

Tuesday, 29 April 1997

The PRESIDENT (Hon. B. A. Chamberlain) took the chair at 2.32 p.m. and read the prayer.

ROYAL ASSENT

Message read advising royal assent to:

Board of Studies (Amendment) Act

Melbourne University (VCAH) Act

National Australia Bank and Bank of New Zealand Act

Racing (Amendment) Act

Teaching Service (Amendment) Act

QUESTIONS WITHOUT NOTICE

Intergraph: performance

Hon. T. C. THEOPHANOUS (Jika Jika) — I refer the Minister for Health to the comments of the Premier on the Neil Mitchell show last week where he said that he became aware of the problems with Intergraph only when he received a draft copy of the Auditor-General's report two weeks previously. Will the minister explain to the house why he did not inform the Premier of problems with the Intergraph system, which he had referred to the Auditor-General in May 1996?

Hon. R. I. KNOWLES (Minister for Health) — I thank the Leader of the Opposition for his question. Unfortunately, following his usual practice, the Leader of the Opposition has misquoted the Premier. The Premier commented that he only became aware of the depth of the issue when I did. In fact, it is on the public record.

Hon. T. C. Theophanous — So he knew about it?

Hon. R. I. KNOWLES — I brought to his notice my concern back in May last year and I referred it to the Auditor-General.

Hon. T. C. Theophanous — But not in depth?

Hon. R. I. KNOWLES — If Mr Theophanous closed his mouth and opened his ears he would actually hear what I am saying. When the current chief executive officer of the ambulance service briefed me, he directed to my attention a number of issues that were of concern to him. The process then became a matter of concern to me. Because those matters had not been picked up by the previous auditing of the ambulance service I directed them to the attention of the Auditor-General and asked him to bring forward his performance audit of the ambulance service. There is no inconsistency.

Hon. T. C. Theophanous — Did you inform the Premier?

Hon. R. I. KNOWLES — At that time, and that is on the public record.

Roads: outer metropolitan improvement program

Hon. BILL FORWOOD (Templestowe) — I ask the Minister for Roads and Ports to inform the house of the government's 1997-1998 outer metropolitan arterial road improvement program.

Hon. G. R. CRAIGE (Minister for Roads and Ports) — It gives me much pleasure to announce the state government's outer metropolitan arterial road improvement program. The state government will allocate \$41 million for new road projects to commence in 1997-98 in outer metropolitan Melbourne.

Hon. Pat Power — Not enough.

Hon. G. R. CRAIGE — According to Mr Power, it is not enough, but I inform the house that this is a record amount for any state government to allocate to a metropolitan arterial road program. No government in the history of this state has ever allocated such an amount to an overall strategy for arterial roads. Fifteen new projects will be commenced in this financial year and 10 current projects will be completed. The new road projects will relieve pressure on outer metropolitan roads where there is continuing urban growth and industrial development. It is necessary to ensure that the arterial road network can carry the extra traffic that growth brings. In addition, \$13 million will be spent on 10 projects announced in last year's program. It will include works on Boronia, Dorset and Greens roads, the Greensborough and Melton highways, and Reynolds Road. It also includes the

\$10 million package that the government introduced for Werribee last year.

Most existing two-lane, two-way roads were constructed in the early days of Melbourne and were designed to cope only with rural traffic volumes. Many of those roads are now carrying more than 15 000 vehicles a day, including an increased number of heavy freight vehicles. The \$41 million program builds on the state government's Linking Melbourne, Transporting Melbourne and Living Suburbs strategies in an attempt for the first time to provide a coordinated approach to infrastructure development.

The majority of the new work will involve creating two lanes in areas where there is only one lane of traffic in each direction and providing additional lanes on congested three and four-lane roads. In many cases the government will capitalise on outer metropolitan arterial roads whose construction has already commenced, and it will ensure the links between our metropolitan roads provide a vital road network. The details of individual projects will be announced within the next few weeks.

Metropolitan Ambulance Service: former CEO

Hon. M. M. GOULD (Doutta Galla) — I refer the Minister for Health to the fact that salary payments for the former full-time chief executive officer of the Metropolitan Ambulance Service, Mr Jack Firman, were made to Mr Firman's private company Pinelow Pty Ltd, a tax dodge which the Auditor-General has said, 'constituted a practice with potentially serious taxation implications for the service', and I ask: has the minister retained the policy of his predecessor to allow full-time public officials in his department or agencies under his control to be paid through a company structure in order to dodge tax?

Hon. R. I. KNOWLES (Minister for Health) — The arrangements for the payment of Mr Firman's salary were a matter for the then administrator of the Metropolitan Ambulance Service and were not under the control of the department or the minister.

Altona hospital site

Hon. P. A. KATSAMBANIS (Monash) — Will the Minister for Health advise the house of any decision that has been made regarding the future use of the former Altona hospital site?

Hon. R. I. KNOWLES (Minister for Health) — I thank Mr Katsambanis for his question, which shows that at least someone is taking an interest in the western suburbs of Melbourne. It is worth noting that the Kennett government has developed health services in the western suburbs — it did not happen under the Labor government. This government has established health services in Broadmeadows — which is hardly a swinging electorate, let alone a safe Liberal electorate — for the first time, despite the fact that for something like 20 years people in that area have been fighting for health services.

Honourable members will recall that as part of the strategic plans for metropolitan hospitals a decision was taken to close the Altona District Hospital, a small hospital providing limited services to the Altona community. A decision was taken to consolidate those services and build up the service network. As a result of the closure, it was the intention of the Western Health Care Network to sell the site of the former Altona hospital and to use the proceeds as part of the capital redevelopment of services. As a result of discussions between my department and the network, an agreement has been reached for the site to be retained for the delivery of community services. The government will allocate \$800 000, which is the estimated value of the site, to the Western Health Care Network, for its redevelopment plans. As a result of that decision, the Western Health Care Network put a proposal to the government that it look at a \$5 million redevelopment of the Williamstown Hospital to extend the range of services provided at Williamstown and to upgrade the facilities, an upgrade which has been necessary for many years.

As a result of the proposals by the board of the Western Health Care Network it will allocate the \$800 000 — which is the amount I referred to in relation to the Altona hospital site — to the Williamstown Hospital and it is confident that as a result of requests from the local community the local community will raise \$500 000 towards the upgrading of facilities. It already has \$3 million in reserve for that project and I am pleased to advise the house that the government has responded to requests and will provide \$700 000 to enable the upgrade of the Williamstown Hospital to occur. That will ensure a more extensive range of services for people living in the Hobson's Bay municipality.

It is a significant achievement and it demonstrates what can be achieved if good health policy planning is applied and if the government works with the network board. It is a significant achievement for the

community of Hobson's Bay, and the Kennett government has been pleased to play its part in its development.

Government bills committees

Hon. T. C. THEOPHANOUS (Jika Jika) — I refer the Leader of the Government to the *Age* of 26 April in which he is reported as refusing to release membership details of government members on party or bills committees. Given that the composition of such committees is available in other jurisdictions — —

Hon. Bill Forwood — What's that got to do with you?

Hon. T. C. THEOPHANOUS — He is reported as saying — —

Honourable members interjecting.

The PRESIDENT — Order! Settle down!

Hon. T. C. THEOPHANOUS — Given that the composition of such committees is available in other jurisdictions, will the Leader of the Government explain to the house why the government is so secretive about bills committee membership, and does he support the comments made by the Minister for Health that the reason for such secrecy is that vested interests would hound members of Parliament?

Hon. R. I. Knowles — On a point of order, Mr President, question time is for asking questions about the performance of government ministers; it is not about internal party matters and, as such, the question is out of order.

Hon. T. C. THEOPHANOUS — On the point of order, Mr President, the opposition believes it is the practice for bills committees under successive governments to be a source of consultation with the community. The opposition will provide information to the house at a later date that government members have often said in this house, without knowing whether it is not policy to release that information, that they are members of bills committees — —

Hon. R. I. Knowles — That has nothing to do with the government!

Hon. T. C. THEOPHANOUS — They scrutinise government legislation and make recommendations

to ministers in relation to the performance of their duties. Consequently, it is reasonable for the public to know who the members of those committees are and it is a reasonable question to ask of the government.

The PRESIDENT — Order! The matter is not one of government administration but is a matter of internal party administration. It is up to the parties what information they make available and what they do not.

Small business: women

Hon. M. T. LUCKINS (Waverley) — Will the Minister for Small Business advise the house of the response received to the 'Women in Small Business' discussion paper released recently?

Hon. LOUISE ASHER (Minister for Small Business) — I thank Mrs Luckins for her question, for her work on the backbench committee and for her ongoing interest in this matter. As honourable members will be aware, an issues paper on women in small business was released in March 1996 and it contained the basic facts and figures. For example, women are involved in 56 per cent of Australian small businesses but take a leading role in only 6 per cent of those businesses. Many issues were raised in the discussion paper, some of which may have ramifications for the government and some of which may not.

The issues related to raising the profile of women in small business, financial management and business confidence, education and entrepreneurialism, family responsibilities, business information and referral, and a range of additional service questions. The paper looked at programs that were available in other states as well as responses from the commonwealth. The discussion paper received an excellent response. A number of backbench members distributed it widely throughout their electorates.

We received 15 submissions from a wide range of business and women's groups. For example, submissions were received from VECCL, the National Institute of Accountants, the Home Based Business Association of Australia, the International Women's Federation of Commerce and Industry and a number of small business operators. All the submissions were supportive of the issues raised in the discussion paper, the key issue being access to finance and business communities. I am holding a

series of discussions with those groups, and I look forward to releasing a policy shortly.

Roads: wire rope safety barriers

Hon. PAT POWER (Jika Jika) — Will the Minister for Roads and Ports report to the house on any testing conducted in Victoria on wire rope barriers prior to their installation on Victorian roads, and will he specifically report on the testing conducted on the effect that wire rope barriers could have on motorcyclists?

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I thank the honourable member for his keen interest in wire rope barriers and his support for their installation.

Hon. Pat Power — We do not support them.

Hon. G. R. CRAIGE — The Labor Party does not support wire rope barriers! I refer the house to an incident that occurred on the Geelong Road near Werribee. In the early hours of the morning a Melbourne-bound vehicle veered across onto the verge. The police report to my ministry said that if it had not been for the wire rope safety barrier the vehicle would have entered the south-bound carriageway, resulting in a head-on collision.

Wire rope safety barriers have been installed on the Geelong Road and other Victorian roads to prevent traffic moving from one carriageway to another, which had occurred frequently. Considerable information has been obtained internationally and interstate —

Hon. Pat Power — No testing was done in Victoria?

Hon. G. R. CRAIGE — Mr Power is very ignorant of the issue. He has raised it as promised on behalf of one particular group — and in particular, a person named Damian Codognotto. I am sure Damian is thankful because he has been mounting a campaign about the risks motorcycle riders would face if they hit the wire rope barriers. International and interstate experience clearly suggests that wire rope safety barriers are no greater risk than rigid barriers in the middle of the road. In fact, the experts argue that there is less risk because wire rope barriers are more flexible. A rider whose bike hits the solid barrier risks being catapulted beyond it, whereas the wire rope barrier is more likely to absorb the impact of a vehicle.

Hon. D. A. Nardella — You have done no research on it.

Hon. G. R. CRAIGE — There is plenty of evidence, both internationally and interstate. This government is about improving road safety for all Victorian motorists.

Pharmaceutical industry: investment

Hon. R. H. BOWDEN (South Eastern) — Will the Minister for Industry, Science and Technology inform the house of any recent success in attracting new pharmaceutical investment into Victoria?

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I am pleased to advise the house that the leading Melbourne-based pharmaceutical manufacturer, CSL Ltd, has announced that it will establish a new state-of-the-art vaccine manufacturing facility at Parkville. This is a major boost for Australia's research and development and reinforces Victoria's reputation as the national leader in private sector research and development.

The investment by CSL to produce novel live vaccines, developed by Bioproperties (Australia) Pty Ltd, for marketing in Australia and internationally is yet another example of the strength of Victoria's position as one of the Asia-Pacific region's leading biological research and development centres. The vaccines, to be manufactured by CSL, were developed by Bioproperties in collaboration with the University of Melbourne and RMIT.

Melbourne's Parkville strip is a major centre for leading edge R and D, and this investment in manufacturing capacity is a further credentials boost for Victoria as Australia's innovation centre. The strength and the breadth of R and D expertise in Melbourne are extraordinary. They are compelling reasons for companies such as CSL to confidentially commit to manufacturing and commercialising new products.

I have announced that the state will give a fresh commitment to science, information and technology, and engineering projects to ensure — amongst other things — that projects such as the CSL investment continue to be located in this state. I look forward to making a major policy statement on that issue later.

The latest Australia Bureau of Statistics figures are encouraging because they show that business

investment on R and D in Victoria has reached \$1.2 billion, the highest of any state and 37 per cent of the national total. We welcome CSL's new commitment and the fact that it reinforces Victoria's dominance in this area.

Horse riders: protective headgear

Hon. PAT POWER (Jika Jika) — Is the Minister for Roads and Ports — —

Hon. Louise Asher — Is this the other one of the doroxy dixerers?

Hon. PAT POWER — It is, and if the minister does not get it right I will be very angry. Is the Minister for Roads and Ports familiar with recommendations relating to the wearing of approved protective helmets in the findings of Monash University Accident Research Centre study, published under the title 'Locking the stable door: preventing equestrian injuries'. The study found that a major cause of death was from head injuries suffered when riders were not wearing approved helmets. Does the minister support calls from the Australian Horse Council and the Monash University Accident Research Centre for the compulsory wearing of approved protective helmets? If so, will he advise the house when he will introduce legislation requiring horse riders on Victorian roads to wear approved protective helmets?

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I am excited. Rarely do you get three doroxy dixerers in a day. The Victorian government will not introduce legislation to compel horse riders to wear helmets.

However, the government has now met on many occasions with horse riding organisations throughout the state as well as the Australian Medical Association to discuss the risks to and the head injuries sustained by horse riders, especially in certain areas of the state where there is a high incidence of injuries to people while they are crossing major highways while they are horse riding, which is a great recreational pursuit for many young people. This state has tried — I think it has been successful — to introduce national uniformity in the standards which are — —

Hon. PAT POWER — And has decided to do nothing in the meantime.

Hon. G. R. CRAIGE — No, we have done a damn sight more than your mob did on a lot of issues while you were in government. I could talk about safety for the next 15 minutes if you want me to.

The PRESIDENT — Order! The minister should address the Chair.

Hon. G. R. CRAIGE — One of the risks horse riders face is crossing major roads, and an Australian first, which has been developed in Victoria, has recently been installed on the Warburton Highway at Wandin. Many young horse riders use the road network in the area and most of them need to cross the highway at Wandin. The Victorian government has introduced the first set of radio-activated lights and signals on the Warburton Highway. Riders will be able to push — —

Honourable members interjecting.

The PRESIDENT — Order! There is too much noise. It is very difficult for Hansard to hear the minister's reply. I ask members of the house to cooperate to enable the minister to be heard.

Hon. G. R. CRAIGE — Riders will be able to push a pedestrian-style button to activate flashing lights on a sign displaying a diagram of a horse and rider and a warning to slow down and proceed with care.

Hon. Pat Power — What has this to do with hard hats?

Hon. G. R. CRAIGE — It has a lot to do with hard hats.

Hon. D. A. Nardella interjected.

Honourable members interjecting.

Hon. G. R. CRAIGE — Foghorn Leghorn and Chicken Little are both on the front bench! The greatest risk horse riders face is when they ride horses across the highways, not along them. Victoria is leading Australia in technology which will allow horse riders to cross roads safely.

Victorian Government Purchasing Board

Hon. E. J. POWELL (North Eastern) — Will the Minister for Finance advise the house about a benchmarking project undertaken by the Victorian Government Purchasing Board?

Hon. R. M. HALLAM (Minister for Finance) — Part of effective planning for the future is knowing where your business stands compared to others in the marketplace. Perhaps the most effective way of assessing that is through benchmarking, which is simply gathering data and comparing the key performance indicators of your business with those of others against whom you compete. I found benchmarking an effective management tool in local government. I was keen for the Victorian Government Purchasing Board to undertake a wide-ranging benchmarking project to provide an insight into purchasing performances right across the public sector. That was agreed to, and the survey referred to by Mrs Powell is now well and truly under way. The survey relates to both the operational side — that is, how the job is being done — as well as the commercial outcome.

I can also report that the purchasing board has recently formed an association with RMIT to give the survey even greater credibility. The responsibility for analysing the data and producing individual reports to departments has also been outsourced to RMIT. The purchasing board has established links with a number of appropriate bodies across Europe and the United States. Over the next few months and years data from those organisations will be fed into the survey. In addition, the states of Queensland and South Australia as well as the commonwealth have all made a commitment to participate in parallel surveys, which are tailored to their structures, but which produce comparable data. In the future Victorian figures will be able to be benchmarked at both state and international levels.

As part of the project RMIT will organise a workshop at which the purchasing units which have performed well will be invited to explain their approach and the methods behind their success, to bring some cross-pollination into the process. The process will be repeated in future years to provide a clearer picture over time of the change and development in purchasing practices. Given that outsourcing is expected to increase over the next few years, that data will become even more useful.

In addition, the purchasing board is benchmarking key contracts which it manages directly on behalf of the government, such as energy, fuel, travel and legal services. Among other things, it will compare its own performance with those of equivalent organisations in the private sector. By testing its own effectiveness through its own benchmarking program, the Victorian Government Purchasing Board will practise what it preaches.

The benchmarking project is a pilot management tool, but a very important one, which provides lessons to many areas of government. It is a practical approach to government purchasing and will test outcomes and ensure that we get the best value for money for the Victorian community.

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates and outcomes

Hon. BILL FORWOOD (Templestowe) presented report on 1996-97 budget estimates and 1995-96 budget outcomes, together with appendices and minutes of evidence.

Hon. BILL FORWOOD (Templestowe) (*By leave*) — It is with much pleasure that I present the report of the Public Accounts and Estimates Committee on the 1996-97 budget estimates and the 1995-96 budget outcomes.

This is the first report on the estimates process by the Public Accounts and Estimates Committee of the 53rd Parliament. The theme of the report is enhancing accountability through improved management reporting, an issue that ranges from the introduction of customer service charges — such as was mentioned by the Minister for Finance in question time last week — through to improved information in the budget documents.

The report contains 31 recommendations, many of which complement strategies already being implemented by the government through the financial management framework. I commend the report to the Parliament. I urge members to read it and to take an interest in the implementation of the financial management reform process because of its potential to ensure that taxpayers' funds are used more effectively and efficiently.

In conclusion, I thank all members of the committee for another bipartisan report. I particularly record the committee's appreciation of the work of Ms Luci Marsh, our secondee from the Auditor-General's office, who has been of great assistance to the committee. Ms Marsh will be leaving the secretariat at the end of June and on behalf of the committee I wish her well in her future career. I also place on record the appreciation of the committee for the editorial assistance and formatting of the report of Ms Frances Essaber. Finally, I thank the committee's executive officer, Ms Michele Cornwell, for her unstinting efforts on the committee's behalf.

Laid on table.

Ordered that report and appendices be printed.

PAPERS

Laid on table by Clerk:

Melbourne City Link Act 1995 — Order in Council of 15 April 1997, varying the project area of land pursuant to section 8(4) of the Act (two papers).

Planning and Environment Act 1987 — Notices of Approval of the following amendments to planning schemes:

Brimbank Planning Scheme — Amendment L20.

Cranbourne Planning Scheme — Amendment L179 Part 1.

Euroa Planning Scheme — Amendment L29.

Frankston Planning Scheme — Amendments L83 and L84 Part 1.

Glen Eira Planning Scheme — Amendment L13.

Hume Planning Scheme — Amendment L28.

Melbourne Planning Scheme — Amendments L246 and L248.

Milawa Planning Scheme — Amendments L17 and L18.

Moira Planning Scheme — Amendment L2.

Moreland Planning Scheme — Amendment L38.

Rosedale Planning Scheme — Amendment L48.

Shepparton (City) Planning Scheme — Amendment L61.

Traralgon (City) Planning Scheme — Amendment L71.

Warragul Planning Scheme — Amendment L55.

Whittlesea Planning Scheme — Amendments L147 and L148

Yarra Planning Scheme — Amendment L25.

Yarra Ranges Planning Scheme — Amendments L34, L53 and L60.

LOCAL GOVERNMENT (FURTHER AMENDMENT) BILL

Second reading

Hon. R. M. HALLAM (Minister for Finance) — I move:

That this bill be now read a second time.

As members are aware, this government has made significant changes to local government over the past few years. Municipal boundaries have been redefined and new councils created. The introduction of compulsory competitive tendering has driven operational returns across the state. This bill introduces a number of further changes which will assist councils in this new environment.

