDP. It is interesting that during that year, 15 of the 30 OECD economies were running budget surpluses.

Since 2007, the Australian budget position has deteriorated by 3.6% of GDP. Fifteen countries in the OECD have had a smaller deterioration in their starting position since 2007. Interestingly, with regard to deficits, evidence to support Abbott's statement is mixed. The deterioration in the deficit to GDP ratio has been much worse in Spain and Ireland; however, in many other European countries the deficit to GDP ratio has moved less than in Australia. It is notable that the deficit to GDP ratio has actually improved in Greece and Hungary, though this shows the poor state of public finances in those countries in 2007 as much as anything else.

Moving on to public debt, in Australia this has increased by 19.1% of GDP since 2007. Within the OECD, ten countries have seen smaller increases in their public debt ratios since 2007. If we go back to 2007, Australia's public debt to GDP ratio was 14.6%, compared with an OECD average debt ratio of 74.3%.

Within the OECD at that time, only Estonia and Luxembourg had lower debt-to-GDP ratios. Notably, the increase in the public debt ratio in the PIGS (Portugal, Ireland, Greece and Spain) has been greater than 50%. Quite clearly in this case, the deterioration in our debt position has been nowhere near as bad as in the "disasters of Europe", though once again Abbott's point that we started from a much better position is correct.

Verdict

Tony Abbott's statement is mostly false. While it is correct that Australia's starting position was stronger than almost all countries with regard to public debt in 2007, the deterioration in that debt has been nowhere near the scale of "the disasters of Europe".

Similarly, the picture with regard to the deterioration in our annual budget position is mixed, compared with European countries or other countries in the OECD. There is plenty to complain about with regard to fiscal management in the past decade, but we can be thankful that we're not in Greece! — Mark Crosby

Review

The article presents a balanced assessment of the opposition leader's claim. It seems reasonable to interpret the "disasters of Europe" as including Portugal, Ireland, Greece and Spain (PIGS), and it is also useful to provide a comparison to other OECD countries. Since 2007, the increase in gross debt as a percentage of GDP for Australia has been substantially less than for the PIGS.

You get a similar picture when you look at net public debt. When the budget deficit as a percentage of GDP is used, both Ireland and Spain have experienced significantly larger increases in this variable than Australia. However, for Portugal, the increase in the deficit-to-GDP ratio is of a similar magnitude to the increase for Australia, while Greece has actually experienced a decline.

This evidence for the latter two countries is therefore not inconsistent with the opposition leader's claim. Of course, what the results for Greece suggest is that changes in the budget deficit are only one indicator of the overall performance of an economy. — Glenn Otto

Do same-sex couples earn 29% more?

Anna Reimondos and Edith Gray

Australian National University

Reviewed by Roger Wilkins

University of Melbourne

16 August 2013

Same sex couples earn 29% more money than male-female couples. Mum and Dad taxpayers are the most oppressed Australians in our economy. Christian Democrats will change that. — Fred Nile — Official Christian Democratic Party Facebook page, July 2013

The above comment was published on the Facebook page of the Christian Democratic Party (CDP) late last month and has sparked some outrage across social media networks.

When contacted by Election FactCheck, the Christian Democratic Party said the source for the claim was 2011 census data. A recent Australian Bureau of Statistics (ABS) article on the characteristics of same-sex couples in Australia published on July 25 — the same day the infographic appeared on the CDP's twitter feed — sheds some further light on the source of the claim.

To say that same-sex couples earn a certain percentage more income than opposite-sex couples, we would need to know the average income each kind of couple earns. For example, if we knew that same-sex couples have an annual household income of A\$129,000, and opposite-sex couples earned on average \$100,000 a year, then we could say that same-sex couples earn 29% more (or 25% more using the mid-point method to calculate percentage difference).

However, neither the ABS article nor any other recent ABS publication based on census data compares the income of same-sex couples and opposite-sex couples in terms of average income in dollar amounts. Although, when contacted, the ABS did

mention that an extra paid consultancy service could be provided that may have enabled a comparison.

But on the publicly available information, we find comparisons based only on the distribution of individuals and couples across different income brackets. For example:

Around two thirds (67%) of male same-sex couples had a combined income of \$2,000 or more per week, along with 58% of female same-sex couples and 42% of opposite-sex couples. (ABS Social Trends, July 2013)

As income is provided in income brackets, it is impossible to calculate whether same-sex couples earn the stated 29% more than opposite-sex couples.

Do same-sex couples earn more money than male-female couples?