The bill includes amendments which will clarify the powers of the chief executive officer, introduce a number of changes to the compulsory competitive tendering provisions, provide for the establishment of local government panels, make arrangements for the payment dates for rates and charges and make other improvements to the operation of the Local Government Act.

Chief executive officers

I turn first to the provisions for chief executive officers. Chief executive officers have a pivotal role in the running of councils. As members may recall, the Local Government Board reviewed the roles and functions of councillors some time ago. In its subsequent report the board recommended that there be a clearer delineation between the roles of councillors and chief executive officers. This bill picks up the recommendation of the board and introduces amendments to clarify the role of the chief executive officer to make it clear that the chief executive officer is responsible for the organisational structure of the council including the appointment and dismissal of staff. These changes, which are consistent with modern management of larger organisations, will allow councils to focus on strategic issues. They are also broadly in line with current relevant legislation in New South Wales, Queensland and New Zealand.

The chief executive officer must also be able to carry out the work of administering council without unnecessary distraction. To ensure that this is so, the bill also provides that any council resolution that relates to the employment of the chief executive

officer will have no effect unless reasonable notice was given to the minister of the intention to put the resolution before the resolution was passed.

Compulsory competitive tendering

In line with the government's undertaking to monitor compulsory competitive tendering (CCT) policy during the implementation phase, the government established a CCT review panel to review and report on CCT. The review panel received many submissions and consulted widely with interested organisations and people. The review panel made a number of recommendations which are picked up in the bill.

CCT base

The Local Government Act 1989 sets a CCT target of 50 per cent of total expenses. Total expenses is defined under Australian Accounting Standard AAS27 to include current operating expenditure plus depreciation, but excluding current capital expenditure. A number of submissions to the panel raised concerns about inclusion of depreciation in the total expenses. Further, concern was expressed that the inclusion of depreciation may inflate the CCT target.

The amendments proposed in the new section 208A (clause 18) redefine the CCT base so that 'total expenditure' will exclude depreciation and abnormal and extraordinary expenses but will include capital expenditure.

Competitive arrangements

The CCT review panel also considered concerns that were expressed to it relating to the current definition of 'competitive arrangements' which require public tendering and may not always produce value-for-money results. The proposed amendments in the bill will enable councils to use an alternative competitive process by providing a threshold below which a council will not be required to go through the full CCT process. Thus clause 19 provides for certain arrangements for contracts valued at less than \$50 000 to be 'competitive processes' for the purposes of the act when entered into by a council after an alternative competitive process conducted by the council in which:

for contracts valued at up to \$5000, the council has obtained a minimum of three verbal quotations; or

for contracts valued at between \$5000 and \$50 000, the council has received three written quotations.

The use of quotation systems for small value contracts is similar to those used by the Victorian Government Purchasing Board.

The bill also allows councils to be able to count for CCT purposes contributions towards contracts under state or commonwealth project or services contracts. To further improve efficiencies, the bill provides that public tendering will not be required when a council contract is a subcontract and valued at under \$100 000 where there is an in-house agreement. However, the current requirement for public tendering for a council contract with an external supplier worth more than \$50 000 will continue. The amendment will avoid 'double-tendering', whilst the \$100 000 upper limit acknowledges that public accountability must still be demonstrated independently for significant supply contracts.

Local government panels

Since its establishment in 1993, the Local Government Board's primary responsibility has been to conduct extensive reviews into local government boundaries. As the major work of restructuring has now been completed, it is no longer appropriate or necessary to maintain a formal statutory body such as the board. However, what is provided for in this bill is the establishment of local government panels analogous to those established under the Planning and Environment Act 1987. The advantages of the local government appointed panels are that they can be appointed on a needs basis, they are less costly to run and they will streamline the review process. Members should note that clause 22 provides that the minister must not make recommendations to the Governor in Council in relation to altering boundaries or constituting or abolishing councils without having first established a local government panel to conduct a relevant review and considering the panel's report.

I wish to make a statement under section 85(5) of the Constitution Act 1975 concerning the reasons for altering or varying that section by the bill. Clause 21 of the bill provides that it is the intention to vary or alter section 85 of the Constitution Act. The reason for limiting the jurisdiction of the Supreme Court is to ensure that the operation of local government panels is not subject to the possibility of lengthy and expensive legal challenges which would hold up

their proper purpose of advising the minister. In fact this provision mirrors the existing section 220O in relation to the Local Government Board.

Payment of rates and charges and interest on overdue rates

As members are aware, the financial year for councils has been changed from October-September to July-June to accord with normal commercial practice. As existing dates for payment of rates and charges have had to be changed, it is appropriate for individual councils to be able to choose whether they give their ratepayers the option of paying by lump sum or instalment, or if ratepayers are to pay by instalment only. Clause 9 of the bill provides councils with this choice.

The bill also provides that penalty interest rates for the late payment of rates and charges and other moneys owing to the council will be linked with the Penalty Interest Rates Act 1983 as occurs with a range of other government fees and charges.

The date from which penalty interest becomes payable will be two tiered: for payments by instalment, interest will be calculated from the date on which the instalment falls due, which reflects a more commercial approach. For lump sum payments, interest will accrue from the date that the rates and charges were declared, as is presently the case.

Housekeeping and spent acts

The bill contains other provisions which will improve and clarify the operation of the Local Government Act. I draw members' attention to clause 15, which provides for the selling of land by councils to recover unpaid rates and charges, and clauses 223A and 223B relating to the appointment and powers of inspectors of municipal administration. The bill also repeals a number of spent acts.

I commend the bill to the house.

Debate adjourned on motion of Hon. PAT POWER (Jika Jika).

Debate adjourned until next day.

ELECTRICITY INDUSTRY (LOY YANG B) BILL

Second reading

Hon. R. M. HALLAM (Minister for Finance) — I move:

That this bill be now read a second time.

The bill contains a number of miscellaneous provisions to facilitate the sale of the Loy Yang B power station, to amend the Electricity Industry Act 1993, the State Electricity Commission Act 1958 and the Loy Yang B Act 1992.

In 1992, 51 per cent of the partially constructed Loy Yang B power station was sold from the State Electricity Commission of Victoria to Edison Mission Energy. The former Labor government had negotiated an agreement with Edison Mission Energy for the sale of 40 per cent of the Loy Yang B power station. Upon winning office this government negotiated the transfer of a further interest of 11 per cent to Edison Mission Energy in exchange for a reduction in the take-or-pay obligation by lowering the price in that contract. At the same time, SECV entered into a number of contracts with the owners of Loy Yang B, including an agreement to purchase the power generated at Loy Yang B for 33 years, agreements to supply coal and infrastructure services to Loy Yang B for 33 years and an agreement to complete construction of the power station. The state of Victoria also agreed to support the Loy Yang B project in various ways.

Until now, Loy Yang B has been almost entirely insulated from the reforms to Victoria's electricity industry which have taken place in the last three years. In addition, the 1992 agreements have proved to be extremely unprofitable for SECV. For example, SECV has been recently purchasing power from Loy Yang B at prices nearly three times higher than the price at which SECV can sell that power into the market.

The proposed revised arrangements will involve the sale of the state's remaining 49 per cent interest in Loy Yang B to Edison Mission Energy and the cancellation of the existing power purchase agreement. A new agreement will be entered into between SECV and Edison Mission Energy which will hedge the price paid by SECV for power it is required to supply to the Portland and Point Henry aluminium smelters under earlier power supply agreements, at prices well below current market

prices. The adjacent Loy Yang A, which is to be privatised shortly, will acquire the land associated with the Loy Yang Mine from SECV and assume full responsibility for supplying coal and infrastructure services to Loy Yang B. The state support arrangements will be terminated, many of SECV's residual risks, including the risk associated with construction defects, which SECV did not fully pass on to the contractors who built Loy Yang B, will be cancelled and Loy Yang B will be placed on an equal footing with the other generators in terms of participation in the electricity market and ongoing regulation by the Office of the Regulator-General.

The revised arrangements will allow the state to complete the reform of Victoria's electricity generation sector which has and will deliver significant benefits to electricity consumers through the introduction of enhanced competition and world-class operators. Losses incurred by SECV under the Loy Yang B power purchase agreement will be brought to an end and the losses incurred by SECV under the aluminium smelter power supply agreements will be substantially reduced by the new hedging agreement. Termination of the take-or-pay power purchase agreement will also enhance competition in the electricity market and benefit other generators, including Loy Yang A.

The current arrangements were principally negotiated by the previous Labor government in a desperate bid to raise funds to complete the construction of Loy Yang B. Not only were the resultant power commitments overpriced, the vast bulk of the risks associated with the project were borne by SECV. These risks will now be eliminated. The transaction will also facilitate the imminent privatisation of Loy Yang A through the establishment of a direct supplier and customer relationship for coal and infrastructure services between Loy Yang A and Loy Yang B.

The bill contains various provisions which bring to an end the existing arrangements concerning Loy Yang B and facilitate the implementation of the revised arrangements. Part 1 of the bill states the purpose of the bill and provides for the commencement of its provisions. Part 2 of the bill sets out the amendments to the Electricity Industry Act 1993 and part 3 of the bill sets out the amendments to the Loy Yang B Act 1992 and the State Electricity Commission Act 1958.

The bill authorises the Treasurer to enter into and ratify an agreement to give effect to the transactions necessary to implement the revised Loy Yang B

arrangements, including cancellation of the state agreement which is a schedule to the Loy Yang B Act 1992 and the sale of the state's 49 per cent interest in Loy Yang B.

The bill amends the Electricity Industry Act 1993 to allow for the allocation from SECV to other entities of property rights and liabilities relating to Loy Yang B, including the Loy Yang Mine which will be allocated to Loy Yang A, the SECV Loy Yang B trader vesting contracts which will be allocated to Edison Mission Energy, or a related company, and the construction contracts entered into between SECV and the contractors responsible for constructing Loy Yang B which will be allocated to Edison Mission Energy, or a related company, in return for the cancellation of the 1992 construction contract between SECV and Edison Mission Energy.

The bill further amends the Electricity Industry Act 1993 to allow the Treasurer to be a party to an agreement for the sale of property of a public distribution company or public generation company. The Electricity Industry Act 1993, the State Electricity Commission Act 1958 and the Loy Yang B Act 1992 are amended to allow for the granting of a mining licence to Loy Yang A or a joint mining licence to Loy Yang A and the SECV, rather than SECV which currently has the right to mine the Loy Yang Mine.

The bill provides that the Governor in Council, by order published in the *Government Gazette*, may regulate, in such manner as the Governor in Council sees fit, the prices payable by persons purchasing electricity from the wholesale electricity market for the purpose of reducing the price SECV pays for the power to be supplied to the aluminium smelters. The purpose of this order is to reduce the losses incurred by SECV under the smelter power supply agreements. It will replace the current order which regulates the price which SECV is entitled to receive for the power it purchases from Loy Yang B and sells into the pool. The financial effect of the new order will be approximately equal to the financial effect of the existing arrangements.

The bill inserts a new part 11AB into the Electricity Industry Act 1993 which allows for the allocation of property, rights, liabilities and staff of Loy Yang Power Limited to a person or persons nominated by the relevant minister. The purpose of these provisions is to enable the effective transfer of certain assets and liabilities of Loy Yang Power Limited to the purchaser of the assets of that company. The new part provides for the

continuation of the terms and conditions and accrued entitlements of the staff at the time of transfer and that the operation of the law in relation to any future terms and conditions is not prevented by the transfer.

Other miscellaneous amendments are included in the bill. The bill confirms that the local government rates agreement entered into between Edison Mission Energy and the local council under section 27 of the Loy Yang B Act 1992 will take effect as an agreement under section 46 of the Electricity Industry Act 1993, so that Loy Yang B is treated in the same way as the other generation companies.

The bill includes an exemption from the Freedom of Information Act 1992 for the documents relating to the revised Loy Yang B arrangements which contain commercially sensitive information. The bill also allows the Governor in Council to amend the tariff order to reflect the fact that Loy Yang B will cease to purchase power under the Loy Yang B power purchase agreement.

I commend the bill to the house.

Debate adjourned on motion of
Hon. T. C. THEOPHANOUS (Jika Jika).

Debate adjourned until next day.

CONSTITUTION AND PARLIAMENTARY COMMITTEES (AMENDMENT) BILL

Committed.

Committee

Clauses 1 to 4 agreed to.

Clause 5

Hon. R. I. KNOWLES (Minister for Health) — I move:

1. Clause 5, line 7, omit "may" and insert "has, and is to be taken always to have had, the power to".

The amendment ensures that clause 5 not only confers power on the Governor in Council to issue a royal commission and appoint a board of inquiry, but also expressly states that the Governor in Council should be taken always to have had those powers.

The amendment is proposed following the questioning by the honourable member for Preston in the Legislative Assembly, Mr Leighton, of the impact of the uncertain nature of the Governor in Council's post-1986 powers to appoint royal commissions and boards of inquiry on legislation that applies Evidence Act powers to other bodies. In particular, he expressed concern about section 214 of the Local Government Act in relation to the appointment under section 209 of that act of a commissioner to inquire into the Darebin City Council. Mr Leighton argued that the commissioner appointed under the Local Government Act had only the compulsory powers provided by the Evidence Act to a board of inquiry appointed by the Governor in Council. If the Governor in Council is unable to appoint such boards, no compulsory powers can flow under the Evidence Act to a board of inquiry, and as a consequence to a commissioner pursuant to section 214.

The advice provided by the Solicitor-General is that the proposed amendment will ensure that provisions such as section 214 have always been effective to attract the Evidence Act powers. The amendment is about making clear what has always been understood to be the case. The government is indebted to the honourable member for Preston in the other place for drawing attention to the need to ensure that the act is amended in a way that makes it clear.

Hon. T. C. THEOPHANOUS — The opposition has some concerns about this, not so much in terms of what the government is proposing but more in terms of our now lack of understanding of what exactly this refers to.

What seems to have motivated this is that the honourable member for Preston in another place raised a question in relation to the Darebin City Council and the powers of that council to conduct a particular inquiry in Darebin. He raised the question specifically of whether, given that it was a Governor in Council appointment, the powers provided under the Evidence Act were attracted for this particular inquiry to take place.

As honourable members would be aware, the commissioner in Darebin was appointed by the government and involved himself in a significant number of inquiries, which involved the calling of witnesses under oath and during which a number of questions were asked of those witnesses, some of which cause problems for opposition members. For

example, witnesses were asked to which faction of the Labor Party they belonged.

The Minister for Health, who is currently seeking further advice, earlier today strongly objected to the notion that questions should be asked of the government about internal Liberal Party matters and what bills committees it might have, yet he seems to be quite happy to have a commissioner who was appointed by the government ask a whole range of questions of a political nature about membership of factions in the Labor Party. In this case the government is saying it wants to retrospectively provide the power to this particular commissioner to ask the spurious questions he in fact asked. The appropriate action by the government would have been to simply indicate that the commissioner did not have the power to call the witnesses he called.

Hon. R. I. Knowles — We don't accept that.

Hon. T. C. THEOPHANOUS — If the government says the commissioner had the power to conduct the inquiries and take all the evidence, these amendments are unnecessary because, according to the government, the power already exists. In other words, the government cannot have it both ways: either the amendment is necessary in order to clarify that the power exists and to ensure that what the amendment proposes is the case — that is, that the Governor in Council 'has, and is to be taken always to have had, the power to' — or the power always existed and, therefore, the amendment is unnecessary.

On the other hand, if this has nothing to do with the Darebin inquiry but has to do with other inquiries that may have been conducted where the Governor in Council was involved, the opposition would have to ask which inquiries are affected and whether, following the Pyramid and other inquiries that have taken place under successive governments, people have gone to gaol as a result of the exercise of powers that did not exist.

This is a Pandora's box. It is reasonable for the opposition to ask exactly what it is that we are talking about here. Which inquiries are we referring to? Is this specifically about the inquiry into the Darebin City Council or do the amendments relate to a range of other inquiries? The opposition must be satisfied about all of those things before it will agree to a retrospective power in relation to a whole range of inquiries that may have been illegal. And if they were illegal, the law should be held responsible.

Those inquiries should not simply be made retrospectively legal by this amendment.

Hon. R. I. KNOWLES (Minister for Health) — My understanding is that the legal opinion is that section 214 of the act has always applied to royal commissions or boards of inquiry. The issue has been examined in the light of concern raised by the honourable member for Preston in another place in relation to a specific inquiry. The Solicitor-General's advice is that it has always been understood by all involved that section 214 of the Local Government Act attracts the same coverage. This amendment puts the matter beyond doubt because it is assumed always to have applied. It is not an unusual procedure, it is happening all the time.

Some of the best brains in the country are employed to find loopholes in law, and Parliament is constantly amending legislation to ensure that what has generally been understood to be the case is the case at law. That is what this amendment does; nothing more and nothing less.

Hon. PAT POWER (Jika Jika) — I thank the minister for his additional comments. I support Mr Theophanous's concern about this, and having responsibility for local government I seek to make a contribution that expands on his concern. The minister said in his response that the Solicitor-General had said that the situation has always been taken to be the case. I do not have any difficulty accepting that that is the case. My concern is whether a matter, having always been taken to be so, is the same as its always having been legally so beyond any shadow of doubt.

In a sense, my question to the minister is in black and white: do these proposed amendments make legal any previous commissions or boards of inquiry that in hindsight may not have been legal or may be seen to have been unlawful?

Hon. R. I. KNOWLES (Minister for Health) — There is no suggestion that any board of inquiry has been illegal, nor has there been any improper conduct. I am further advised that parliamentary counsel does not believe the amendment is necessary. The Solicitor-General is suggesting that we should make sure there is no question about it, and in that respect the amendment is practical. The legal advice the government has is that for all intents and purposes this amendment is not strictly necessary. However, the Solicitor-General is being prudent, conservative and careful in saying that if

there is any suggestion that the situation is not clear cut, the amendment is a way of making sure.

I suggest that opposition members reflect on the proposition that this is not an argument of substance. I assume they will put to one side whether the inquiry into Darebin council is lawful, because that is not the issue. In respect of a board of inquiry into any local government body, past or present, I assume the opposition would want that inquiry to have the powers open to it that are available through the Local Government Act and the Evidence Act. This amendment is doubly crossing the t's and doubly dotting the i's to make sure there will be no possible doubt about what has always been understood to be the case.

Hon. T. C. THEOPHANOUS (Jika Jika) — I still have concerns about what the minister is suggesting. My concerns come down to a number of issues. Firstly, the minister is confusing the question of section 214 of the Local Government Act and sections 14, 15 and 16 of the Evidence Act. The Darebin inquiry was established under section 214 of the Local Government Act. If it is the case that section 214 does not under current circumstances provide the power —

Hon. R. I. Knowles — That is not the case, and I made that clear.

Hon. T. C. THEOPHANOUS — If it is arguable —

Hon. R. I. Knowles — No, it is not even arguable.

Hon. T. C. THEOPHANOUS — Again we come back to the same point of having it both ways. The minister cannot, on the one hand, say it is not necessary and that parliamentary counsel does not believe it is required and, on the other hand, say it will be done anyway to make sure just in case somebody decides to test in some court somewhere whether the inquiry conducted into the Darebin council was valid.

We accept absolutely the minister's point, but for future inquiries we need to clarify the issue so that we know exactly where we stand. Obviously some people would say that if there was doubt about power under section 214 of the Local Government Act to establish the Darebin inquiry it is the responsibility of the opposition to bring the minister to account and say that the inquiry should not have been established. For the minister to say that

Parliament will retrospectively give that power when he knows that it is retrospective —

Hon. R. I. Knowles — No, it is not. You know what the issue is and you are denying it.

Hon. T. C. THEOPHANOUS — The minister said it is not necessary. If it is not necessary the opposition is happy not to have the act amended. The minister has said that parliamentary counsel does not think it is necessary and he is saying that the government does not think it is necessary, yet he still wants to proceed with the amendment. There is an obvious inconsistency in saying those two things in one breath.

It is also not known what other inquiries may have been held, not only under section 214 of the Local Government Act but also under a variety of other acts, that may well be brought into question. It reminds me of people going around after the Wik decision and saying that because they always understood that native title did not exist on pastoral leases they should legislate to take away any shadow of doubt. This is a similar kind of exercise.

If the minister is confident the amendment is unnecessary he should be prepared to stand on that confidence. If the Solicitor-General has given him advice to the contrary, I ask that he table that advice and identify which inquiries conducted in the past 10 years may be affected by the amendment, so that the opposition is in a position to decide whether it can support it.

Hon. R. I. KNOWLES (Minister for Health) — I can only repeat what I have said. The advice of the Solicitor-General is that this power has always existed. That is the firm view of parliamentary counsel. The Solicitor-General has said that he believes that to have always been the case. The amendment will make sure that that is clearly understood by everyone. It seems prudent and practical, and it is hardly a matter of great principle. The government stands by the amendment it has proposed.