But it is true that same-sex couples earn more money than male-female couples. Nearly a quarter (24%) of opposite-sex couples have an annual family income of less than \$52,000, compared to just 11% of same-sex couples.

The explanation behind the income difference is simple. In same-sex couples it is more common that both partners are working, and working for longer hours. In 45% of same-sex couples, both partners were working full-time, compared with just 22% among opposite-sex couples.

Same-sex couples are more likely to be working full-time because they are younger, and are less likely to have children living with them. Just over 75% of people in same-sex couples are aged under 50, compared to 54% of those in opposite-sex couples. Similarly, only 12% of same-sex couples have a child living with them, compared to 54% of opposite-sex couples.

Same-sex couples also tend to have higher incomes because they have higher education levels and are more likely to be working in managerial and professional occupations.

Are “mum and dad taxpayers” hard done by?

It’s hard to know for sure what the statement, “Mum and Dad taxpayers are the most oppressed Australians in our economy”, is specifically referring to. However, in this context it appears to be in reference to opposite-sex couples who are earning less than same-sex couples.

It is important to keep in mind that same-sex couples make up only 1% of all couple families reported in the census. Further, only around half of opposite-sex couples are parents with children living at home. If we focus on the 54% who do have children in the family, “mum and dad taxpayers” actually fare much better in terms of disposable household income (after taxes) than many other types of households.

Disposable income is often presented in five quintiles, from the lowest 20% to the highest 20%, and adjusted for the number of people and dependants in the household. Around 15% of couple families with dependent children (99.8% of which are opposite-sex couples according to the census) can be found in the lowest quintile of household disposable income. This can be compared to 34% of lone parent families who fall into the poorest 20%, and 64% of lone person households where the individual is aged 65+.

Looking at the percentage of families from the census that have an adjusted disposable weekly income of less than \$600 a week, there is little difference between same-sex couples with children (9%) and opposite-sex couples with children (7%). However, among single parents, nearly 30% have an adjusted disposable weekly income of less than \$600 a week.

Verdict

The claim that same-sex couples earn 29% more money than opposite-sex couples is unsubstantiated. However, it is true that same-sex couples earn more money than opposite-sex couples. This is because on average, same-sex couples are younger, have

fewer children, and are more likely to have a higher level of education; all factors that are associated with a higher likelihood of working full-time and in higher paid jobs.

It is hard to see how mums and dads are the most oppressed in our economy. Figures from the ABS on disposable income clearly show that other groups, including single parents and pensioners, are much more likely to fall into the lowest income category. — Anna Reimondos and Edith Gray

Review

Based on the available census data, I agree that the claim that same-sex couples earn 29% more money than opposite-sex couples is unsubstantiated. However, as this article states, it is clear that same-sex couples do on average have higher incomes. The explanation for the income difference is not simple. But differences in family structure, educational attainment, labour force participation and occupations of employment are important factors.

The statement that “Mum and Dad taxpayers are the most oppressed Australians in our economy” is ambiguous. Nonetheless, since — as the FactCheck correctly argues — families with dependent children are not in general an economically disadvantaged group, the proposition must be regarded as false. — Roger Wilkins

Is protecting global rainforests the best way to rapidly tackle climate change?

Bill Laurance

James Cook University

Reviewed by Alan Pears

RMIT University

3 September 2013

Nothing would do more to rapidly decrease the risk of climate change than a major plan to protect global rainforests. — Opposition climate action spokesman Greg Hunt, media release, 30 August 2013

Launching the Coalition's Global Rainforest Recovery Plan at Melbourne Zoo, Hunt outlined a goal of preserving the great rainforests in the Amazon, the Congo and south-east Asia through an international agreement. His media release said the aim would be to halve the eight billion tonnes a year of carbon dioxide emissions caused by rainforest destruction.

Hunt also said safeguarding tropical rainforests was “part of the biggest single thing the world could do on emissions over the period to 2020”.

An Abbott government would commit A\$1 million to holding a summit including Indonesia, Papua New Guinea, Myanmar, Vietnam, Cambodia, Malaysia, Laos, Thailand, the Solomon Islands and donor nations Australia, Norway, Germany, The Netherlands and Britain. Hunt said China, India and the United States would be encouraged to take part.

Election FactCheck contacted Hunt's media spokesperson, requesting a source for the statement that “nothing would do more to rapidly decrease the risk of climate change than a major plan to protect global rainforests”, and to clarify if the timeframe for that rapid decrease was between now and 2020.

Greg Hunt emailed back this response: “I imagine you may not have read Tim Flannery’s works on rainforest protection, the UNFCCC reports on the REDD or the Norwegian Government analysis of their investment in rainforest.