Hon. T. C. THEOPHANOUS (Jika Jika) — I make it clear on behalf of members of the opposition that we do not accept the amendment on the basis that the government has not identified which inquiry it refers to. It is inappropriate for the government to put forward retrospective amendments without clearly identifying the need to do so. Given that, the opposition has to think carefully whenever amendments are put up that propose to affect

HERITAGE (AMENDMENT) BILL

470

COUNCIL

Tuesday, 29 April 1997

anything retrospectively, whether it be native title or anything else. The opposition cannot support the amendment.

Committee divided on omission (members in favour vote no):

	<i>Ayes, 8</i>
Gould, Miss	Nguyen, Mr
Hogg, Mrs	Power, Mr
McLean, Mrs (<i>Teller</i>)	Pullen, Mr
Nardella, Mr (<i>Teller</i>)	Theophanous, Mr

	<i>Noes, 30</i>
Asher, Ms	Hallam, Mr
Atkinson, Mr	Hartigan, Mr
Baxter, Mr	Katsambanis, Mr
Best, Mr	Knowles, Mr
Birrell, Mr	Lucas, Mr (<i>Teller</i>)
Bishop, Mr	Luckins, Mrs
Boardman, Mr	Powell, Mrs
Bowden, Mr	Ross, Dr
Brideson, Mr	Smith, Mr
Cover, Mr	Smith, Ms
Craige, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Varty, Mrs
de Fegely, Mr	Wells, Dr
Furletti, Mr	Wilding, Mrs (<i>Teller</i>)

	<i>Pairs</i>
Eren, Mr	Ashman, Mr
Walpole, Mr	Forwood, Mr

Amendment agreed to.

Hon. R. I. KNOWLES (Minister for Health) — I move:

- Clause 5, line 12, omit "may" and insert "has, and is to be taken always to have had, the power to".

Amendment agreed to; amended clause agreed to; clauses 6 and 7 agreed to.

Reported to house with amendments.

Report adopted.

Third reading

Hon. R. I. KNOWLES (Minister for Health) — I move:

That this bill be now read a third time.

The PRESIDENT — Order! As I am of the opinion that the third reading requires to be passed by an absolute majority of the members of the house and there is not an absolute majority present, I ask the Clerk to ring the bells.

Bells rung.

Members having assembled in chamber:

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.

HERITAGE (AMENDMENT) BILL

Second reading

Debate resumed from 22 April; motion of Hon. R. M. HALLAM (Minister for Finance).

Hon. PAT POWER (Jika Jika) — The opposition supports the Heritage (Amendment) Bill, which corrects a number of technical problems relating to the Heritage Act and the Mineral Resources Development Act.

The Heritage Act provides for the protection and conservation of places and objects of cultural heritage and significance. A broad range of significant heritage places, including historic and archaeological sites, precincts, gardens, cemeteries, shipwrecks and related objects, buildings and structures can now be protected under one legislative scheme.

The act has been successful in protecting a wide range of heritage places. There is wide community interest and support for the new provisions, notably those affecting the large number of historic gardens that have been put forward for registration.

There is increasing evidence in provincial cities, country towns and Melbourne, the capital city, that the community is increasingly supporting the Heritage Act. All honourable members have in their electorates particular sites which are treasured, supported and cared for by the community and which have a significant capacity to add value to the important tourist activities that occur in Victoria.

There can be no question that the state's heritage is an asset that we can use and add value to. It is an asset that not only provides younger Victorians with the opportunity to witness first-hand and learn about the kinds of experiences their forebears had but, as I have said, has a great capacity to play a significant role in adding value to local communities.

In that sense I have not the slightest doubt that the new local government structure will enable municipalities to respond to the opportunity to take on board heritage issues. The identification of heritage sites and their eventual listing and protection by the act strengthens the fibre and spirit of communities, both in the metropolitan area and in provincial and rural Victoria. The Minister for Finance knows I have a great enthusiasm for the potential of local government. I am sure this will be one of those areas in which local government will show a level of activity it was not able to show in its previous life.

Last weekend I had the good fortune to have a spare Saturday. As a consequence of the brilliant weather I visited Castlemaine and Maldon. As Victoria's no. 1 historic town Maldon is a classic example of how a community can grow and flourish as a consequence of the protection the act provides. In the mid-1960s I was involved with the Maldon football club. In those days Maldon was a sleepy town, and if it had not been for the initiatives of the broader community, with the considerable support of the government of the day, it would have fallen further and further behind as a community.

I am sure many honourable members have visited Maldon and Castlemaine and the central goldfields area. On the weekends they are flourishing communities, with all sorts of businesses associated with the heritage aspects of the towns. The number of retail outlets, the number of cars in the street and the number of people walking on the footpaths indicate Victorians great capacity to participate in their tradition and heritage. There is a wonderful opportunity for local communities to participate in the opportunities for economic growth that are available. The minister understands that the retail activities in these regions not only contribute to the state's economic welfare but create employment opportunities for local people, enabling them to work in their communities. We all agree that Victoria needs to create economic opportunities that allow people to live and work in the communities and home towns they have grown up in rather than being forced to leave because of a lack of employment.

The Heritage (Amendment) Bill has the support of the opposition because it will add to the successful achievements of the Heritage Act. I believe the legislation has the broad support of Victorians and especially of the people in communities where heritage plays an important part in economic activities.

Hon. N. B. LUCAS (Eumemmerring) — I am also pleased to support the Heritage (Amendment) Bill. The bill has bipartisan support. Today is the first time I have really agreed with a lot of what Mr Power has said. It is good that we are as one on heritage issues. This bill makes a number of necessary technical amendments. Interestingly, rather than amending just the Heritage Act, it also amends the Mineral Resources Development Act, and in doing so brings that act into accord with the provisions of the Heritage Act.

The Heritage Act is an excellent piece of legislation which has been most successful in achieving its goals — that is, the protection and conservation of our cultural heritage. The act established the Heritage Council, the Heritage Register, the Historic Shipwrecks Advisory Committee, the Heritage Inventory and the Heritage Fund. That group of committees has certainly proved valuable.

Victoria has a wonderful heritage, which we should not only be proud of but which we should work hard to ensure is preserved and well looked after, whether it be natural or man-made heritage. The proposed legislation will do that. Having been a member of the National Trust for 30 years I have a particular interest in heritage issues. Part of my electorate includes the Berwick township. I shall refer to a number of places within that township which are part of Victoria's heritage. They are appreciated by those who live in the area, and I am proud to represent that area.

The common theme of what I am about to say is that man-made facilities — buildings and places — must be used in a practical sense. It is all very well to have man-made places of heritage, but many sit gathering dust and are not seen and appreciated by the people. Even if they are open to the public, often they are a cost to the community because they are inefficiently run and do not attract people. I will concentrate on a number of facilities in the Berwick area which are regularly used for practical purposes by people who appreciate their history and who indirectly contribute towards the upkeep and maintenance.

The first facility I refer to is the Berwick Inn. That building, the first hotel in the area, was constructed in 1857 as a coach stop for early settlers travelling to Gippsland. The inn, which had stables at the rear, was where travellers stayed for the first night of their trip from Melbourne to Gippsland. Interestingly, the building was also used — I think in 1862 — for the first public meeting to form the Berwick District Roads Board, from which the Shire of Berwick was subsequently established. The first meeting to form the roads board was held in the only public facility — that is, the local inn, so it has an important history. Interestingly, the first meeting of the new City of Berwick, which was formed in 1973, was also held in the Berwick Inn, for historic reasons. Today the facility is put to good use. Its current owners, Carl Strachan and Julie Blackett, should be congratulated not only on the tasteful way the inn has been preserved but also on the way its history forms an integral part of the decor, with photos of the early days of Berwick around the walls.

If one moves up the Berwick hill to the old post office one finds a building constructed in 1884 which initially contained both the courthouse and post office. Upon federation, when the post went to the commonwealth and the courts went to the state, the building was subdivided in title, although it has the one roof. Its use for those purposes is now long gone and the buildings have been sold off. I pay tribute to the federal government for placing a charge of annuity on the old post office, which requires the owner, whose name is on the title, to keep it secure and to appropriately maintain it. Initially it required the building to be brought back to its former condition in accordance with the original plan.

The building has been put to good use as solicitors chambers. The former courthouse has been put to good use by a Mr Graeme Hill, who runs the Berwick Coaching School. Instead of sitting in the dock to hear of all sorts of nasty occurrences, one now sits in the dock at a computer to learn. The former post office next door is used by solicitors Andrew Gray and Associates in a fine way — and it looks great.

The next building I refer to is the Edrington Homestead, the former home of Lord and Lady Casey. The first settler in the Berwick area selected land on the Edrington property and built a handmade brick house somewhere between 1850 and 1860. That building still exists. It has been well maintained and looked after by all its owners; by those both preceding and succeeding Lord and Lady Casey.

Then there is the fine two-storey mansion that was built by Samuel MacKay in 1906. I have had the pleasure of going there, both during the Caseys' time and in recent years. The property now forms part of a retirement village. It has been done up in such a way as to provide a wonderful community centre for people living at the Edrington Park Retirement Village. Its garden, with its 100 year-plus monkey-puzzle tree and Moreton Bay fig, forms part of the gardens of the retirement village. The fact that that old facility is being maintained in such a fine state for the community is a credit to its owners.

The Wilson Quarry was established in the Berwick area in 1859 by the Wilson brothers, who were early settlers in the area. Much of the ballast for the Gippsland railway was dug out of what is known as Wilson's Hill. The quarry continued for well over 100 years. Interestingly, in 1973 Mr George Wilson, CMG, and his wife, Fay, donated the northern half of the quarry to the former Shire of Berwick to be used in perpetuity as a park to be known as Wilson Park.

The former City of Berwick was fortunate enough to purchase the other half of Wilson Quarry. It had a master plan prepared, based on the Buchart Gardens on Vancouver Island in Canada, to establish a botanic park. There was a choice between establishing a refuse disposal area and a park. The decision to establish the Wilson Botanic Park was of great credit not only to Mr and Mrs Wilson, who put forward the idea, but also to the councillors of a past era who decided to take up the challenge. To date more than \$3 million has been spent on the park, which was opened formally in July 1992 by a former Governor-General, the Honourable Bill Hayden.

As a measure of the community support for the park a very strong friends group was established to support its activities. Names that come to mind are Mr Max Pawsey, Mr Ian Wake and Mr Terry Dance. I also pay tribute to the superintendent of the park, Mr Lex Neibour. That project, which comprises more than 100 acres, is an exciting part of Berwick's heritage. It will stand the test of time and will provide wonderful facilities for communities in the Berwick growth corridor.

The old cheese factory in Berwick is another facility on the heritage listing that is being put to practical use and will be maintained for future generations. It was built in 1875 by Sir William Clarke. The occupier at the time, Murdoch MacDonald, had a herd of more than 200 cows, all of which were milked by hand.

Hon. Pat Power — I hope they were Friesians.

Hon. N. B. LUCAS — I understand they were Friesians. At one stage many of them got rheumatic fever and had to be put down, but they were replaced and the cheese factory was very successful. The council of the former City of Berwick decided to establish a committee of management for the Crown land on which the cheese factory is built. Since the 1980s the old cheese factory has been an art and craft centre. In October 1985 Cr Cyril Molyneux, the then mayor of Berwick, opened the facility, which has had many successes. As with the Wilson Botanic Park, a friends group of local people was established to support the facility. I mention particularly a former president, Mrs Margaret Owens, the late Brian McKeon, Mr Jeff Spencer and many others who have been stalwarts in supporting the facility.

The final heritage facility I mention is St Margaret's School at Berwick which was first established in 1926 in the manse of the Toorak Presbyterian church. Subsequently the school was moved to Stonnington, the former home of the state Governor, prior to its owner purchasing a number of houses in Berwick to establish the school there as well. The four houses on the purchased properties were constructed in 1878, 1911, 1918 and 1930 and were converted for use as schoolrooms, a junior school library, offices — including those of Miss Virginia Henry, the principal — and for other purposes. They have been well looked after and are important to Berwick's heritage.

Discussing those six heritage properties illustrates the practical use to which such assets can be put. The various facilities draw people to them and have the effect of raising income for their maintenance. That is well worth while, provided, of course, the integrity of the facilities is protected and not detrimentally affected. Similar uses are made of heritage assets in other areas, too.

In his short contribution Mr Power mentioned that local government previously was not able to take up heritage issues. I direct his attention and the attention of the house to a document called *Heritage of the City of Berwick 1993*, which was funded by the national estate, the department of planning and the former council and lists through its 480 pages the significant heritage of that former council area. The City of Casey is now upgrading the document to include the significant heritage assets of the major part of the former City of Cranbourne which now forms part of the City of Casey. I particularly commend the work of Mr David Westlake, the

conservation officer of the former city and the new city. The new document, which will include all the heritage assets of the new City of Casey, will be prepared under his auspices.

I commend the new Casey City Council on its actions in taking up the baton and moving forward on heritage issues. I also commend the Berwick residents to whom I referred who have taken an interest in the area's rich heritage assets and who, in practical ways, are supporting their upkeep. I have strong feelings for our national heritage and believe it should be maintained and enhanced. Although the bill is small, it provides some additional technical support for what has to be done. I commend it to the house.

Hon. W. R. BAXTER (North Eastern) — In supporting the Heritage (Amendment) Bill I make some comments generally about heritage issues. I was interested to hear the remarks of Mr Power and Mr Lucas about the value of heritage in our community, how we should respect it and what it can convey to succeeding generations. I often marvel at the foresight and strength of character exhibited by our predecessors who, from the last century's very low population base and without the resources we have at our disposal today, built many magnificent buildings throughout Victoria, in the city and in the country.

Hon. R. M. Hallam — One of which we are sitting in, Mr Baxter.

Hon. W. R. BAXTER — Indeed, Mr Hallam. I wonder why with the vast resources we have at hand today it is so difficult to replicate their endeavours. I was pleased to receive from the Minister for Planning and Local Government recently a booklet entitled *Reclaiming our Heritage*, which sets out some of the buildings that have been restored under the government's heritage program. Some \$16 million has been allocated in the last two budgets and I expect some more will be allocated in the budget the Treasurer brought down in another place today.

In my own electorate, for example, there is the Beechworth Primary School. It is a magnificent edifice of solid brick construction more than 100 years old. It is still used as a primary school, it is still rock solid and I expect it will be used for another 100 years. The Corryong courthouse is a timber Edwardian construction built in 1911. It was in a dilapidated condition and certainly did not convey to the community who passed by or to those

who found a need to use the building, either as defendants or otherwise, its importance in the community. However, for a modest sum of only \$15 000 that building has been restored and is now one of the features of Corryong. There are numerous other examples throughout the state, including the courthouse at Rushworth. Also in my electorate is Day's Mill at Murchison, the old hospital at Beechworth and so on.

I certainly commend the work that has been done and I look forward to it continuing. However, the point I make today is that the community cannot preserve everything just because it is old. We must be selective, have our priorities right and have some accountability between calling for buildings to be retained when perhaps they are of no obvious further use and the meeting of the costs thereby incurred.

I shall give three examples of where that has got out of hand. Two or three years ago a decision was taken to undertake restoration work at Station Pier to facilitate the coming of cruise ships to Melbourne. Members will recall that cruise ships — ocean liners — visited Melbourne regularly for decades, probably up to about the mid-1960s. With the advent of jumbo jets and so on the big ocean liners went out of fashion, although their popularity is making a comeback in terms of holidays and the tourist trade. The entrance to Melbourne via Station Pier scarcely did our city and state justice because it had fallen into such decrepit condition.

The Premier was generous and foresighted enough to make available in 1995 some \$2 million to the then Port of Melbourne Authority for some work to be done. That work was under way but was interrupted thereby putting at risk the visit of the QE2 to this city, a visit which, in its 23 hours for the provisioning of the ship and expenditure by the passengers, probably poured into this city something of the order of \$2 million. That visit was put at risk by the Heritage Council making unreasonable demands. One was that the cranes be retained, even though they had not been used for years, were rusted, were in danger of toppling over in the wind and were a safety hazard. Another was that the railway line on the wharf, despite there being absolutely no future use for it and despite the fact that its connection to the rail system had been severed some years ago, should be relaid, notwithstanding the difficulty that created and the danger it posed to pedestrians. That was a classic illustration of some people with absolutely no responsibility towards the costs incurred or the jobs

lost making unreasonable demands. Work was held up for some considerable time until a compromise was reached. I was going to say a satisfactory compromise was reached, but I am not sure it was.

I have a great deal of respect for the National Trust. I was interested to note that Mr Lucas has been a member of the National Trust for 30 years. I am not a member of the National Trust because I am concerned that some of its members want to keep everything just because it is old.

The second example I shall give is a disused convent in the town of Rochester. I note with some interest what was said about the Brigidine Convent at Rochester in the *Trust News* of April 1997:

Abandoned for about eight years, the main part of the building still appears sound but the verandah is in need of substantial repair. Unfortunately the local parish does not have a use for the building and sees its maintenance as a financial burden. The solution would seem to be to sell it or lease it but since it is surrounded on three sides by the associated church, presbytery and primary school, the parish does not wish to 'lose control' of the site and therefore has decided that the only solution is to demolish this architecturally and historically significant building. The Campaspe Shire Council reluctantly issued a notice of decision to permit demolition which the trust recently took to appeal. The result is not yet not known.

I shall advise the house in a moment of the result of the appeal. As the article says, the building has been unoccupied for eight years. It is in poor condition, it is in the middle of a schoolyard and it is a two-storey brick building with a timber verandah which is rotting and falling down. It is not the original construction because the low verandah fence around it was replaced with asbestos cement sheeting, probably in the 1950s, and the building has been subdivided into a lot of small rooms. The plumbing is either non-existent or is so archaic and dilapidated that it would have to be totally replaced.

To its credit, the parish gave a lot of consideration to whether the building could be retained for an alternative use. A public meeting was called where all sorts of issues were canvassed, but no-one could come up with a viable option. Application was made to the council for a demolition permit, which was required under the then Shire of Rochester Planning Scheme. To its credit, the council, which was then under the control of commissioners, agonised at great length about the matter and called a public meeting. Although it was unable to find a viable

solution, it took the decision that no permit would be issued until six months had elapsed in case someone came up with a use. Six months elapsed without any viable alternative emerging and the council issued a demolition permit.

One would have thought that was the end of the story but, unfortunately, it was not because out of the blue came an officer of the National Trust who decided in his wisdom that the building should be retained. The trust lodged an appeal with the Administrative Appeals Tribunal, obviously causing a great deal of consternation among members of both the parish and local councils.

I inspected the building and quickly concluded that it had very little merit and that it was in far too dilapidated condition to repair. Even as a layman in building terms I could see it would have cost more than \$1 million to restore it. There was no obvious use for it and, in addition, it was in the middle of a schoolyard so it was not as if it could be excised out. I went along to the AAT hearing in Echuca put on at great expense to the taxpayer, the shire and the parish council, and the case advanced by the National Trust in defence of its application in favour of retaining the building was pathetic to say the least.

The PRESIDENT — Order! Is this a matter on which a decision is yet to be given?

Hon. W. R. BAXTER — No. A decision has been given. As I said, the case advanced by the only National Trust representative who came up to Echuca was pathetic. One of his options was that it be turned into a bed-and-breakfast enterprise. Apart from the fact that the building in question was in the middle of a school yard, a superior building used for such an enterprise was then on the market in Rochester and was the subject of a receivership. It hardly seemed likely that a bed-and-breakfast enterprise would be a viable option given that the building would have required immense expenditure to convert it to that use.

The second suggestion was that it could be turned into an elderly persons' home, and that also hardly seemed viable. The third option was that it could be used as a backpackers' hostel, but on a whole range of social grounds it is hard to see a demand for a backpackers' hostel in a town like Rochester, especially as it would involve people of varying backgrounds and cultures occupying a building in the middle of the primary school grounds.

It was simply an exercise in futility by the National Trust. The trust had absolutely no responsibility whatever for the expenditure that would have been required to convert the building to make it suitable for any of those uses, yet it was prepared to put the parish council and a group of volunteers — we all know churches are under great financial difficulties — to considerable worry and expense for nothing.

The tribunal treated the appeal fairly and heard the case, and fortunately did not take long to make up its mind about the result. The tribunal tossed out the appeal and the building will now be demolished. The decision was properly taken in line with due process in the interests of the local community. I find it objectionable that someone, albeit from the National Trust, can arrive from Melbourne without any financial accountability or responsibility for the costs being incurred by the community and seek to have a building retained simply on the basis that it is old. The community has to take stock of how the state's built heritage is handled.