“You may also have missed the work of the 20th anniversary Biodiversity conference, the reports on rainforest protection from WWF, the IPCC or any other major international assessment of climate change. Once you have reviewed the last three IPCC reports, and the UNFCCC conference notes from the last three COPS, please return if you have any doubts or remaining questions. Any of those six documents will outline the effects of deforestation. With deepest respects, Greg Hunt.”

Before we delve into emissions figures, it is worth briefly explaining why rainforests are so globally important.

How do rainforests help cool the planet?

Rainforests have at least three impacts on the global climate. First, they store billions of tonnes of carbon in their living biomass, and when these forests are felled or damaged, some of that biomass is converted into the greenhouse gases carbon dioxide and methane.

In addition, undisturbed rainforests appear to be absorbing more carbon dioxide than they emit each year. This could be happening because as carbon dioxide levels rise in the atmosphere, many plants grow faster and thereby store more carbon. This absorption or “carbon sink” effect won’t continue forever, as forests will surely attain a maximum size and capacity for carbon storage at some point. But for now, intact rainforests could be absorbing a few percent of all human-caused carbon dioxide emissions each year.

Finally, rainforests emit great quantities of water vapour into the atmosphere as a byproduct of photosynthesis. This water vapour often forms clouds, some of which are effective at reflecting solar heat back into outer space. This probably slows global warming, although the size of this effect is highly uncertain.

Notably, water vapour that does not condense into clouds is actually a greenhouse gas, which worsens global warming — but, on balance, rainforests are probably helping to cool the planet through vapour emissions and making clouds.

Hence, reducing rainforest disruption, and encouraging forest regeneration where forests have already been lost or severely damaged, would clearly help to slow climate change — so Hunt is correct that this is a crucial issue.

Counting the cost of lost rainforests

Hunt's media release stated that about eight billion tonnes of carbon dioxide emissions are caused annually by rainforest destruction and degradation. In fact, estimates of these emissions are quite variable. For instance, five studies published between 2009 and 2012 had median estimates ranging from about 2.9 to 10.3 billion tonnes of carbon dioxide equivalent annually, with an overall average of about 6 billion tonnes.

These studies estimated the “gross emissions” from forest loss and degradation. They did not include carbon dioxide removed from the atmosphere over the same period by forests regenerating on abandoned land or otherwise recovering from damage, which partially offset the emissions from deforestation. If one subtracts the carbon dioxide absorbed by forest recovery from that produced by gross deforestation, the result is termed “net emissions”.

Overall, the best recent estimates we have suggest that deforestation contributes between 10% to 15% of all human-caused greenhouse gas emissions. Those are the gross emissions from deforestation, and do not include the effects of forest regeneration and recovery.

What are the biggest sources of global emissions?

So, how do emissions from rainforest destruction fit into the global picture?

Late last year, the United Nations Environment Programme published *The Emissions Gap Report 2012*, estimating that there

was a total of 50 billion tonnes of greenhouse gas emissions from human activities in 2010.

Between now and 2020 — the timeframe suggested by Hunt’s media release — the report concluded that billions of tonnes could be saved globally from seven sectors, with the highest savings potentially coming from industry, agriculture, forestry and the power sectors, in that order.

The 2012 report noted that one of the single best ways to deliver rapid emissions cuts could come from energy efficiency (both in how we make and use energy).

That conclusion is strongly supported by the most recent report from the leading international body for the assessment of climate change, the Intergovernmental Panel on Climate Change — one of the sources cited by Hunt in his email.

In 2007, the panel forecast that more energy-efficient buildings alone could deliver huge, affordable emissions cuts: around five billion to six billion tonnes of emissions savings by 2030 at a cost of less than US\$20 a tonne. That energy efficiency saving was significantly higher than the estimated one billion to two billion tonnes of emissions savings available at the same cost over the same period from the forestry sector.

Therefore, it is incorrect to say that “nothing would do more to rapidly decrease the risk of climate change than a major plan to protect global rainforests”, as there is at least equal or greater scope to make cuts in other sectors.

Why saving rainforests is still worth doing

Nonetheless, from a climate change perspective, there are good reasons to protect rainforests, as Hunt has pointed out.

So, let’s imagine that an Australian-led international initiative was remarkably successful and managed to reduce emissions from rainforest loss and degradation by 50%.

Doing so could cut current global greenhouse gas emissions by 5–7% or so. As discussed above, there would be some additional benefits from the carbon-sink and cloud-making

effects of rainforests, which would diminish less rapidly if forest loss is slowed.