The third and final example is the stick shed at Murtoa. It is a galvanised iron building which was erected during the war as a temporary grain store and which is now in an unsafe and dilapidated condition. It has no possible economic use, yet because it is there and is old, someone thinks it should be kept. I must say that they are not the people who would be responsible for putting it into a safe condition. Currently it is held together by wire mesh, cables and wire, and a decent wind storm would probably blow it down. The quicker that happens the better!

At its conference at Echuca some 10 days ago, the National Party debated the issue and carried a motion that scarce funds should not be expended on retaining the building. We all know that funds are scarce, and if we can believe the daily newspapers, schools and hospitals are crying out for funding, yet some would advocate spending \$2 million on a tin shed. It is absolutely ridiculous that such action could even be contemplated.

I know the Minister for Finance has an inquiry underway, and I commend him for what he is doing to try to achieve a resolution of the imbroglio. It should never have come to this point, and would not have if people had taken a realistic view of what is achievable, what makes commonsense and how we in the community should retain our heritage in a sensible manner.

I record my plea to the National Trust, the Heritage Council and others in the community to look at things on a case-by-case basis and not get carried away and say that simply because structures are old they should be preserved regardless of whether they have any viable future use or whether there is any economic foundation for such preservation.

Hon. W. I. SMITH (Silvan) — The Heritage (Amendment) Bill is a pertinent bill to debate in this place. The Heritage Festival, which is run by the National Trust, was held from 14 to 28 April and involved events in metropolitan Melbourne and country Victoria.

The bill provides for the protection and conservation of places and objects of heritage. Although it is basically a technical bill that corrects a number of major technical errors, the main amendment proposes that a licensee must not carry out work within 100 metres laterally of a building that is listed on the Victorian Heritage Register. I hope it will result in more public debate on what should and should not be saved.

I turn to talk about tourism and heritage areas in the Dandenongs, some of which are listed, and some of which could be listed because they are unknown gems. I acknowledge the role of many of the volunteers who have been involved for many years in maintaining some of those heritage areas.

Four structures in Silvan Province are listed on the Victorian Heritage Register pursuant to the Heritage Act. Most people would be aware of the first, which is part of the Puffing Billy railway line. I am sure most honourable members have taken their children on Puffing Billy or ridden on it themselves. The timber railway trestle bridge was constructed on the line in 1899, and the line is the sole survivor of four narrow gauge railway lines that were constructed in Edwardian times. The bridge is 280 feet long, has a maximum height of 40 feet and with its 14 spans, each of which is 20 feet in length, spans the Monbulk Creek Valley.

The railway has played a major role in the Dandenongs by opening up the lower Dandenongs area to the farmers of the past and the tourists of today. The line was closed in 1958 and reopened in 1962 as a tourist train by the Puffing Billy Preservation Society. The hundreds of volunteers who have been involved with the project have worked hard and put in long hours to make the steam train come back to life. The historic train is an important recreational and educational asset and an

important part of our history. It not only operates as a museum but also showcases the scenery of the mountains. Puffing Billy has been a tremendous success — it is one of the dominant attractions in the Dandenong Ranges and attracts hundreds of thousands of tourists each year.

The second and third buildings to be put on the register are the Ringwood railway station and Horatio Jones House in Hazel Grove, Tecoma. The Horatio Jones House was built in the early 1920s by an incapacitated World War 1 veteran, Eugene Horatio Jones. The building is constructed of bush timber and flat kerosene tins and is notable for its grand, skilful and innovative use of those materials. It helps teach the members of future generations what times were like during that period. Burnham Beeches in Sassafras was constructed between 1930 and 1933 and is also on the register. All honourable members would be aware of the historic building because of its association with Alfred Nicholas, the co-founder of the Nicholas company which developed the famous Aspro formula.

Only four buildings in the Dandenongs are listed on the register, yet there is a range of other buildings and homesteads which people have used and which would encourage people to the Dandenongs if they were put on the register. For example, Sir Arthur Streeton owned a house called Long Acres at Olinda, to which he retired and at which he did a lot of his painting. The Heidelberg painters, including Tom Roberts, visited him at that time. Although Tom Roberts was 18 years older, he was a major mentor of Streeton's. The house still remains and would be of interest to many people. Tom Roberts had a road named after him in Kallista, where he was a resident at one time. He lived in a cottage he built, which he called Talisman.

Mrs Aeneus Gunn was an important figure in Monbulk. She was the author of the famous book *We of the Never Never*, which I am sure all honourable members have read. The book was written about her life as the only white woman on a station in the Northern Territory before her husband died. It was written by her in Hawthorn, and in Monbulk, where she later made her home. Mrs Gunn was also an unofficial patron of community services in Monbulk.

During the 1920s a former soldier had to go with his son into Melbourne to buy an atlas to show where he had served during World War I because there was no library in the Monbulk area and no book was available to show geographically where he had fought. Mrs Gunn was horrified when she heard that

there was no library in the area and began a crusade to collect books for the diggers of Monbulk. From the 1920s until her death in the 1960s she searched second-hand bookshops for suitable books. She also convinced publishers to donate books to the library, which was kept in the RSL hall at Monbulk.

Mrs Gunn ended up with 2000 books, mainly rare and important reference and history books, most of which were out of print. Included in the collection are the only books Mrs Gunn had with her when she was at the station in the Northern Territory, a first edition of her book signed by her, first editions of books by other famous authors and an unpublished third book by her in the form of a handwritten manuscript. A local historian, Anthony McAleer, has collated all the works, done preservation work on them and put them together in a collection. His work has been important because many of the books had not been categorised before and not many people knew about the collection. I have given those examples to show some of the work that is being done by the community. It is important to preserve Victoria's culture and cultural artefacts for future generations. It is also important to add interesting features for tourists, especially in the Dandenongs. It is with pleasure that I support the bill.

Motion agreed to.

Read second time.

Third reading

Hon. R. M. HALLAM (Minister for Finance) —
By leave, I move:

That this bill be now read a third time.

We have just heard four thoughtful and worthwhile contributions to this debate, and I commend Mr Power, Mr Lucas, Mr Baxter and Ms Smith on those contributions. I was delighted to learn not only that we were to enjoy bipartisan support for the bill but also that that support was both enthusiastic and generous.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

GAMING ACTS (FURTHER AMENDMENT) BILL

Second reading

**Debate resumed from 22 April; motion of
Hon. R. M. HALLAM (Minister for Gaming).**

Hon. T. C. THEOPHANOUS — The opposition does not oppose the general thrust of the bill. It is a complex bill that seeks to amend a range of acts and in such a circumstance it is difficult to say that the opposition supports every clause. The purpose of the bill is to make a number of miscellaneous amendments to the Gaming and Betting Act, the Gaming Machine Control Act, the Club Keno Act and the Tattersall Consultations Act. I shall go through the provisions that are important, comment on substantive issues and then look at some of the revenue implications that arise from the changes.

The main change to the Gaming and Betting Act is the proposed variation of Tabcorp's shareholding restrictions to enable the limitation on overseas shareholdings to be lifted from 2.5 per cent to 5 per cent, which will effectively mean that overseas shareholders in Tabcorp will be allowed a 5 per cent rather than a 2.5 per cent shareholding. That will provide an increase in overseas ownership of Tabcorp and the opposition does not think a significant case has been put that that is necessary. The opposition looks forward to hearing the arguments of government members as to the reason for the provision.

It is not as though we are talking about a company that has not already been floated. With a new float one might be seeking to attract foreign shareholders to increase the level of investment in the industry. Tabcorp has already been floated and the provision simply allows more overseas ownership of what was once a government-owned business.

The bill also removes a requirement that a shareholder with 50 000 or more shares must not have been convicted of a relevant offence. A relevant offence is defined as including fraud, dishonesty or several other offences. The bill also removes the requirement for a probity check for Australian residents who wish to hold between 2.5 per cent and 5 per cent of shares in Tabcorp. Again, the opposition thinks that 5 per cent of shares in Tabcorp represents a significant holding in a major gambling enterprise and the notion that one does not need to do a probity check at that level does not seem to make sense.

I am not sure why the government included this amendment because it does not seem to be necessary and it goes against its position of maintaining a clean industry that is free of any shonky practices, underground activities or the like. I should have thought that reducing the number of probity checks for the shareholders of Tabcorp would not enhance the view or perception of the cleanliness of the industry. The amendments contained in clause 5 are not accepted by the opposition and it will oppose those changes during the committee stage. An alternative approach for the opposition would have been to move a reasoned amendment, but the point can be made by opposing the clause during the committee stage.

The bill also changes the Gaming Machine Control Act 1991 by extending the circumstances in which disciplinary action can be taken against a venue operator. Although that is something the opposition welcomes, the bill also provides that Tabcorp be excluded from the requirement of auditing by the Auditor-General. That appears to be an anomaly. I do not believe the minister can justify that provision. Somehow or another the Auditor-General has the right to audit the Tattersalls operation but under this provision Tabcorp is excluded from the requirement. That does not make sense to me. I look forward to hearing the minister describe why that is the case. I understand that one company is a listed company and the other is not, but essentially both companies operate gaming facilities in this state and a significant proportion of their takings goes to government revenue. I should have thought that meant either they both qualify or neither does. Interestingly enough, that is the position the Auditor-General has adopted. He basically says he should audit both or none at all. It does not seem to make sense to give him only one company to audit.

Hon. R. M. Hallam — Did he tell you that?

Hon. T. C. THEOPHANOUS — That is what I understand his position to be. I do not divulge all the discussions I have with people in the Auditor-General's Office — or with anyone else for that matter — and nor would the minister expect me to divulge the source of information. However, I can tell the house it is considered a bit of a joke in the Auditor-General's office. No-one seems to understand the logic of auditing one company and not the other.

Hon. R. M. Hallam — Obviously, you are not talking to the right people in the Auditor-General's Office!

Hon. T. C. THEOPHANOUS — Maybe that is so.

Hon. R. M. Hallam — You should try talking to the Auditor-General!

Hon. T. C. THEOPHANOUS — It may be that the minister's advice is not up to scratch either. Who knows? If one thinks about it logically, the Auditor-General should audit both organisations. They are both private organisations; we are not talking about one government organisation.

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — Mr Furletti says that one is a bit more private than the other! I look forward to hearing from him. I understand when a company is private and when ownership is associated with the government or not. I look forward to the minister describing what level of government ownership there is in Tattersalls.

Hon. C. A. Furletti — Do you know?

Hon. T. C. THEOPHANOUS — Well, I look forward to Mr Furletti describing the different terms of ownership of Tattersalls versus Tabcorp! My understanding is that they are both privately owned.

Hon. C. A. Furletti — You know there is a fundamental difference.

Hon. T. C. THEOPHANOUS — There is a difference —

Honourable members interjecting.

The DEPUTY PRESIDENT — Order!
Conversations across the chamber are not helpful.

Hon. T. C. THEOPHANOUS — I accept what the minister is saying that one is a listed private company and the other is a non-listed private company, but the fact is that they are both private companies.

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — There does not appear to be a rationale for auditing Tattersalls and not auditing Tabcorp. The opposition will not make an issue of it by opposing that clause in committee, but I make the point that this provision reduces the level of public scrutiny of a major gaming enterprise.

Hon. R. M. Hallam — No, it does not!

Hon. T. C. THEOPHANOUS — It is the view of members of the opposition — we are entitled to our view — that Tabcorp should continue to be subject to audit by the Auditor-General. That is what has occurred in the past and we are entitled to maintain that view.

Honourable members interjecting.

The DEPUTY PRESIDENT — Order! As I said earlier, conversations across the chamber are not helpful, and I ask members to desist.

Hon. T. C. THEOPHANOUS — A number of points need to be made about the legislation before I deal with some of the financial aspects of the bill. Revenue from the gaming industry has increased massively; it represents a huge proportion of government revenue. The government estimates for 1996-97 show that revenue received from gambling tax on private lotteries was \$299 million; the estimate for gambling tax on electronic gaming machines was \$589 million, an increase of 15.8 per cent; the estimate for casino gambling tax was \$138.4 million, an increase of 25.3 per cent; and the estimate for racing tax was \$118 million. Clearly a huge amount of funds is entering government coffers as a result of the gaming industry.

An article in the *Age* of 12 September 1996 under the heading 'Gambling boom a \$1b tax bonanza' reports that last financial year almost 12.8 per cent of tax revenue came from gambling, with the bulk coming from electronic gaming machines. The article says gambling taxes contributed almost \$1.2 billion in revenue, an increase of more than \$143 million over the previous year, with poker machine revenue up more than 32 per cent to \$609 million.

The expansion of the gaming industry has meant a huge increase in the amount of money flowing into government coffers. It is not good enough for the government to accept the increase in revenue but not be worried about probity and social issues. Opposition members remain concerned that the government has not fully addressed many of these issues. We are not comfortable with probity standards in this state when legislation is introduced that increases the probity check threshold to holdings of 5 per cent of capital. Tabcorp is a highly profitable business. In reporting on the privatised Tabcorp an article in the *Age* of 3 September 1996 states:

The privatised Tabcorp Holdings — buoyed by almost \$12 million churning through gaming machines every

day — yesterday reported that its net profit had increased by 27.3 per cent to \$87.2 million in the year ended 30 June.

It reports Mr Wilson, who everyone knows as the \$8 million man because of the amount the Treasurer agreed to pay him as head of Tabcorp, as saying that the latest result was particularly pleasing given all the comments made in the early part of the float. It is history that the value of Tabcorp was severely undersold.

Hon. R. M. Hallam — You did your best to torpedo the float.

Hon. T. C. THEOPHANOUS — This is an important point. The minister needs to understand that even taking the highest expectation of Tabcorp's worth at the time of the float — \$2.70 a share — and comparing that with today's share price of about \$6, the value of the organisation has more than doubled. That is not what the government received from the float, because it received about \$2.20 a share!

Hon. R. M. Hallam — Why?

Hon. T. C. THEOPHANOUS — That was because of the total mishandling of the float by the Treasurer. Everyone knew it was inappropriate to float Tabcorp at that time, but the Treasurer decided he would press ahead with it and gave it away at less than half the price — and that is taking the best possible view of it. In fact, he gave it away for at least a third of what it was worth. It does not matter which way you look at it.

Hon. R. M. Hallam — You are just unbelievable.

Hon. T. C. THEOPHANOUS — The trouble with the minister is that he refuses to accept basic facts. You don't like the facts; you don't like two sets of figures.

Hon. W. I. Smith — We do.

Hon. T. C. THEOPHANOUS — So Ms Smith agrees that the government sold Tabcorp for less than half of what it was worth. The point I make is clear, and I will keep on making it even if the minister does not like to hear it. The Treasurer said \$2.70 a share would be the highest price the government would get — but even at that price Tabcorp is worth more than twice its listed value.

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — The opposition knows Mr Furletti and the Minister for Finance supported the \$8 million package for Mr Wilson.

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — Is Mr Furletti now saying he does not support that package?

Hon. C. A. Furletti — You are a fool.

Hon. T. C. THEOPHANOUS — Mr Furletti resorts to abuse when he cannot make a decent argument. I do not know where he is on the scale of contributions, but he is not very high. Tabcorp was and is a highly profitable business that should have been sold at a much higher price than it was. What we now have is a privately owned company —

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — I will tell you something you may not know. Quite a few members of the Liberal Party made some money on Tabcorp by buying shares when the price went down to \$2.25.

Hon. C. A. Furletti — Is that a crime?

Hon. T. C. THEOPHANOUS — It would not have occurred if the Treasurer had taken the advice of nearly every financial analyst who said not to float Tabcorp because the time was not right. Obviously, a number of people in the Liberal Party put their snouts in the trough, because they doubled or tripled their initial investments.

The minister now says that not only will they do all that but they will ensure that anybody who has up to 5 per cent will not even have to go through a probity check. That is the commitment of this government and this minister to notions of probity. The fact is the gaming industry has a range of problems — and probity is one of them. An article in the *Herald Sun* of 31 January 1997 says:

Some \$2 billion in 'black' money is being laundered through Australia's casinos — a quarter of it in Victoria, according to a taxation expert.

President of the National Tax and Accountants Association, Mr Ray Regan, said casinos were a magnet for millions of dollars in untaxed income.

He said thousands of individuals and companies around the nation were doing business cash in hand,

avoiding company tax and spending the proceeds guilt-free at casinos.

An Honourable Member — Where does that take you?

Hon. T. C. THEOPHANOUS — It is a question of probity. I presume what the President of the National Tax and Accountants Association is reported as saying in a major Victorian newspaper — the *Herald Sun* — has some credibility. Rather than making the derisive comment he just made, I would have thought the Minister for Gaming might be prepared to say, 'If there is any truth in this, maybe we should look at it and ensure this is not happening'.

There is a claim that a quarter of the \$2 billion in black money has been laundered through Victoria. As the Minister for Gaming, I would have thought the minister would be concerned about that and might want to take it up, perhaps by writing to the individual and asking him whether he has any evidence for his claim reported in the *Herald Sun* and, if so, what it is. I would have thought the minister would want to take some action if there were any truth in it. Instead, the minister says, 'I have never heard of it; I do not know about it. What right does anybody have to raise it anyway? What right does the opposition have to raise it?'. The opposition is simply being constructive. It recognises that whoever is in power —

Hon. R. M. Hallam — I don't remember you being constructive at the time the TAB was floated.

Hon. T. C. THEOPHANOUS — We were very constructive, and had we been listened to by the Treasurer at the time the government would not have lost an enormous amount of money — of the order of \$700 million — in one hit. If you think carefully you will recall, Minister, that the members of the opposition kept saying, 'Don't sell it'. Not only did we say that but a range of other financial commentators said the same thing — that is, that the climate was not right for the sale, that the financial —

Hon. R. M. Hallam — But you were not arguing about timing; you were just opposed to the sale of the TAB.

Hon. T. C. THEOPHANOUS — That is true, we were opposed to the sale of the TAB, but we were particularly opposed to the sale of the TAB at that time because clearly it was not the appropriate

environment. That was echoed by a number of financial — —

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — No; that is not correct. We indicated we did not think the economic environment was right for the sale to proceed at that time — and a number of financial commentators also made that point.

I am trying to make a simple point about somebody — presumably a person of some credibility — raising an issue that was reported in the *Herald Sun* of 31 January. I do not make it because I want to have a shot at the minister but because it is a legitimate concern of the opposition. I would have thought the minister would have been prepared to take a more constructive approach and say, 'I will look at the matter which has been raised', rather than simply trying to shoot the messenger — as he always does when anybody raises something of importance. Not only is Tabcorp making enormous profits, but Tattersalls is also making significant profits. An article in the *Herald Sun* of 4 December 1996 says:

Tattersalls has reported a massive \$103 million pre-tax profit from its booming gaming machine division in 1995-96 even after paying a retrospective \$44.5 million licence fee to the Kennett government.

Tattersalls is also running ahead with record profits from gaming in this state. In that context I argue, as would most people, that we should be able to find some money to mitigate against some of the social costs associated with gambling.

I refer the minister to an article in the *Age* of 27 March 1997, which states under the heading 'Gambling help body starved of funds':

The head of the Victorian Council on Problem Gambling, Mr Rob Wootton, has said the state government stopped his organisation's funding in a bid to shut him up.

Here is another critic of the government having a few things to say about the social effects of gambling in this state and the government is trying to shut him up. Mr Wootton is quoted as saying that the council, the oldest problem gambling information service in the country, will be forced to close down as a result of the government axing its funding last year. The article continues:

The decision to withdraw funding was '100 per cent political' and taken because a council-devised community awareness campaign on gambling had been so successful it threatened to reduce government gambling revenue.

Hon. R. M. Hallam — He said that?

Hon. T. C. THEOPHANOUS — He said that, yes. I do not know whether this is accurate or not, but given the revenue coming in from gambling I would have thought that support for organisations such as the Victorian Council on Problem Gambling might not have been a bad place to allocate some funds to help some of the people in this state who are clearly suffering as a consequence of the social effects of gambling.

An article in the *Age* of 30 January 1997 points to the fact that spending at the casino was up by 36 per cent in the year, and makes a number of points about who is actually involved in gambling activities at the casino. The article states:

More than half the people who gamble regularly at Crown Casino were not in the work force, and spending at the casino has jumped 36 per cent in the past year, a survey has found.

The Victorian Casino and Gaming Authority's fourth survey of community gambling patterns shows spending increased 19 per cent in 1995-96.

The survey found 46 per cent of people who gambled, including on raffles, lotto, scratch tickets and electronic gaming machines, were not in the work force.

People who used their housekeeping budget to pay for gambling increased to 53 per cent, from 45 per cent in 1994. Participation in gambling has also increased, with 87 per cent of people reporting having gambled at least once in the 12 months to September 1996.