The relatively modest size of that 5–7% saving does not reduce the importance of conserving rainforests; instead, it shows the need for strong accompanying efforts to slow rapid emission increases in other larger sectors too.

How could international deals better protect rainforests?

It would be highly desirable for Australia to work with other countries to help protect the world's rainforests, as part of a broader effort to limit harmful climate change. Such efforts have actually been ongoing for years, under various national and international schemes.

However, if the next Labor or Coalition federal government truly wanted to advance rainforest conservation, it would face a number of challenges.

For one thing, protecting forests can be enormously expensive, because many competing land uses, such as production of palm oil, sugarcane, soy, and wood pulp, are highly profitable.

In addition, efforts to slow deforestation in developing nations are politically complicated. One concern often raised by developing nations is that industrialised countries such as Australia and the United States might be trying to buy their way out of their international obligations to combat climate change, rather than reducing their own emissions at home.

This could be a particularly big hurdle for the next federal government, given that state governments in Queensland, Victoria and New South Wales are weakening laws designed to reduce land clearing and deforestation.

These laws were originally implemented because Australia has, until recently, been among the biggest forest-destroying nations in the world. From 2005 to 2010, for instance, Australia lost on average nearly one million hectares of forest or woodland per year, according to the UN Food and Agricultural Organization.

Furthermore, assuming the polls are right and the Coalition is elected on September 7, it may need to modify some of its current policies in order to help protect international rainforests.

For instance, the Coalition, led by the Liberals' deputy leader and foreign affairs spokeswoman Julie Bishop, has opposed efforts to reduce imports of illegal timber into Australia. This is a crucial issue because illegal logging is estimated to be worth US\$30 billion to US\$100 billion a year, and is a major cause of global rainforest destruction.

Verdict

Greg Hunt's statement conveys an important message about the value of rainforests for the global climate, and clearly any serious attempt to halt runaway emissions growth will require a multi-faceted approach that includes rainforest conservation.

However, to say that "nothing would do more to rapidly decrease the risk of climate change than a major plan to protect global rainforests" is incorrect, as there are other sectors that could deliver equally large or greater emissions reductions than forestry between now and 2020.

Review

This fact check is a thoughtful and balanced assessment of Greg Hunt's claim.

If the Coalition initiative is successful in reducing global rainforest land-clearing impacts by four billion tonnes of emissions annually by 2020, that would be a significant proportion of the 14–20 billion tonnes of reductions shown in the 2012 UNEP chart (above) required to provide a reasonable chance of limiting warming to 2°C. However, success in international climate negotiations has proved elusive over the past 20 years. It is not obvious how this could be changed by a summit led by Australia, which has a chequered history of performance on climate issues.

The energy sector creates about two-thirds of global greenhouse gas emissions from burning fossil fuels such as coal and gas. According to the International Energy Agency, without strong

action to cut fossil fuel use, we cannot rapidly limit warming. Released in June this year, the agency's special report, *Redrawing the Energy — Climate Map*, concludes that energy efficiency improvement is often profitable and could deliver half of the energy emissions savings between now and 2020.

Meanwhile, renewable energy costs are falling. Recent studies, including by the Australian Energy Market Operator for the federal government, show that a transition to 100% fossil fuel free electricity is both feasible and affordable in Australia over the next two decades.

Finally, reducing methane emissions from coal, gas and agriculture could also offer disproportionately large short-term emission reductions, as methane is a potent greenhouse gas in the short-term. — Alan Pears

Were just 67% of GP visits bulk-billed when Tony Abbott was health minister?

Richard Norman

University of Technology, Sydney

Reviewed by Jim Gillespie

University of Sydney

4 September 2013

The bulk-billing rates are at historic highs now. Visits to GPs are 82% bulk-billed. When Tony Abbott was minister it was 67%. — Health minister Tanya Plibersek, National Press Club Health Debate, 27 August 2013

A central tenet of the Australian healthcare system is that doctors can set their own fees. The basic premise of Medicare is that the government pays a fixed sum for each type of service (the Medicare rebate), with the patient paying the remainder. When

services are bulk-billed, the doctor charges the government directly, and only receives the Medicare rebate, with patients paying nothing.

The claim the health minister is making relates to the proportion of general practitioner (GP) visits that are bulk-billed. Plibersek made a similar claim in a media release on 19 March this year, which said “the new figures were in stark contrast to when Tony Abbott was health minister when bulk-billing rates hit rock bottom at just 67%”.