Given that those figures are based on a survey of the Victorian Casino and Gaming Authority presumably they have some credibility, even for the minister. If they are to be believed we are talking about a major social problem in our community. The survey figures show that 53 per cent of people use their housekeeping budgets to gamble. People should reflect on that. If the figure is correct, it is not only affecting adults, but also it is having a significant effect on children, families, the education of family members and a range of other important structures which are for the benefit of the community.

If half the people who go to the casino to bet do not have jobs and if 53 per cent of the people who bet use their household budgets, that must be cause for concern for every member of the house. Given what he has done in Workcover and a range of other matters he has been involved in I know the minister does not have a reputation for having much of a heart. But, after reflecting on those figures, even he might start to think there might be a few problems associated with gambling. Although it might be nice for the government to pick up 12.5 per cent of its revenue — that is, more than \$1 billion — from gaming revenue, there may be some other facts associated with gaming that are not so nice. Studies show that the northern and western suburbs of Melbourne have a disproportionately high number of gaming machines compared with — —

Hon. Jean McLean — Hardly any in Hawthorn.

Hon. T. C. THEOPHANOUS — As Mrs McLean says, there is a disproportionately high number of gaming machines in the northern and western suburbs when compared with places such as Hawthorn. Therefore, when you have more than 50 per cent of people using their household budgets to gamble and more than 50 per cent of casino gamblers being unemployed, it follows that the northern and western suburbs are where the largest number of gaming machines are to be found. That is where the highest levels of unemployment are and that is where residents who cannot afford to gamble are likely to be tempted to use their household budgets for gambling rather than for family-related needs.

Gaming levels are a serious matter of concern to members of the opposition. My electorate office has a bingo hall across the road. If you walk 100 metres up the street, you will find the RSL building, which has gaming machines. If you walk a further couple of hundred metres up the road, you will come to the Croxford Park Hotel, which is a 24-hour-a-day gaming venue. So the working-class suburbs have plenty of opportunities for gaming, and it is creating a significant problem.

Another aspect of the gaming problem about which the government is apparently not interested is that gaming machines have had a devastating effect on many small businesses in the central business district and throughout the metropolitan region. You need only talk to small business people to hear of the difficulties they experience as the proportion of income people spend on gaming rather than goods increases. The problem with spending money on

gaming is that although it sustains a small number of jobs it does not produce jobs in the same way as purchases of garments or shoes produced by Australia's manufacturing industry. That is not to say the opposition does not consider there is a place for the industry. I am sure the minister will point out that the former Labor government approved a casino and introduced gaming machines into this state. We do not take issue with that.

Hon. R. M. Hallam — That is a bit different from what you have been saying for the past half hour.

Hon. T. C. THEOPHANOUS — That is not correct, Minister. You always want to take one part of what I say out of context.

The DEPUTY PRESIDENT — Order! I invite Mr Theophanous to advise the Chair of the relevance of his comments to the bill, purely because the bill — —

Hon. T. C. THEOPHANOUS — I can always move a reasoned amendment, if you like.

The DEPUTY PRESIDENT — Order! I am simply inviting you to advise the Chair of the relevance of your comments to the bill, which is a machinery measure that makes specific amendments to certain acts. Even the second-reading speech, which I have read closely, does not make reference to broader issues about gaming in Victoria. The bill is not an open invitation for members to discuss a broad range of issues associated with gaming. That is not to say that members cannot mention some of those issues in passing. Every speaker in the debate should have regard to the relevance of his or her comments to the bill. I invite Mr Theophanous to advise the Chair of the relevance of his comments.

Hon. T. C. THEOPHANOUS — As I indicated at the beginning of this debate the opposition intends to take issue with the changes to probity during the committee stage.

Hon. R. M. Hallam — There is a leap in logic there. Explain to me how the disproportionate spread of EGMs has anything to do with probity.

Hon. T. C. THEOPHANOUS — The opposition believes this bill changes a range of issues with regard to the revenue base. There are issues regarding alternative changes to various acts dealing with other forms of gaming, and I intend to discuss those presently. At the moment I seek to show that there are two sets of issues: one relating to probity

and the other relating to the effect on the community. Both are relevant to this legislation.

I shall come back to the way this bill changes the probity requirements for gaming in Victoria. An article in the *Age* of 17 May refers to probity in relation to Crown Casino and indicates why the opposition has such concerns about the reduction in probity. The article is headed 'Police inquiries into casino brushed off' and states:

The operators of the Crown Casino were given a probity clearance by Victoria's Casino Control Authority despite Victorian police raising areas of concern that they believed needed further investigation.

A former member of the Victorian gaming and vice squad, which is responsible for assisting the CCA with its probity checks, said police concerns with the Crown consortium were brushed aside.

Hon. R. M. Hallam — On a point of order, Mr Deputy President, Mr Theophanous has now strayed way beyond the bounds of reason. He is trying to introduce the casino into the debate, and I make the point that the casino is not mentioned at all in the bill. Given the comments you made, Sir, regarding the need for relevance, I ask you to bring Mr Theophanous back to the subject of the bill.

Hon. T. C. THEOPHANOUS — On the point of order, Mr Deputy President, I am talking directly to the issue of probity and the way it has been handled in the past. The line of argument I am attempting to take is that the opposition has concerns with the existing level of probity checks and the way probity is currently dealt with in Victoria let alone allowing for a reduction in probity requirements. This bill does that by lifting the level for probity checks from 2.5 per cent to 5 per cent.

The DEPUTY PRESIDENT — Order! In this instance I do not uphold the point of order, given the fact that the bill is about regulation of gaming and betting and wagering in Victoria. I consider that probity is relevant to the regulation of gaming, betting and wagering, but I do not go back on the comment that I made before. It is important for all speakers in the debate to be well aware of the contents of the bill and to ensure that their comments are relevant to it.

Hon. T. C. THEOPHANOUS — Obviously the Minister for Gaming is quite sensitive about raising probity issues during the course of this debate. I shall finish the quote from the *Age* of 17 May:

It is believed police were given an hour to study probity checks the CCA had done on Crown's principals.

Hon. R. M. Hallam — This is all hearsay.

Hon. T. C. THEOPHANOUS — The article is quoting a former member of the Victorian gaming and vice squad. This is another example of the attitude of the Minister for Gaming when provided with information of this type. He simply says, 'Don't worry about that'. It is a genuine issue. If this is true then I would have thought the Minister would be concerned. The article further states:

About 20 questions were raised. But the CCA told police the matter did not concern them and that no further investigations would be required.

I know because in the past I have raised issues in relation to probity investigations with the minister over other matters.

Hon. R. M. Hallam — You be very careful, Mr Theophanous. You be very careful.

Hon. T. C. THEOPHANOUS — I am being very careful about what I am saying in relation to this matter. It is quite clear that the probity checks carried out in that instance were very extensive. That is not a criticism; that is me saying that if the probity checks are comprehensive the casino control authority is doing its job properly, and the opposition supports that. I would support that regardless of whether it was in relation to the instance I raised with the Minister for Gaming or any other instance. Probity checks should be extensive and they should be properly carried out. However, the situation with Crown Casino is a contrast because, according to the *Age* article, Crown was not put under the same kind of scrutiny as other organisations may well have been.

The bill allows a non-resident shareholder to hold up to 5 per cent of a particular part of Tabcorp, which is a very significant amount. We are talking about an organisation that is worth about \$1.5 billion, so to have 5 per cent of such an organisation makes somebody a fairly wealthy person.

Hon. R. M. Hallam — It does not necessarily give them authority to control the board, though.

Hon. T. C. THEOPHANOUS — It may not, Minister, but with your financial background I know

you can envisage a circumstance where if two or three people owned 5 per cent they could have significant influence in what happens on the board or what happens in the company. Ownership of companies is a very complex thing and whether somebody has influence or control often depends very much on the number of shareholders, the spread of those shareholders in terms of the size of the shareholdings they each have and so on.

Hon. C. A. Furletti — Five per cent cannot become 20 per cent.

Hon. T. C. THEOPHANOUS — Even you can figure out that two or three people each owning 5 per cent can have a significant influence.

Hon. C. A. Furletti — You have not even read the act.

Hon. T. C. THEOPHANOUS — You would be the last person who should talk to me about what I may or may not have done in relation to working in this house.

Hon. C. A. Furletti — Why is that?

Hon. T. C. THEOPHANOUS — Because I do not think your level of contribution in the past has been exactly brilliant. The minister is keen for us to have a debate on these issues in relation to the bill. Therefore, I move:

That all the words after 'That' be omitted with the view of inserting in place thereof 'this house refuses to read this bill a second time until the government demonstrates its commitment to a clean and reputable gaming industry'.

The DEPUTY PRESIDENT — Order! The debate can proceed, but I may wish to speak to Mr President about the reasoned amendment during the suspension of the sitting.

Hon. T. C. THEOPHANOUS — The purpose of moving the reasoned amendment is to allow a broader debate about gaming in Victoria.

The DEPUTY PRESIDENT — Order! It has been broad to date.

Hon. T. C. THEOPHANOUS — I may not have been so concerned to move the reasoned amendment were it not for the fact that the minister is concerned about the opposition talking about probity and social issues, which seem to concern him unduly.

Perhaps the moving of the reasoned amendment will allow other speakers to contribute to the debate. I am sure Mr Furletti would like in his contribution to expand on and address some of the issues that have been raised by the opposition. An article published in the *Age* of 18 May under the heading, 'Probity check on casino operators inadequate: judge', states:

Probity checks on the operators of Crown Casino were done too quickly and failed to prove that the operators were 'squeaky clean', according to Justice Xavier Connor, who wrote the guidelines for setting up and running the Victorian Casino and Gaming Authority.

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — The opposition would like to see the evidence of the minister having cleaned it up in the past 12 months, which is what his interjection suggests.

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — Mr Furletti should realise that there is a difference, that it is Justice Xavier Connor who is making the accusation. He is reported in the *Age* of 18 May 1996 as saying that probity checks were done too quickly and failed to prove that the operators were squeaky clean. The article goes on:

Justice Connor's comments follow yesterday's revelations in the *Age* that the authority brushed aside calls by the Victoria Police for further investigations of the chairman of Crown Casino, Mr Lloyd Williams. Mr Williams was the managing director of Dominion Properties when it was fined for paying secret commissions to the former secretary of the Builders' Labourers Federation, Mr Norm Gallagher.

Hon. C. A. Furletti interjected.

Hon. T. C. THEOPHANOUS — Mr Furletti may not be concerned about those matters —

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — We did not choose the operator of the casino, Minister, you did.

Hon. C. A. Furletti — On a point of order, Mr Deputy President, as you quite rightly pointed out, the bill makes no reference whatsoever to the casino or its operators. I understand the point made about probity, but I suggest we are going way

beyond the question of the probity of Tabcorp and Tattersalls operators.

The DEPUTY PRESIDENT — Order! At this stage I do not uphold the point of order, given that at this stage I have allowed debate to continue on the reasoned amendment and that that opens up the debate to a large extent. Mr Furletti is correct in saying that I expressed concern during the course of the debate that we were straying from the bill. It is always difficult for the Chair to rule when it has not had the reasoned amendment before it is moved and has therefore not been able to give fair consideration to it and judge it on precedent.

I shall discuss the reasoned amendment with Mr President during the suspension of the sitting, but at this time I will allow the debate to encompass the issues raised within it. The issues Mr Theophanous is talking about are encompassed within the broad range allowed by the reasoned amendment.

Hon. T. C. THEOPHANOUS — I do not wish to go too much further into the issue of probity because it has been clearly established over a significant period that there are questions about probity in relation to the casino. There are questions of probity about Mr Bruce Mathieson, who has been given a disproportionate share of the gaming machines in this state. Issues have emerged from the comments of a range of people, from Justice Xavier Connor through to members of the vice squad, who have raised questions of probity in gaming in this state.

Those issues have been canvassed before. Members of the opposition do not believe the community is confident Victoria has a clean and reputable gaming industry. I have raised concerns expressed fairly recently in the press about the amount of money that may well be being laundered through the industry. The minister does not want to hear about it. He is not even interested in the issue being raised let alone responding to it or trying to find out if there is any truth in it. That is the kind of difficulty we face. The bill should not proceed in the way the government is suggesting especially in relation to the clause that abolishes probity checks for Australian shareholders holding between 2.5 per cent and 5 per cent of Tabcorp shares. For that matter, the overall image of the government being accountable is not enhanced by taking away the Auditor-General's responsibility for auditing Tabcorp.

I shall conclude my remarks by talking about some of the other aspects of the bill, such as its financial or

revenue implications. The bill changes the Club Keno Act in two ways. The first changes the payout structure of the act. I understand that currently the act requires that there be a payout to customers of 82.5 per cent of total subscriptions. The bill proposes to change that to a different formula involving about 75 per cent of the total turnover. When one makes the calculation one finds that it is effectively the same payout as the 82.5 per cent, so this is simply a different way of applying the levy. The opposition does not oppose that change.

The second change is to the tax levied by the government on the Club Keno level of turnover. As the turnover has been less than \$100 million the tax rate levied by the government currently stays at 12.5 per cent. The government proposes to alter the tax structure so it is applied to gross profits, and the bill proposes a three-way split between the government, the venue and the gaming operator. Based on last year's Club Keno turnover, Tattersalls will pay approximately \$850 000 less in tax on Club Keno activities as a result of the change. The opposition also supports that measure because it is important in ensuring the continued viability of Club Keno, if for no other reason than as a source of competition to the casino and electronic gaming machines.

The bill also changes the Tattersall Consultations Act and simplifies the tax on lotteries. It replaces the three-tiered structure and introduces a flat rate of 35.55 per cent based on the last year's turnover. Again that is an attempt to simplify the tax structure, but if the operating revenue of Tattersalls were to increase the government would get less of a share and, conversely, if it were to decrease the government would get more of a share. The opposition does not take exception to that measure.

Finally, the bill removes the Tattersalls cap on profit. Currently it is set at 1.5 per cent of operating revenue. A fairly convoluted formula is used to distribute the operating revenue of Tattersalls with a certain proportion going back to punters and a proportion going to government, which leaves a gross margin of about 4 per cent. A number of payments are made from that 4 per cent. I understand some goes to the consolidated fund, some to the Lotteries Development Fund and some to operating expenses. The opposition does not oppose the measure. It is part of rationalising the taxation structure of those areas of gaming activity.

Generally, the opposition does not oppose the bill. However, the government should get serious about

cleaning up gaming in this state. It is not enough for it to be simply clean in reality; it must also appear to be clean. Obviously people have concerns about that. Some of those concerns are from reputable sources, and the government should get serious about addressing those issues before coming in here with this sort of bill. The government should also consider taking more action on the social effects of gaming before a significant social problem develops. I urge honourable members to support the reasoned amendment.

Hon. C. A. FURLETTI (Templestowe) — I oppose the reasoned amendment and strongly support the bill. The bill further simplifies the current regulatory regime, which is a fair burden on the gaming industry. In doing so it does not derogate from the existing standards of control and supervision. Mr Theophanous spent the bulk of his contribution discussing issues of probity and the casino. He said there was a huge amount of money coming from gambling, and I am sure no-one in Victoria would dispute that. Electronic gaming provides \$411.1 million per annum. Taking that into account I ask Mr Theophanous: why his government gave away the licences to generate that sort of money for Victoria? If that were not enough, why did his leader talk down the value of Tabcorp so much so that it probably cost Victorians a couple of hundred million dollars? Mr Theophanous is not interested in doing anything for the state; he is interested only in improving his own interests and making his way forward, whether that be through his factions or in government.

The bill specifically amends four acts and is therefore somewhat of an omnibus bill. Currently the Gaming and Betting Act regulates and restricts the level of shareholding in Tabcorp and requires probity checks for Australian shareholders who hold more than 2.5 per cent of the issued capital.

The bill amends the controls on probity and abolishes the requirement that a shareholder who hold 50 000 or more shares must not have been convicted of a relevant offence. It also amends the limits on shareholdings by overseas or non-resident shareholders.

Mr Theophanous asked why the bill allowed for an increase in the limitation on non-resident shareholders to 5 per cent of the issued capital. It is obvious that he has not read the minister's second-reading speech because if he had done so he would know that at the moment there is discrimination against overseas shareholders. It

would not take a genius to know that overseas investment is welcome in this country. The legislation provides that overseas shareholders should not have holdings that exceed a total of 40 per cent of the shares issued.

Mr Theophanous made great play of the removal of the restrictions on shareholders who hold 50 000 shares or more and who have been convicted of a relevant offence. If he had read the Gaming and Betting Act he would have seen that in sections 55, 56 and 59 the minister has discretion to make declarations as to shareholdings. The government, and members of this chamber in particular, have the utmost respect for and faith and trust in the minister's exercise of discretion. The proposed amendments will reduce the current unnecessary administrative burdens on the Victorian Gaming and Casino Authority and enable it to redirect its efforts more efficiently to monitoring the shareholders' register of Tabcorp.

The Leader of the Opposition asked about the difference between a shareholding and a trust, which is the effective difference between Tabcorp and Tattersalls. I shall return to that later.

The bill repeals the requirement for the Victorian Casino and Gaming Authority to provide quarterly reports to the Minister for Gaming and to the Treasurer. The Victorian Casino and Gaming Authority, which was the result of the merger of the former Victorian Gaming Commission and the former Casino Control Authority, is a public body and is therefore subject to the usual accounting requirements applied to all public bodies.

The bill also amends the Gaming and Betting Act and rectifies a number of drafting anomalies, including the payment by Tabcorp of tax on under-par subsidies with respect to commission deductions. It further clarifies the scope of existing exemptions from advertising and communicating provided under Tabcorp's wagering licence. Those are all very much mechanical matters, and I now turn to deal with the elements of substance contained in the bill.

The initial venue operators licences are due to expire and the original act provided for formal applications for new licences at expiry. Part 3 of the bill amends the process for the renewal of gaming licences so that the provision of fingerprints and photographs, the detailing of town planning and the provision of details of the layouts of premises and so forth are no longer required. However, an applicant for a licence

renewal will need to satisfy probity requirements in keeping with the government's commitment to maintaining a squeaky clean industry. The rights of objectors to the renewal of a licence will remain and any objections will be taken into account in determining whether or not a renewal should be granted.

Clause 10 plugs a gap in the existing legislation regarding suspension or cancellation of existing venue operator licences and with respect to the disciplinary powers of the Director of Gaming and Betting in certain circumstances. Certain matters need to be addressed with the passage of time and in this instance a gap has been found where a licensee can be charged with an indictable offence and yet no action can be taken with respect to the licensee. Clause 10 provides that if a licensee is charged and convicted of an indictable offence, the nature and circumstances of which relate to an approved gaming venue, the Director of Gaming and Betting can suspend the licence and subsequently take disciplinary proceedings when charges against the licensee have been proven.

Clause 11 deals with the commissioning of gaming equipment. It simplifies the means by which either the full gaming venue or a single machine can be commissioned without the need to have the Victorian Casino and Gaming Authority overly involved. It imposes upon the operator — that is the provider of the machine — an obligation to certify the machine, and any falsifications will attract very serious penalties.

Difficulties have occurred when dealing with complaints about gaming venues. A number of gaming employees, in particular special employees, were concerned about giving full and frank disclosures to inspectors because of possible reprisals or loss of employment if they were parties to complaints. The bill provides that an inspector can conduct an inquiry without necessarily telling the venue operator or the gaming operator — as is required at the moment — unless a formal charge is laid.

I will now address the amendments to the audit provision of Tabcorp. Most Victorians know there are two gaming machine operators in this state, one is Tattersalls and the other is Tabcorp. Most Victorians also know that Tattersalls is the creature of a testamentary trust, which was set up by somebody called George Adams. By its nature a testamentary trust is a relatively private concern with beneficiaries and not shareholders. I should

have thought that was fairly basic information. However, Tabcorp is a public company — and not only is it a public company, but as Mr Theophanous should know a public company can be listed or unlisted.

Hon. T. C. Theophanous — That is true.

Hon. C. A. FURLETTI — Unlisted public companies are subject to certain requirements under the Corporations Law. I point out to Mr Theophanous that the volumes of the Corporations Law are almost as thick as the Taxation Act. A public company has to abide by the regulations set out in the Corporations Law, including the audit and accounting provisions.

When a public company is listed on the Australian Stock Exchange (ASX) and issues shares it must submit to more stringent audit and accounting procedures. I say this to Mr Theophanous: if you expect to double up on those requirements you have a problem. Tabcorp has to satisfy its Corporations Law requirements and its ASX requirements. All the bill does is absolve it from doubling up.

The bill amends the Club Keno Act so that the tax regime applying to Club Keno is calculated on the same basis as that applying to gaming machines — that is, on a gaming revenue basis. That amendment will remove the tax disadvantage currently suffered by Club Keno. The government intends to retain a diverse range of products in the gaming industry so that Club Keno can be promoted by gaming venue operators.

Part 5 includes housekeeping amendments to the Tattersalls Consultations Act. The amendments will simplify the tax structure by introducing greater incentives and flexibility in the operation of lotteries and gaming machines. It will also streamline the legislation by removing spent provisions and anomalies. The bill also contains several statute law amendments that I will not address. I urge the house to support the bill because it clarifies and simplifies a number of regulations. It is a mechanical rather than a major bill. I support the bill and oppose the reasoned amendment.

Hon. JEAN McLEAN (Melbourne West) — I support the reasoned amendment. The Minister for Gaming's second-reading speech states in part:

The amendments will reduce unnecessary regulatory burdens on participants in the gambling industry in

Victoria while strengthening the existing high standards of regulation of the industry.

The amendments will lift the threshold for the overseas ownership of shares from 2.5 per cent to 5 per cent. The minister says it will remove an unnecessary level of discrimination against overseas shareholders. After all, who would want to restrict the Mafia, which buys so many gambling industries around the world, from getting a piece of the action here! The second-reading speech further states:

The bill also removes the requirement that a shareholder who holds 50 000 shares or more must not have been convicted of a relevant offence. It is considered that the compliance burden imposed by this limitation is too onerous and does not result in any regulatory benefit. Extensive monitoring to date by the Casino and Gaming Authority has not identified any shareholders convicted of a relevant offence.

According to section 51 of the Gaming and Betting Act 'relevant offence' means an offence:

- (a) against a law of a state or territory, the commonwealth or any other place in connection with the promotion, formation or management of a body corporate punishable by imprisonment or a fine of not less than \$5000; or
- (b) involving fraud or dishonesty, being an offence —
 - (i) against a law of a state or territory, the commonwealth or any other place; and
 - (ii) punishable by imprisonment for life or for a period, or maximum period, of at least 3 months;
- (c) against a law of a state or territory, the commonwealth or any other place punishable by imprisonment for life or for a period, or maximum period, of at least 5 years.

Obviously, we should not have to worry about those people. Perhaps that section is the reason why the crooks and charlatans have not invested in Tabcorp! Now that the provision is being amended those lovely people will be able to invest in the company. They know how to hide and launder their money. They can have investments of up to 5 per cent of the shares in the company without having to undergo probity checks. I am sure the new arrangements, together with clause 13, which amends section 134 of the Gaming Machine Control Act by limiting the role of the Auditor-General to audit gaming operations, particularly those of Tabcorp, will mean that people who were previously prohibited from investing in

Tabcorp will feel free to invest their ill-gotten gains in the gambling industry.

When introducing amendments to gaming acts the government should have addressed some of the community's concerns about gambling. We need to reduce the number of poker machine outlets in the western suburbs and in places such as the Latrobe Valley — the poorest area of the state, which has the second highest level of unemployment and the highest number of poker machines! The saturation of poker machines in my electorate is replicated in the northern suburbs. Community groups in my area point to the ever-increasing incidents of domestic and community violence that can be traced directly to gambling problems. Nothing is being done to address the enormous problems gambling creates for sections of the migrant community as well as the poorer sections of society.

A bill amending gaming acts should seek to reduce the number of gaming venues or the amount of time allowed for the renewal of licences. It is not beyond the government's ability to regulate the number of venues available in the western suburbs.

Sitting suspended 6.30 p.m. until 8.03 p.m.

Hon. JEAN McLEAN — Instead of addressing the issues I was speaking of, last June the government cut funding for community education into problem gambling. The government has refused to fund problem-gambling advertisements until the end of 1997. Crown Casino opens in May 1997. A cynical person could think the government wants no adverse advertising for gambling, either before or during the opening of the world's largest gambling casino. An article by Rachel Gibson published in the *Age* of 19 April states:

The Victorian Council on Problem Gambling has been ordered to stop giving out information developed under the Department of Human Services' service agreement, which expired last June —

and that a letter to the council's chairman demanded the return of all material within 14 days.

Hon. K. M. Smith interjected.

Hon. JEAN McLEAN — I haven't heard any screams that it isn't true.

Hon. K. M. Smith — Well, it's not true — there you are; I'm screaming it out.

Hon. JEAN McLEAN — I can find no benefits for the ordinary citizens of Victoria in the bill — only ways to make it easier for the industry to grow. In a recent Melbourne University publication called *Place Your Bets*, Rob Wootton, the past head of the Council for Problem Gambling, reiterated the results of the last survey on where most funds that are put into pokie machines come from. The survey revealed that more than 45 per cent — Mr Theophanous quoted 50 per cent — of gambling money comes from household living costs; 22 per cent from personal and household entertainment budgets; 3 per cent from specific gambling budgets — apparently some people have a specific gambling budget; and 12 per cent from other sources. While the industry is growing, so is the distress it is causing to many people in our community.

I believe this state has seen a gigantic change in focus since its Premier decided to take on the role of PR officer for Williams, Walker and Co. In their desire to turn Melbourne into their personal goldmine — and that is exactly what it is — instead of the Premier being determined to ensure the probity and fair regulation of the gaming industry he promotes gambling above all else and will brook no criticism of the obscene, garish casino industry that has taken over the capital city of this state. As you well know, Mr President, nowhere in Europe are casinos so intrusive in major cities. There are no garish advertisements and no governments screaming that everyone should be so pleased that such a gambling venue is in the centre of the city. Only in Las Vegas do you get that sort of thing, and that is not a major state capital.

Hon. R. M. Hallam — Where else have you been, Jean? Try Sydney, Perth, Adelaide.

Hon. JEAN McLEAN — This is what Australia is doing. I said nowhere in Europe has it been done, and — —

Hon. R. M. Hallam interjected.

Hon. JEAN McLEAN — I am talking about the rest of the world — apart from America. Even in Alice Springs and Adelaide there was never the same sort of garish advertising as the current exercise. The role of the government should be to regulate the gambling industry to ensure there is no potential for abuse — it should not glorify it. Unfortunately for Victorians, once the gambling industry is allowed to grow unrestrained the government ceases to control it; it controls the government. The gambling industry already

represents 14 per cent of state revenue — that is, \$1.1 billion and rising.

This government is unlikely to refuse any demands from Crown Casino because since the casino first won the right to build here — under very dubious conditions — the government has allowed continual changes to the size and height of the building, what it contains — including the number of gaming tables — and the probity or otherwise of the main controllers of the industry. In an in-depth profile of the Premier's mate, Lloyd Williams, in the *Good Weekend* magazine of the *Age* of 21 April we read an endearing — —

Hon. Bill Forwood — Are you going to the opening of the casino, Jean?

Hon. JEAN McLEAN — No, I do not need to go to places like that for my entertainment, Mr Forwood. In the profile we read endearing things about Mr Lloyd Williams. He is seriously rich; he reaps \$1.3 million a week. While he can afford French champagne, he drinks coke from a bottle.

Hon. Bill Forwood — So do I!

Hon. JEAN McLEAN — He's saying he's just an ordinary character, like you. The article says also:

He hangs around with political mates such as Walker, Howard and Kennett — and last year gave \$20 000 to the state Liberal Party — but he says he hates politics.

The article says further that his:

... beginnings were modest. His father owned a flourishing Kew newsagency and two city pubs ...

Lloyd hung around with the SP bookmakers, horse trainers and professional punters. This hero of our Premier is described as running the school's footy tipping and Melbourne Cup sweeps — all for money, of course. His school was obviously richer than the one I went to! Lloyd says he understood gambling from the age of 7 or 8 years. He reckons that:

After that upbringing, the dynamics of the casino business are a piece of cake.

Quite so. When this paragon of virtue went into property development he learnt the style of building that he has thrust on four city blocks at Southbank. He bulldozed stately mansions in Toorak and South Yarra and replaced them with ugly yellow brick

apartment blocks. Lloyd Williams was the beneficiary of many amazing deals over the years. His partnership with Walker in Hudson Conway made megabucks through a deal with John Elliott as head of Elders by being given half of 5000 pubs in Britain — to keep the debt off Elders's bank balance sheet. With no financial outlay, Williams and Walker got \$280 million. After that little windfall they set up Crown Casino and their licence to print money. I wonder what a probity check would uncover about that lot.

One of the problems we now face is that this bad taste temple rising over the Yarra — even Minister Maclellan described it as a taste-free zone — is growing in debt through loan. As the cost goes up, so does the need to keep people gambling with their household budgets. The continuing promotion of this monstrous overdevelopment, with its 24-hour picture theatres, live theatres, franchised US junk-food outlets, foreign fashion shops and gigantic hotels, will either destroy the viability of the central Melbourne businesses, the theatres and the restaurants — and a lot of businessmen and women in this town are very concerned about the way the centre of Melbourne is being affected while all this opulent junk is being put —

Hon. Bill Forwood — You don't like the architecture.

Hon. JEAN McLEAN — I dislike a lot more than just the architecture. In time it might become a gigantic white elephant, left to rot while Williams, Walker and Packer move on to do other things with all their millions as they will continue to do for many years. We are told that the major plunder will come from wealthy Asian gamblers. Lloyd Williams says he is determined to attract the masses of middle Melbourne who have so far refused to go through the casino doors. He calls it his 'gift to Melbourne' — paid for by the masses of lower income gamblers who have been going through those doors and giving him all their savings. I know you're shaking your head because you don't care.

Hon. R. M. Hallam — Just remind me what I don't care about.

Hon. JEAN McLEAN — You shook your head when I said this wonderful gift to Melbourne from Mr Williams is paid for by the ordinary workers and pensioners of Melbourne.

Hon. W. R. Baxter — Of their own free will.

Hon. JEAN McLEAN — Once a month they used to go in buses over the border where they had a nice day out and companionship. Now the pensioners go on their own into that place. They gamble away their money and when it is all gone they sit at home, lonely and bored once it has all been taken out of their pockets. This gift is described in the *Age* of 19 April:

Frill-necked lizards climb black-marble walls, red fires snake down clumps of scrub, lightning crashes across a ceiling of thousands of glass stalactites and smoke billows through the vast entrance atrium to the new Southbank casino.

Mr Williams is quoted as saying that his:

... crystalline ceiling with optical fibres; that's all gold, and those columns are all elliptical, marble and made in Verona (Italy).

That is in case we do not know where Verona is. This is:

... his answer to critics who claim a gambling den will never attract people of culture and taste.

If it were not so gross his answer could be considered funny or even pathetic. While probity checks are not undertaken on those who want to make money without working, young people cannot get jobs. There are not enough jobs, because neither the state nor federal governments have delivered on their promises. Young people are being forced to work in low-paid, dead-end jobs, or for the dole if they do not want to have their entitlements stopped. Plenty of people are checking the probity of young people. There seems to be a moral panic within the coalition at the thought of a young person getting something for nothing, yet each week the mates of this government get millions of dollars for nothing!

Hon. W. A. N. Hartigan — Like who?

Hon. JEAN McLEAN — Like Williams and Walker — and all the other people who are minting money with the certificates we are giving them.

Hon. W. A. N. Hartigan interjected.

Hon. JEAN McLEAN — Since gaming machines and casinos were introduced into this state —

Hon. W. A. N. Hartigan interjected.

Hon. JEAN McLEAN — All right, but they have grown extensively. I had grave doubts about their introduction. I argued for small, boutique casinos for the rich who want to go and throw their money away.

Hon. W. A. N. Hartigan interjected.

Hon. JEAN McLEAN — Only the rich who can afford it, you dill! The Sydney and Melbourne casinos are aggressively competing with each other for national and international gamblers. Gambling in all its forms is being promoted as an acceptable and desirable leisure activity. People are no longer buying tangible manufactured goods; they are not putting their money into industries of value. Economists and governments are constantly telling us that the national savings rate must grow if we are to have a healthy economy, but it is all being frittered away.

Hon. W. A. N. Hartigan — By whom?

Hon. JEAN McLEAN — By the people. Instead of putting money in the bank they are giving it to Lloyd Williams. They are being lied to. We know Packer drives around with hundreds of thousands of dollars in the boot of his car just in case he gets the urge to gamble. Most people do not have that luxury.

We do not know the extent of the damage or benefit gambling in its present form is having on our society. Instead of having proper impact studies to ascertain what limits are necessary or desirable, the government is amending the Gaming and Betting Act to make it easier for anyone who previously was scared of a probity check by saying, 'Stop worrying, just do it'. Unlike Mr Hartigan I am very concerned about the effects on the community of the mass of gambling venues being promoted. I am amazed this government believes the shonkiest business in the world does not need probity checks and constant monitoring. I support the reasoned amendment.

Hon. B. C. BOARDMAN (Chelsea) — It was with some disbelief that I read the reasoned amendment proposed by the Leader of the Opposition. I note his absence from the chamber tonight. After honourable members listened to him this evening for an hour and a half he does not have the courtesy to listen to government members putting forward their case. However, the Leader of the Opposition summed it up in his own words — that is, if all the words before and including 'until' were deleted from the reasoned amendment the motion would simply read:

The government demonstrates its commitment to a clean and reputable gaming industry.

That would be closer to the truth because Victorians have a gaming industry that is the envy of the rest of the world. It is the most regulated and most scrutinised gaming industry in the world and is a model which other countries are following.

The Leader of the Opposition quoted from an article in the *Age* — his quotes are usually from the *Age* — referring to allegations of money laundering at Crown Casino. He stated that more than \$2 billion is laundered in Australian casinos annually, a quarter of which is laundered in Victoria. I doubt the claim of money laundering and the process involved in such an offence because the last place — and I stress that — any individual would want to be seen to be actively committing a criminal offence involving any form of property deception, money laundering or false accounting would be the casino.

I am not sure whether the Leader of the Opposition has ever been to the casino. The level of internal security in that place is unparalleled in any other facility in Australia or the world. Security at the casino is of such advanced technology and so efficient that the present model is being emulated in other fields, particularly the retail sector. I note with interest that 12 to 24 months ago the Coles-Myer corporation approached the casino to see how its internal security works, and that corporation has now adopted the same system in its retail sector. To say the casino is a haven for criminals, money launderers and illegal activities is complete nonsense.

Another most basic of points to defeat the Leader of the Opposition's argument is that any player who visits Crown Casino and wants to engage in large-sum betting, or high rolling as it is colloquially known, must be registered for any bets starting at a mere \$50 000. Criminals who want to launder money will not waste their time on a sum as measly as \$50 000. The movements of any high roller who walks into the place are tracked and all bets and wins are registered. It is a complete load of rubbish to suggest that criminal activities to the level the Leader of the Opposition is suggesting occur at the casino. The article is complete hearsay; it has no credibility. If there was such an issue — and I believe \$2 billion is a huge amount of money to be operating through criminal syndicates — I am sure it would be of such newsworthiness that we would have heard of it.

The ALP uses any legislation to degenerate whatever business this house is involved in. That is all the ALP uses this forum for. Opposition members do not put up alternative policies; they come in here and use the opportunity for debate as a forum for personal attacks. For example, I read with interest in the *Herald Sun* that both the Leader of the Opposition in another place and the shadow Minister for Gaming, the honourable member for Niddrie in another place, Mr Hulls, received invitations to the opening on 8 May of the Crown Casino entertainment complex. For the past three years or so they have been philosophically opposed to the casino, philosophically opposed to gaming and have attacked the government on every opportunity. What happens when they receive invitations to attend the opening? They have the audacity to accept and attend something to which they are philosophically opposed. The hypocrisy is remarkable.

I am sure everybody in this house acknowledges that the gaming industry requires stringent and efficient regulations to prevent undesirable people from running gaming venues and to ensure profits and taxes are justifiably and appropriately distributed between the various players in the industry — that is, the operators, the government and the punters who like to have a bet. Such regulations and controls are vital when dealing with an industry involved primarily with the exchange of money for recreational purposes. Accountability is the key point, and accountability is what this legislation is all about. The government needs to be particularly pro-active in this role. It needs to enforce and enhance accountability and it needs to do this through constant legislative review and constant monitoring of what is happening within the industry. With the advent of this legislation those accountability and scrutinising procedures are further strengthened, as are regulations pertaining to the industry.

I do not doubt that the legislation comes at a time when gambling is considered to be a national social problem. Various questions are being asked, such as how much money is being spent on gaming, how much money are individuals spending on gaming, what type of individuals are spending money, where is the money coming from and who is benefiting from this exchange of money.

It is probably the average punter in the street who is benefiting most from gaming, particularly electronic gaming because electronic gaming gives a minimum of an 88 per cent return on all funds used in that

recreation. Electronic gaming is a way for people to release stress or indulge in a recreational activity which is a legal and acceptable activity and which they can avail themselves of regularly. Offering the chance of returning 88 cents for every dollar that is put in obviously marks it as a recreation with good results and that is why it is so popular. Games such as Club Keno offer a 75 per cent return, so once again the punter benefits in various ways from the gaming industry.

Another area from which the community benefits and about which the opposition is frequently silent is the revenue raised by the gaming industry. In the 1995-96 financial year Victoria raised approximately \$1 billion from gambling proceeds and that money would not otherwise have been available. The Community Support Fund has been debated in many forums, including this one, and it puts gambling revenue straight back into the community. Without the advent of gaming the community would not receive those funds.

Although the gaming industry is of great benefit to the community — and everyone knows that is true — I introduce an element of caution. I caution future governments, irrespective of which party is in office at the time, against becoming complacent and dependent on gaming revenue as a major source of income. Although gaming is currently popular it can become a fad and at various stages the level of activity and patronage associated with that activity will plateau out.

The industry must acknowledge and promote the ethics of responsible gambling. Earlier this year the Minister for Gaming released a document entitled *Responsible Gaming — An Industry Code of Practice for Victoria*, and on 25 February announced that there was overwhelming support for it. The six signatories to the code of practice are Tabcorp Holdings Ltd, Tattersalls, Crown Casino, the Australian Hotels and Hospitality Association, the Licensed Clubs Association of Victoria and venue operators licensed by the Victorian Casino and Gaming Authority. The whole industry has emphatically and enthusiastically accepted the code of practice and has seen it as a way for local clubs in particular to know what they can and cannot do.

The opposition says the government has no commitment to a clean and reputable gaming industry, yet the code of practice is a fantastic document that addresses every issue relating to gaming, and that is why it has been adopted with such great enthusiasm. Many local and regional

industries have also adopted codes of practice or regulations and strategies in relation to hospitality and gaming. About three years ago I was fortunate to be involved in the establishment of the Frankston Liquor Industry Accord, which promotes industry regulation and control. A similar body also operates in Geelong.

Through the accord the liquor industry has taken responsibility for itself and in 1995 won the Victorian crime prevention award. Participants in the Frankston accord include local hoteliers, taxi companies, councils, former members of Parliament, local police and so on. It is not limited only to gaming and gaming-related practices but also takes into account liquor industry problems, antisocial behaviour and planning issues, such as the positioning of taxi ranks and the like. It is a fantastic organisation and has been emulated in other areas. It goes to show that the state government and local government bodies will ensure that the industry is regulated and controlled to the maximum extent possible. Paragraph 1 of point 3.4 of the code states:

The signatories agree that marketing will be directed towards marketing gaming machine play as a valid leisure and entertainment product.

Paragraph 2 states:

The signatories recognise the public has a democratic right to participate in their chosen form of entertainment in surroundings that do not impair their right to enjoy the product.

The most pertinent issue in a discussion of gaming is that it is a legal activity and there is freedom of choice associated with it. Last week in a contribution on the Gaming No. 2 Bill I said there was no compulsion for people to gamble. The argument is mounted from time to time by the opposition and other community groups that gaming is having devastating effects, but until someone can show me evidence to suggest that that is so and that there is compulsion I will not listen. Gaming is a voluntary and recreational activity and people have a democratic right to enjoy recreational and leisure activities in any way they see fit. Regardless of the arguments mounted by the opposition, gaming is legal and there is freedom of choice.

At a time when the Australian Bureau of Statistics figures show that personal consumption expenditure in general terms over the past 10 years has fallen from 23 per cent to 15 per cent I would like to know what is happening to people's

disposable income. There is also evidence to suggest that non-discretionary expenditure is on the increase. The ABS statistics show that expenditure on other services has increased: on rent from 9 per cent to 17 per cent, on health and health-related services from 4.6 per cent to 7.5 per cent, and on communication services, such as telephones, from 0.7 per cent to 2.1 per cent.

People are generally realising there is a need for a balance between discretionary and non-discretionary funds. There is clear evidence to suggest that people's non-discretionary spending is on the increase. If that is so, from where are people getting the disposable income to avail themselves of gaming and gaming-related products? Although there is evidence to suggest that this type of expenditure is eating into people's disposable income, nothing firm has come to light.

As I mentioned last week when speaking on the Gaming No. 2 Bill, minor gaming has decreased by about 21 per cent since the advent of electronic gaming, as initially did expenditure on Tattersalls and Tabcorp following the advent of electronic gaming and the casino. Gamblers have gone from one form of gambling activity to another.