What does the data show?

The best source of evidence regarding bulk-billing is the Department of Health and Ageing figures, which show bulk-billing rates by quarter going back to 1989. State-specific figures for bulk-billing suggest that where you live matters — there is considerable difference depending on where the doctor is based. New South Wales has the highest rates of bulk-billing, consistently around five percentage points higher than the Australian average. The Northern Territory and the Australian Capital Territory have low bulk-billing rates.

The trend in GP bulk-billing shows a steady increase until the mid-1990s, then a steep decline from 1999 until 2003. Rates have been increasing steadily since, with the greatest increase between 2003 to 2005.

Certainly, bulk-billing rates have continued to increase since then, and it is correct to say that they are at an historic high. But it is also correct that the trend towards higher bulk-billing rates began under the previous government, particularly when Abbott was health minister.

Thus, if the claim is that at some point during Abbott’s tenure as health minister, the proportion of GP services that were bulk-billed was 67%, as is claimed in the media release, that is reasonable. However, this figure does not represent a typical bulk-billing rate during the four years of Abbott’s ministry, so is not a fair or reasonable reflection of the data.

What's behind the rise in bulk-billing?

A number of factors, both on the supply and demand side of GP services, might explain the trend in bulk-billing rates before 2003 and since then. In 2000, the Australian Medical Association claimed in a submission to a Senate inquiry that the rebate for general practice had not kept pace with the costs of providing the services, forcing more doctors to charge, and hence not to bulk-bill. This is a plausible explanation for at least some of the fall in bulk-billing before 2003.

A range of government policy changes during the period from 2003 to 2007 contributed to higher bulk-billing rates for GPs (notably MedicarePlus and Strengthening Medicare). Two of these are likely to have contributed to higher bulk-billing rates. The first was the introduction of an incentive payment (starting at A\$5–\$7.50, depending on location and patient, and now at \$7.05–\$10.65) for bulk-billed consultations.

The second was the increase in the Medicare benefit to 100% of the Medicare Benefits Schedule (MBS) fee for GP services, as introduced in January 2005. The MBS fee reflects the cost of providing the service and, prior to this point, the government paid 85% of this fee for each GP service. This effectively increased the price per service that GPs could receive when they bulk-billed.

Another important factor contributing to rising bulk-billing rates has been the increasing numbers of GPs. The Australian Institute of Health and Welfare estimated that the number of primary care practitioners in 2009 was 25,707, a significant increase from 20,616 in 1999. Greater competition may mean that GPs need to compete on price to attract sufficient patients. We know this from the differences in bulk-billing rates by region, with areas with fewer GPs having much lower bulk-billing rates.

Verdict

Bulk-billing rates are indeed at record highs, and at the level stated by Tanya Plibersek. However, the comparison with rates

under Tony Abbott is misleading, and demonstrates the problem with comparison of only two time points. The bulk-billing rate was that low at the beginning of Abbott's tenure as health minister, but the typical rate over the period was higher. Indeed, the four years in which he was minister were characterised by a sharp increase in bulk-billing.

Review

This fact check is a thorough and fair account of the bulk-billing issue during Tony Abbott's period as health minister.

The debate over bulk-billing can only be understood as part of broader philosophical differences over the role of Medicare. Is it a welfare safety net, which should be targeted at those who can't pay their own way? Or is it a universal insurance scheme to which everyone contributes according to income, receiving in return a right to coverage?

As the above article demonstrates, bulk-billing rates declined during the first two terms of the Howard government. There were a number of causes, but these were all linked to government policy, a point underlined by prime minister John Howard's repeated reference to Medicare as a "safety net" scheme.

This suggested that bulk-billing should be confined to the poor. A Fairer Medicare policy, announced by the Howard government in April 2003, offered GPs incentives to increase bulk-billing rates, but was restricted to low-income health card holders, with extra incentives in rural areas.

The decline of bulk-billing happened slowly, a policy of drift rather than public announcements. However, by 2003 it had become a source of political discontent, a problem for a government facing election the next year. It was a major element in Abbott's appointment as Minister for Health in October 2003.

As this fact check notes, Abbott's assumption of the portfolio was followed by moves to restore bulk-billing. The government's language also changed. Abbott introduced the Medicare Safety Net as embodying "the principle of universality", and

pointed to the rise in bulk-billing rates as evidence that the Howard government was now “Medicare’s greatest friend”. — Jim Gillespie

(Jim Gillespie is the co-author of *The Making of Medicare: the Politics of Universal Health Care in Australia*, published by UNSW Press this month.)