The retail sector is currently experiencing problems. An article by Charles Wright headed 'The truth about Victoria's gambling', which was published in the *Australian Financial Review* of Friday, 4 October 1996, refers to what the retail industry thinks about the problems associated with gambling. Lend Lease is one of the major retail management firms in the country and manages large shopping centres in my province. It is quoted numerous times in the article as taking the easy option regarding gambling and associated industries in the retail sector. The article states:

Lend lease 'partly blamed the impact of gambling on retail sales for its decision to slash \$57 million from the value of its shopping centres at Greensborough and Dandenong.

The article also refers to a Lend lease spokesman, and states:

He claimed the information made available to the *Age* was that gambling was only one of four factors — the others being timing, location and sector slump.

Lend Lease is blaming gambling for all the ills and problems in the retail sector. It is the easy way out,

an easy solution and an unjustified argument that has no substance. It is also very selective.

Gambling is not pursued by the majority of the population nor is it based on age, socioeconomic background, demographics or ethnicities. We cannot ever have a formula that equates gambling totally with social consequences that affect the whole of the population.

The article in the *Australian Financial Review* states that Lend Lease did surveys on retail outlets to establish why profits were down so much and they came up with an equation of 18 per cent of Victorians spending a lot less on food and other discretionary items. Charles Wright comments in that article:

Like many people who don't carefully examine statistics, Dreverman has simply got it wrong. What those statistics actually show is that 18 per cent of a reduced sample — in fact 18 per cent of the 13 per cent of the sample who regularly gambled on EGMs and the casino, or roughly 2.3 per cent of the survey — indicated they were spending less on 'household items'.

It goes on to show that the statistics that are in existence are simply not true and that 18 per cent is a bleak number. However, I also maintain 2.3 per cent is a bleak number. I do not trust statistics on gambling and the consequences of the introduction of gambling, especially electronic gaming machines.

That perception is not helped when opposition members such as the honourable member for Springvale in another place put out press releases with headlines such as 'Gambling explosion in the southern suburbs'. What a load of nonsense! His argument is that the advent of gambling facilities and venues will naturally attract more people and that the government is in some way targeting the southern suburbs as a way of raising revenue. I have never heard of the government pro-actively seeking venues to take up gambling licences or singling out regions for the establishment of gaming venues.

The democratic process ensures and the legislation provides that although it is the right of individual venue holders to apply for gaming and gaming-related services and machines, they need to go through the relevant checks and accountability processes before they get those machines. The government does not get involved in decisions about the placement of machines. The opposition says that we concentrate our efforts in certain areas because

there is more vulnerability in those areas. That is complete nonsense.

Hon. R. A. Best — You should remind the opposition of what has happened in the New South Wales clubs on the Murray. They have been decimated because there is no longer Victorian money going up there.

Hon. B. C. BOARDMAN — Mr Best raises a good point. There has always been a segment of the Victorian community that has availed itself of gambling opportunities, especially electronic gambling, and prior to 1992 those people had to go interstate to gamble. Regardless of whether electronic gambling existed in this state there would always be a segment of the community that would want to participate in that activity. My philosophy is that it is better that they can do it in Victoria so that the proceeds stay here.

Gambling is a legal, voluntary, accessible and recreational activity. Although it has its ups and downs — mostly ups at the moment — so do many other recreational activities. The Australian Football League is experiencing record crowds in 1997, cinema patronage has increased in the past two or three years and I have it on good authority from the Restaurant and Catering Association of Victoria that restaurant patronage in Melbourne and rural Victoria has never been stronger.

The opposition cannot say that all of the current social ills are a result of gambling and that people are biting into their disposable incomes to avail themselves of those gambling activities because that simply does not stand up given that other leisure activities are also enjoying booms. It has been demonstrated that the gambling industry is clean and reputable because it is closely scrutinised and regulated. That is what the bill is all about. It will provide for further regulatory standards and scrutiny of an industry that is already leading the world in accountability processes and practices.

Hon. S. M. NGUYEN (Melbourne West) — I wish to speak in opposition to the bill. The opposition is especially concerned with the abolition of the probity checks on shareholders and the exclusion of the Auditor-General from the role of auditing Tabcorp's gaming operations. It is important that the integrity of Victoria's gambling industry is protected and maintained, and that can occur only when the probity checks concerning owners, operators and shareholders are vigorously applied. The bill seeks to withdraw probity checks on some of the

shareholders in Tabcorp. The government clearly regards it as an important issue. The Treasurer made it clear in his second-reading speech on the Gaming and Betting Act, which is reported in *Hansard* of 28 April 1994, that:

The government will maintain regulation in respect of matters of public interest and probity.

The authority will have clear powers, through continued scrutiny and through disciplinary processes, to ensure that the public interest is protected and that the highest standards of probity are observed.

Given that the Treasurer spelt out the government's view about the importance of probity in the original debate on the Gaming and Betting Act, why does the level of probity need to be reduced now? What are the reasons behind the government's desire to reduce the checks on shareholders in Tabcorp beyond the fairly transparent excuse that it is in line with the Australian Securities Commission arrangements in relation to companies? The checks that currently exist are outlined in sections 53(1) and 54 of the Gaming and Betting Act and are the very sections the bill seeks to have repealed. Section 53(1) states:

A person has a prohibited shareholding interest in the licensee if the person —

- (a) is an Australian resident and is entitled to voting shares in the licensee that together constitute —
 - (i) unless a certificate relating to the person's shareholding under section 54 is in force, more than 2.5 per cent of the total number of voting shares in the licensee; or
 - (ii) if such a certificate is in force, more than a 5 per cent of the total number of voting shares in the licensee;
- (b) is a non-resident and is entitled to voting shares in the licensee that together constitute more than 2.5 per cent of the total number of voting shares in the licensee;
- (c) is a non-resident and becomes entitled to voting shares in the licensee when non-residents are entitled to 40 per cent or more of the total number of voting shares in the licensee or, as a result of the person being entitled to the voting shares, are so entitled;
- (d) has been convicted of a relevant offence and is entitled to more than 50 000 voting shares in the licensee.

In all of these situations the person has a prohibited shareholding interest.

Under section 51 of the Gaming and Betting Act the term 'relevant offence' is defined as an offence —

- (a) against a law of a State or Territory, the Commonwealth or any other place in connection with the promotion, formation or management of a body corporate punishable by imprisonment or a fine of not less than \$5000; or
- (b) involving fraud or dishonesty being an offence —
 - (i) against a law of a State or Territory, the Commonwealth or any other place; and
 - (ii) punishable by imprisonment for life or for a period of the maximum of at least 3 months;
- (c) against a law of a State or Territory, the Commonwealth or of any other place punishable by imprisonment for life or for a period, or a maximum period, of at least 5 years.

They are all fairly serious offences relating to fraud. They were originally included in the Gaming and Betting Act 1994 to ensure that Victoria's gaming industry did not wind up being run by shysters and con men. Under the amendments contained in the bill, such people will be able to own up to 5 per cent of Tabcorp without any probity checks.

The bill also removes the requirement that a person who has been convicted of a relevant offence and is entitled to more than 50 000 voting shares has a prohibited shareholding. As the Treasurer said in 1994, the government is responsible for the regulation of the gaming industry in relation to public interest and probity. How can these requirements be met if the clauses inserted in the Gaming and Betting Act 1994 to ensure high standards of public interest and probity are now being withdrawn?

By removing the clauses to which I have referred from the original act the government is effectively saying that it does not have a problem if drug dealers, white-collar criminals, con men and other disreputable characters wind up as major shareholders in Tabcorp. Basically, this government will do business with and sell shareholdings to anyone so long as they have the money!

Clause 13 amends section 134 of the Gaming Machine Control Act so the Auditor-General will no longer have responsibility for auditing the gaming operations of Tabcorp. Tabcorp will no longer be subject to the same level of scrutiny it has in the past,

firstly, as to the sort of people who own shares; and, secondly, as to public accountability of its gaming operations. The Treasurer made some very interesting points about the role of the Auditor-General in relation to Tattersalls during his second-reading speech on the Tattersalls Consultation (Reporting) Bill in 1993:

The Auditor-General considered that the tabling of Tattersalls annual financial statements in Parliament was desirable in light of the significant contribution that Tattersalls makes to government revenues, which totalled \$300.2 million in net terms in 1991-92 and because of the much expanded role that Tattersalls will have in the future through the operation of electronic gaming machines.

He then states:

The Auditor-General was of the view that the tabling requirement was necessary in the interest of greater public accountability and to allow for full scrutiny of Tattersalls' financial statements. The government fully concurs with the views of the Auditor-General in this matter. This is in no sense a reflection on the manner in which Tattersalls has conducted its operation to date; it simply ensures a degree of accountability and public scrutiny commensurate with the public interest in Tattersalls' operation.

If the government concurs with the view that there should be full public scrutiny of Tattersalls' financial statements, why should that not apply to Tabcorp? Clearly, the government is not being consistent. The opposition firmly holds the view that it is in the public interest for the Auditor-General to have a role in auditing both Tabcorp and Tattersalls. If one is not being scrutinised by the Auditor-General then the other should not be either. If the government is serious about having a clean gaming industry it must recommit itself to allowing the Auditor-General to play an active role.

Clause 9 inserts a new section into the Gaming Machine Control Act. It introduces a process for renewal of the venue operator's licence. Under this clause, probity checks will be carried out on venue operators who seek to have their licences renewed. The opposition is happy to support that measure, but it also raises the question of why someone can purchase up to 5 per cent of Tabcorp and not be subject to probity checks when the venue operator is. The licences currently last for five years, and so every five years a venue operator will be subject to a probity check. They are the main areas of concern for the opposition. If Victoria is to continue to have a

clean gaming industry we need to insert clauses providing for stringent probity checks in legislation rather than taking them out. I urge the government to reconsider the amendments the shadow Minister for Gaming in another place, the honourable member for Niddrie, proposed. If they are adopted, they will clear up some of the anomalies in the existing legislation and guarantee the integrity of the industry.

Hon. W. A. N. HARTIGAN (Geelong) — I speak against the amendment and in favour of the bill. It is a reasonably straight-forward bill that deals with some machinery items, the principal of which is in respect to Tabcorp. It lifts the notification required for an increase in share ownership from 2.5 per cent to 5 per cent, and to suggest that that will in some way lead to an influx of criminals and con men taking up these shares is unrealistic. It is a sound administrative practice and it reflects the reality of the situation. It is plainly ridiculous to suggest that this increase from 2.5 per cent to 5 per cent in any way prejudices the probity of this activity.

The suggestion that Tabcorp, now a private company, should be subject to the ASX rules and the requirements of external auditing as well as to auditing by the Auditor-General cannot be justified. Why would the government select Tabcorp out of all the public companies operating in Victoria as the sole company to be subject to that requirement, especially when the Auditor-General has limited resources? The suggestion does not bear critical examination and demonstrates that Mrs McLean and Mr Nguyen have not the faintest idea what is going on. When one listens to Mrs McLean one would not think that the Labor Party introduced gambling. Mrs McLean has told me that she spoke against it in the party room, but I am sure she was in the background and spoke quietly. The Labor Party was trying to improve its fortunes when it introduced these gaming activities.

Hon. D. A. Nardella interjected.

Hon. W. A. N. HARTIGAN — Mr Nardella, I know exactly what is true. The Labor Party not only introduced the industry to this state, but also promoted and supports gambling. Mrs McLean says the poor people in the western and south-eastern suburbs should not be allowed to gamble. Is she suggesting that we should introduce an internal passport system similar to that introduced by one of her favourite regimes so that people travelling from Springvale or Footscray need to get a permit to travel to the city? Is she saying that the people in the

electorates represented by the Labor Party are not capable of exercising sound judgment or are slow and therefore should not be put in the way of temptation?

Hon. D. A. Nardella — They are being targeted.

Hon. W. A. N. HARTIGAN — What do you mean 'targeted'? Surely they are capable of exercising judgment. They exercise judgment when they vote for people like you, and we may forgive them for that. They are perfectly capable of exercising reasonable judgment. Obviously Mr Nardella believes they should not be trusted to spend their money how they see fit but should be told how to spend it. Mrs McLean wants to tell them how and at what time they can spend their money!

I have heard a lot of nonsense about retail businesses suffering because of the money being spent on gaming. Retail trade has increased in the first quarter of this year compared with the last quarter of last year. To what is that attributed? Are we now being told that gambling is leading a retail-led recovery? The opposition also claims that the percentage of money spent on food and clothing is down. All around the world consumers are spending proportionately less on food and clothing because they are finding a number of other ways of spending their money.

I gather Mrs McLean thinks that people shopping at Chadstone are buying 40 pounds of flour and a couple of sides of beef and putting them in a hessian bag and going home rather than going out. Mrs McLean is out of touch with reality and must think she is living in one of her favourite regimes. The idea that we should tell people how to spend their money could come only from the hard left of the Labor Party, because its members have a predilection for managing people's lives. Of all the people who demonstrate an incapacity to do that, the hard left of the Labor Party is top of the list. Its members are not capable of running their own party, yet they say they should tell people in the electorates they represent how they should spend their money. One is reminded of the central planning and all-wise social leadership of a former Labor Party Prime Minister who wanted to dictate the way the economy should run. I understand in Russia, North Korea and Cuba there is little to distribute to the people, so they would not have a problem about what should be restricted, yet Mrs McLean talks nonsense about restricting people's rights in this country.

My view is that people who gamble are mugs. I do not get any fun out of gambling and I do not see it having any recreational use, but that is my view and it is not for me to tell others how to spend their money. If they wish to spend it on gambling, that is their decision. I do not hear members of the opposition saying we must tell people how much alcohol they should consume. Excessive alcohol consumption has disastrous consequences on the lives of many people. I do not hear one word from members of the opposition on that subject, for the very good reason that they all like a drink. I hear no-one talking about the evils of smoking, which is a much bigger menace to public health.

I make the point that it is a terrifying thought that members opposite should believe it is their responsibility to tell people how to spend their money, especially given the nature of members opposite. One wonders what would happen if the state were unfortunate enough to have the opposition running the government.

The government did not introduce this wide-ranging debate on gambling. The bill is straightforward and deals with administrative problems, removes unnecessary regulations such as having the Auditor-General audit public companies subject to ASX regulations and has other machinery amendments that change the way certain revenues are raised from gambling.

The bill has no significant implications for gaming and merely continues the process of reform and good administration characteristic of the government. I support the bill and oppose the reasoned amendment.

Hon. D. A. NARDELLA (Melbourne North) — I support the reasoned amendment because the bill is about lowering the probity standards in the gaming industry, whereas it should be about improving probity standards in the gaming and casino industries. The government should put in place better probity mechanisms, but unfortunately it does not care about the probity requirements, families or people addicted to gambling. All it is concerned about is what Mr Boardman talked about, the \$1 billion a year raised in taxes. That is all the government understands; it is the only issue about which the government is concerned. When one visits the pubs and clubs in my electorate one can see the effects gaming machines and the irresponsible promotion of gambling by the government are having on the people I represent. Even at 10 o'clock

in the morning the gaming machines are being played.

Hon. Andrew Brideson interjected.

Hon. D. A. NARDELLA — Mr Brideson asks who forces them. We also heard Mr Hartigan talk about there being no compulsion in regard to gaming and gambling within this state. The modus operandi of this government revolves around the casino and images that gambling is about being a winner and winning BMW cars. Do you know what the casino is now doing with its BMWs? If you win a BMW you can now cash it in for \$70 000. Who do you think gets the benefit from that? It goes straight back into the pockets of Uncle Ron and Uncle Lloyd. That is what this government is promoting.

This bill does nothing to assist those people who are caught by this bug and those families who, day in and day out, are being hurt. Recently a daughter stole \$70 000 of her parents' savings and then went out and stole another \$200 000 so she could play at Crown Casino. This bill does nothing whatsoever to assist people in such situations. This government promotes the gaming industry. Other links in the chain also promote the industry. What is the link with Channel 9, which will televise the opening of Crown Casino? The link is Kerry Packer. If that is not encouraging gaming in this state, I don't know what is. It will then televise the Logie awards, one of the premier programs on Australian television. Where will that be televised from? Crown Casino.

There have been many promotions for the casino. In the early days we had the ludicrous situation where sign after sign showed people how to find Crown Casino. Crown Casino runs granny tours, which promote people gambling at the casino. It also gives away free coupons, free publicity and BMW cars. Through its policies, this government promotes the casino, gambling and social ills. It is not funding the organisations that are trying to deal with the social problems. This government is not about saying to people that they will not win and that they will not win BMWs; this government is only about promoting the casino and looking after its mates.

For Mr Hartigan to say the Labor government did nothing about smoking and did not even talk about smoking is absolute rubbish. If it were not for the Honourable David White, a member of this chamber until the last election, the Quit program would not have existed and the ban on cigarette advertising on television and in the mass media would not have been put in place.

One thing this government has done — I will give the government a tick — which is supported by the opposition is that it has developed and implemented responsible laws concerning drinking. The opposition has no problems with that. To say the opposition does not believe in those types of things is absolutely false. However, my constituents are being affected by gambling — and this government is encouraging their interest and addiction to it through the policies it is currently promoting.

Clause 5 of the bill enables a person to increase his holding in Tabcorp from 2.5 per cent to 5 per cent without a probity check. This is the stuff that Bruce Mathieson and the government's mates absolutely love. This is the stuff corrupt people within our society want because it will make it easy for them to gain control of these organisations. The government has no understanding of the pernicious nature of organised crime, and it is not just the opposition that says that. Mr Xavier Connor — a very highly respected person both in Victoria and within Australia who, under the Cain government, reported on developing a casino and gaming industry in Victoria — said the same in his reports. He came out with grave concerns about probity within a casino and gaming industry. You need only look at what he said about probity to see that this government does not care.

An article in the *Age* of 18 May last year reported the concerns of Mr Xavier Connor — the man who wrote the guidelines for setting up and running the Victorian casino and gaming authority — about the existing casino operators. He understands, as do members of the opposition, that its licensee, Lloyd Williams, who was a managing director of a company, Dominion Properties, is not squeaky clean because when he was with that company — —

An Honourable Member — Who says he is not squeaky clean?

Hon. D. A. NARDELLA — When he was with Dominion Properties the company was prosecuted and fined for paying secret commissions to the secretary of the former Builders Labourers Federation, Mr Norm Gallagher. I substantiate it because it has gone through the courts. We had the ludicrous situation where this man, Lloyd Williams — Uncle Lloyd to his mates on the other side — had the inside knowledge of what the bids were and what his company had to put in to win the Crown Casino tender contract, and that is what he did.

When you talk about probity and this government, you talk about corruption — because that is what this is all about. Last year Xavier Connor expressed the view that probity checks by the government and the Casino and Gaming Authority were too lax. When a former managing director of a company convicted of paying secret commissions gains a casino licence there can be only one outcome — that is, there is a corrupt process throughout this government. It is of concern to me that Xavier Connor said that.

The opposition has brought the matter to the attention of the house time and again. It has brought to the attention of the house the dealings of Mr Bruce Mathieson, the poker-machine king, but time and again the government turns a blind eye. There is a continuous stream of corruption. Recently we had the situation with Intergraph. Mates could put their hands into the pockets of the government. They could grease their palms and get whatever they wanted.

The government says the proposed gaming legislation is good. It says it has the best legislation. The minister says the government is a world leader against corruption. But when you have the innate corruption of the Intergraph system where contracts were tendered out to the Tyrells and the Griffithses of this world who have clear conflicts of interest all over the place and are working for companies and tendering for contracts on the same projects, the government cannot be believed. The government cannot be believed when it says it has the best legislation in the world when the requirement for probity checks of shareholders holding between 2.5 per cent and 5 per cent of Tabcorp shares has been abolished. The opposition does not believe that and neither does Xavier Connor.

Claims are being made about money being laundered. What did Mr Boardman and others say? They said we have the best system in the world and that people are coming here to copy it. Mr Hartigan said that the retailer Coles Myer, of all companies — perhaps we should have a talk to Brian Quinn about probity and corruption! — has checked out the terrific systems at Crown Casino that are being flogged off around the world and that people are coming here from overseas to check it out. When police officers — they know what they are talking about — say that of the \$2.5 billion laundered each year in Australia, one-third is laundered at Crown Casino, I believe them before I believe any honourable member on the other side of the house. Police know what they are talking about.

Hon. W. I. Smith — Who?

Hon. D. A. NARDELLA — Police officers are expressing concern. If they blow the whistle they will be stamped on by this government or by their superiors. That is why the reports have to be unnamed and unsourced. But the police officers know what is happening out there. They know that people are laundering money at Crown Casino. Mr Boardman talks about establishing leading, world-class standards, but he does not understand that he is part of the government that has overseen the corrupt dealings in Intergraph since it was instituted in 1993. Mr Boardman expects to be believed when he says the casino authority and the gaming industry in this state are squeaky clean. This is the man who believes Griffiths and Tyrell are honest businessmen, because his government has been protecting them for three years. Time and again in this house and the other place the opposition has referred to the goings on of Tyrell and Griffiths. And time and again Mr Boardman's government has supported their actions and covered up for them.

Hon. B. C. Boardman — On a point of order, Mr Acting President, I have no idea what Mr Nardella is alluding to. This has no relevance to the legislation and I ask you to bring him back to the bill.

Hon. D. A. NARDELLA — On the point of order, Mr Acting President, Mr Boardman said in his address that he does not believe money is being laundered at Crown Casino. I am replying to the specific claim he made to the house tonight.

The ACTING PRESIDENT

(Hon. B. W. Bishop) — Order! There is no point of order. I ask Mr Nardella to confine his remarks to the bill before the house.

Hon. D. A. NARDELLA — Mr Boardman says Crown Casino is not laundering money. If Mr Boardman believes that he also believes the Crown Casino tendering process was all above board. It was not, because some people — the mates, the cronies — had their hands in the till. They knew what the bids were and they had the jump on everybody else.

Mr Boardman cannot be believed when he says he does not believe Crown Casino is laundering money. Police officers know what they are talking about and, unlike this government, people can trust them. This government cannot be trusted, especially when it comes to the casino and gambling. The opposition

is duty bound to make known its concerns and those of the community it represents. My constituents are being affected by the changes being made. It is not a responsible industry. It is not being controlled as are the liquor and other industries that people have concerns about; the government is concerned to look after its mates. In his address Mr Boardman referred to the Community Support Fund. It is outrageous when \$1.5 million is sunk in a yacht. That is where the money went. That shows the priorities of this government and it is outrageous. Now the Premier has absolute discretion over the Community Support Fund. The people in the western and northern suburbs and around Springvale are being targeted.

Hon. W. I. Smith — What is wrong with that?

Hon. D. A. NARDELLA — I can tell you what is wrong with that: those people are affected by the policies of the government and by the code of conduct that has been trumpeted about by honourable members on the other side of the house. It is incumbent on the government to protect people and to ensure the industry is not exploiting people. It is not possible for gamblers not to be exploited, that would be absolutely unrealistic, but the government should not promote the gaming industry at every opportunity. That is a real problem.

I support the reasoned amendment before the house. The government legislation should tighten the probity regulations. The government should be going down a different path, not the path taken in Broadmeadows where this government is allowing poker machines in a shopping precinct!

Hon. C. A. Furletti — What has that to do with probity?

Hon. D. A. NARDELLA — It has a lot to do with the way this government promotes and protects the industry in working-class areas — working-class areas where my constituents, Mr Furletti, are being hurt by these policies. It is important for members to support the reasoned amendment. The legislation should be redrawn so that this government produces proper standards of probity.

The government must face up to its responsibilities before the Victorian community to have a gaming industry that is responsible and one that we can look up to with pride rather than, as is the case at the moment, not knowing when the next scandal will occur and not knowing when the next person will go

to gaol because of the inordinate promotion by this government of gambling and the Crown Casino.

Hon. R. M. HALLAM (Minister for Gaming) — Using the vehicle of the reasoned amendment I shall respond to some of the issues raised by Mr Theophanous in the course of the second-reading debate. I want specifically to respond to four issues, the first being the charge that the amendments concerning the Tabcorp shareholders are somehow an attack on the standards of probity across the industry. The second issue is what Mr Theophanous described as an anomaly in relation to the Auditor-General's role, specifically in respect of the changes which would see the Auditor-General no longer required to audit Tabcorp. The third issue is the charge that the casino is being used as a place to launder ill-gotten gains and the fourth concerns the throw-away line received from a couple of quarters that the spread of electronic gaming machines across the suburbs was 'disproportionate'.

A couple of things should be said at the outset regarding the probity issue and the effect of the amendment concerning Tabcorp shareholders. The first is that the shift from the maximum of 2.5 per cent to 5 per cent, the notional maximum number, is not something dreamt up by the members of government. It was not thought to be a good idea to protect Tabcorp but in fact came as a direct recommendation from the Victorian Casino and Gaming Authority. Why was that? Simply because the authority found it very difficult to administer the threshold of 2.5 per cent, remembering that 2.5 per cent is dramatically different from any other criteria imposed right across the nation. No other state does other than reinforce the rules implied by the Australian Stock Exchange. What does the Australian Stock Exchange require of every publicly listed Australian company? It requires that a shareholding of 5 per cent be registered and acknowledged.

The problem the government had was that there may have been circumstances in which the 2.5 per cent threshold was broken without the knowledge of the authority. What was faced, therefore, was the extraordinary administrative difficulty of monitoring those shareholders. The authority came to the government and said it should go back to the standard that applies in every other state and that the 2.5 per cent be replaced with the standard 5 per cent. It is not some nefarious attempt to give Tabcorp a walk-up start; it is simply to give Tabcorp the benefits of the rules which apply across the commercial world.

I make the point that the 2.5 per cent which was introduced at the time Tabcorp was privatised was over the top; the government acknowledges that. It created an administrative nightmare not just for Tabcorp but for the Victorian Casino and Gaming Authority. I make the point again that the restriction was tougher than any other jurisdiction in the nation.

As Minister for Gaming I retain an overriding power through sections 55 and 56 of the Gaming and Betting Act to declare any shareholder in Tabcorp to be prohibited, and I am not sure I have to give too many smart reasons, either. I will not go into that beyond making the point that I, as minister, have the authority to say that any shareholding is prohibited if I have concerns about it. In addition, the absolute limit for shareholders of 5 per cent is retained and that will continue to provide considerable protection for small shareholders. If it is the rule that is applied in every other jurisdiction, why should it not apply in Victoria?

Why is the shift to 5 per cent, the standard across the nation, seen to be an attack upon the levels of probity? It is considered by the Victorian Casino and Gaming Authority, among others, that the abolition of the requirement that holdings between 2.5 per cent and 5 per cent be checked and the removal of the requirement that a shareholder must not have been convicted of a relevant offence will not have any adverse effect upon the probity of Tabcorp because the holders of between 2.5 per cent and 5 per cent of shares cannot influence the board of Tabcorp any more than the holders of the 2.5 per cent of shares could in the first place.

Hon. T. C. Theophanous — They just do not want to do the work.

Hon. R. M. HALLAM — It is not that, Mr Theophanous. It is that in many cases it would be simply impractical to suggest that the authority would be able to monitor the 2.5 per cent.

Hon. Jean McLean — Why?

Hon. T. C. Theophanous — They have done it up to now.

Hon. R. M. HALLAM — I am not sure that is right, Mr Theophanous. I am not sure everyone has been caught on the way through, because we are talking about a public shareholding which fluctuates not just on a daily basis but maybe from hour to hour. In every other circumstance all honourable

members would say that when the 5 per cent shareholding trigger is reached it is incumbent upon the shareholders to notify the Australian Stock Exchange. The government is simply reimposing the standard rules that apply in every other commercial reality. The proposed changes will bring Tabcorp shareholding requirements into line with those imposed on Crown Casino Limited — that is for shareholders with 5 per cent of shares except for certain limited situations. Crown must not allow a person to own more than 5 per cent of its shares without the approval of the Victorian Casino and Gaming Authority.

Hon. D. A. Nardella interjected.

Hon. R. M. HALLAM — I repeat that the 5 per cent shareholding level is consistent with 5 per cent being the trigger for the Australian Securities Commission and the Australian Stock Exchange, as several of my colleagues have mentioned. Those requirements are that a person or a company acquiring 5 per cent or more of shares in that entity must notify both the securities commission and the stock exchange.

It should also be borne in mind that all persons working in a position of potential influence in the gaming industry are required to be licensed by the Victorian Casino and Gaming Authority. They will be licensed only if they pass a very stringent probity test. I can also assure Mr Theophanous as well as all honourable members that the monitoring continues in place. It is not just a quick one where the police questions are disregarded; it is not just a short and nasty at the front door; the probity check remains in place. It is that focus on probity checks which maintains the cleanliness and integrity of the industry. I confirm that there is continuous monitoring of gaming systems by the authority, and I am happy to deal with the issue raised by Mr Nardella by interjection and say to him, as I do to the rest of the chamber, that we can be very proud of the probity standards across this industry in Victoria.

It may come as a shock to Mr Nardella that Victoria is the envy of the world in terms of probity. I can confirm that on the basis of what I saw in Las Vegas where the latest of technology was on show, the Victorian industry is streets ahead of the rest of the world in surveillance. Mr Nardella should be prepared to acknowledge that Victoria has a very clean industry. The government is determined to keep it exactly in that condition.

I turn to the second issue raised by the honourable member in what he described as an anomaly in that the Auditor-General was no longer required to audit Tabcorp but was still required to audit Tattersalls. Mr Furletti explained to the honourable member who raised the question that there was a fundamental difference between the structures of Tabcorp and Tattersalls given that one is a testamentary company and the other is a publicly-listed company. I would have thought that may have had some impact upon the honourable member, given that any listed company must abide by the laws of the National Security Commission and the stock exchange and that in both cases the public standards in respect of auditing are steep.

Hon. T. C. Theophanous — You don't even believe that.

Hon. R. M. HALLAM — I do indeed, to the point where it was the Auditor-General who raised the question of whether he should be required to go in like Tail End Charlie and audit part of Tabcorp knowing that all the work he would do had already been done by an auditor retained by the company itself. In fact, it was he who raised the issue about the appropriateness of a public auditor being involved in a private-sector organisation. That is the first difference between the two structures.

There is one other fundamental difference. If Mr Theophanous wanted to argue the government should have the Auditor-General involved in Tabcorp — I am giving him the benefit of the doubt — because there was a substantial slab of public funding coming from the enterprise conducted by Tabcorp and, therefore, the government had an interest in ensuring that the public purse received its share of the take, the two things that I would be prepared to rely on are as follows.

Firstly, that the surveillance system we have in this state is second to none because each transaction that takes place in Tabcorp is monitored on a real-time basis and it is simple to ensure that the game is being played by the rules laid down. Secondly, we also have the Victorian Casino and Gaming Authority, the entire existence of which depends on monitoring that process. If the opposition is suggesting for a moment that the government should be concerned about the flow of funds from Tabcorp into the public purse, then I for one am relaxed with the systems we have that go to the surveillance of that issue.

Hon. T. C. Theophanous — You could say the same thing about Intergraph.

Hon. D. A. Nardella — That is right.

Hon. R. M. HALLAM — It is not right. If you wish to look at the reverse and use other rules for Tabcorp, why do you not apply the same thing to Tattersalls and not have the public auditor involved in that? Mr Furletti made the point that Tabcorp is not a testamentary trust so it does not have the same requirements as Tattersalls. Tattersalls gaming operation is calculated on a net profit basis, which means the government has an interest in its cost structure. It is not only a matter of monitoring the flow of funds; we also want to know that the issues of costs have been addressed appropriately because that is part of the formula that determines the payment to the state. The computation of the return is substantially different. There is an elegant argument as to why there should be auditing in that circumstance, whereas that is not the case with Tabcorp.

Hon. T. C. Theophanous — Tattersalls is not owned by the state.

Hon. R. M. HALLAM — I am not suggesting it is.

Hon. T. C. Theophanous — There are other trusts around the place that you do not audit.

Hon. R. M. HALLAM — Are you arguing that there be no audit?

Hon. T. C. Theophanous — All trusts in Victoria are audited by the Auditor-General.

Hon. R. M. HALLAM — You have not listened to my argument. I am not sure whether you are deliberately trying to be obtuse.

Hon. T. C. Theophanous — I am seeking to understand it.

Hon. R. M. HALLAM — I shall go through it slowly for you again. Tattersalls is a testamentary trust that does not therefore necessarily become caught up in the public rules regarding publicly-listed companies and audit requirements imposed on those companies.

Hon. T. C. Theophanous — As would other testamentary trusts.

Hon. R. M. HALLAM — In this case the government has a big interest in the enterprise of Tattersalls because there is a large revenue flow in which it has a direct interest. Not only that, but it is the flow at a net level in which the government is interested, and on that basis it takes a real interest in the computation of the costs.

I would have thought that the opposition would understand that in those circumstances the government has an interest in having a public-sector auditor looking after its interest. On that basis I suggest it is absolutely proper to say that in the case of Tabcorp the government no longer requires the Auditor-General to be involved but at the same time say in respect of Tattersalls that it is absolutely appropriate that the government be involved to ensure that the public purse gets its share of the action.

Hon. T. C. Theophanous — He should be involved in both.

Hon. R. M. HALLAM — I rest my case if that is the only logic you bring to the argument. The next issue I turn to is money laundering and the throw-away line that the casino is the appropriate place to launder money. Like Mr Boardman, I say to the opposition that I cannot think of a less appropriate place to try to launder money because it is more highly regulated than any other industry in captivity.

Hon. T. C. Theophanous — So are the American casinos and they manage to get it through there.

Hon. R. M. HALLAM — I am talking about Australia. Under the Commonwealth Financial Transaction Reports Act the Crown is required to report all cash transactions involving \$10 000 or more to Austrac, so suspect wagers will be reported. There would not be a self-respecting criminal in captivity who would try to launder money through a registered casino.

The very moment the punter put the small-denomination notes on the table there would be alarm bells ringing everywhere. If the punter was not prepared to identify himself or herself uniformed persons would turn up in the background before the punter could leave the scene. It is fanciful to suggest that the casino is somehow a venue for money laundering. I suggest to Mr Theophanous that that is simply not the case and that the article from which he quoted indicates that

there was a lack of understanding of the concept of money laundering.

Money laundering is not simply taking the proceeds from a burglary the night before and going down to the casino and lobbing it out on the table. By definition it means converting illegal funds into funds which can be held as being derived from a legitimate source. One simply cannot do that by putting it on a blackjack table because the rules will make sure one comes undone. There is not a casino operator in captivity who would be prepared to run the risk of being caught up in that sort of environment and losing his or her licence.

The government has looked at the issue carefully. When the challenge came up in the first place I went to the authority and asked whether the government had anything to worry about. I went through the procedures that would unfold if a strange opportunity was provided to any of the casino operations. I assure the house that it is one of the things the licensees hold dear, and they are not prepared to put their licences at risk by taking on some sort of questionable funds.

Hon. D. A. Nardella — Would you resign if it was found that laundering occurred at the casino?

Hon. R. M. HALLAM — It is impractical to suggest that laundering on a large scale is taking place because of the extraordinary controls that are imposed upon the operation of the casino.

Hon. D. A. Nardella — So it has occurred on a small scale?

Hon. R. M. HALLAM — I did not say that. The other thing I wanted to mention was the claim by Mr Theophanous and Mr Nardella that there has somehow been a disproportionate distribution of electronic gaming machines across the suburbs. That is so incredibly naive that I really do not know where to start. It was not I who decided the rules under which the EGMs would be distributed. I understand it was the Labor government that said there would be two operators and that the split would be 50 per cent in hotels and 50 per cent in clubs and that 20 per cent of the machines would be outside the metropolitan area. The end result was a set of rules that suggested that the spread of EGMs would be based upon commercial reality, and from my perspective that is exactly what happened. One of the things I am proudest of is that nobody has been able to say that any of the machines were located on political patronage.

ADJOURNMENT

504

COUNCIL

Tuesday, 29 April 1997

Whenever I get invitations to be involved in the distribution of machines — and I get plenty of them — I make the point that the machines have been distributed on the basis of commercial reality and that no-one has had any political influence. The facts are that the return on the machines in the western suburbs is better than in provincial centres, country locations or the eastern suburbs. That is a fact of life. Mr Nardella explained why that is so when he said that when he went to venues in his area the machines were full up at 10 a.m. Maybe that will explain to him why the machines are located there.

Does Mr Nardella think the operators who have been urged to locate them on the basis of commercial reality would put them where there is not likely to be anyone at the machines or where the people are who are likely to play the machines? If Mr Nardella is saying that the real concern is the percentage in the western suburbs and that we can fix it by putting more machines in the eastern suburbs, I suggest that will not solve the problem. To this point, under both the Labor and Kennett administrations, the distribution of machines has been based on commercial reality.

I think there is some comfort in each member of this chamber knowing there has been no political patronage, influence or interference in the location of those machines. On that basis, I suggest that the system has worked as well as we could have dared hope in the prevailing circumstances. Given the hour, I shall leave it at that and wish the bill a speedy passage.

House divided on omission (members in favour vote no):

	<i>Ayes, 31</i>
Asher, Ms	Hall, Mr
Atkinson, Mr	Hallam, Mr
Baxter, Mr	Hartigan, Mr
Best, Mr (<i>Teller</i>)	Katsambanis, Mr
Birrell, Mr	Knowles, Mr
Bishop, Mr	Lucas, Mr
Boardman, Mr	Luckins, Mrs
Bowden, Mr	Powell, Mrs
Brideson, Mr	Ross, Dr (<i>Teller</i>)
Cover, Mr	Smith, Mr
Craige, Mr	Smith, Ms
Davis, Mr D. McL.	Stoney, Mr
Davis, Mr P. R.	Strong, Mr
de Fegely, Mr	Varty, Mrs
Forwood, Mr	Wilding, Mrs
Furletti, Mr	

	<i>Noes, 8</i>
Gould, Miss	Nguyen, Mr
Hogg, Mrs	Power, Mr
McLean, Mrs (<i>Teller</i>)	Pullen, Mr (<i>Teller</i>)
Nardella, Mr	Theophanous, Mr

	<i>Pairs</i>
Ashman, Mr	Eren, Mr
Wells, Dr	Walpole, Mr

Amendment negatived.

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

ADJOURNMENT

Hon. R. I. KNOWLES (Minister for Health) — I move:

That the house do now adjourn.

Glen Eira: mayoral allowance

Hon. PAT POWER (Jika Jika) — A number of comments have been made about the allowances received by mayors in municipalities that were the subject of the last round of the elections. A young person from the City of Glen Eira, Mr Ari Suss, has informed me that the mayor of Glen Eira receives an allowance of \$65 000 plus a vehicle valued at \$15 000. I shall not make any comment about the decision made by the democratically elected councillors of Glen Eira in relation to the level of remuneration received by the mayor. However, Mr Suss is deeply alarmed that the mayor, Cr Alan Grossbard — —

Hon. Louise Asher — A very good man!

Hon. M. A. Birrell — I don't know him!

Hon. PAT POWER — Neither Mr Birrell nor I know him, but he is a good man! My concern is that Mr Ari Suss says the mayor is receiving a remuneration package while also holding down a full-time position. The mayor has been awarded and has agreed to receive the remuneration package of \$65 000 plus a vehicle.

An Honourable Member — It is a lot less than Darebin council!

Hon. PAT POWER — It is a lot less, but the mayor of Darebin is a full-time mayor, which is in stark contrast to what has been reported to me about the mayor of Glen Eira. I ask the minister to seek a response from the Minister for Planning and Local Government in another place on whether under the new regime it is appropriate for a mayor to receive a substantial allowance of \$65 000 and also to continue to hold down a full-time position. The opposition argues that in situations where mayors deem to treat their mayoral responsibilities as part-time occupations and continue to hold down full-time jobs the remuneration level should be nowhere near that received by Cr Grossbard.

Korumburra-Inverloch Road, Kongwak

Hon. R. H. BOWDEN (South Eastern) — I direct to the attention of the Minister for Roads and Ports the concerns of the citizens of Kongwak, which is in West Gippsland in a hilly dairying area south of Korumburra, about the number of milk tankers and trucks travelling around the town. Last January, while visiting the community group, my attention was drawn to the state of a 2-kilometre stretch of road just past the primary school connecting Kongwak to the Korumburra-Inverloch Road. In 1990 that stretch of road was declassified and made a local road subject to council maintenance.

During the past few months I have written to the council about that section of road because it is very dangerous and carries a lot of heavy vehicular traffic. However, my correspondence with the council has not been successful. Knowing that the road is a local government responsibility, I seek the assistance of the minister in getting some help from the South Gippsland Shire Council. I understand that the minister may be able to arrange for an inspection of that section of road.

Community Support Fund: northern suburbs

Hon. C. J. HOGG (Melbourne North) — I raise a matter for the attention of the minister representing the Premier, who is responsible for the Community Support Fund. When I looked at the list of Community Support Fund projects as at 28 February, I was shocked to see that nothing was set down for the northern suburbs. I realise that some fund money will go to the northern suburbs through specific departmental initiatives such as

Turning the Tide, but there are no funded minor works that I can find.

As an example, I draw to the minister's attention the Learning Shop, an excellent community-based education organisation at Meadow Heights, which applied for \$27 000 for computers. The applicants had set up a series of educational partnerships, and the adult, community and further education sector was prepared to supply coordinating funding for the educational programs they were offering.

At the request of Community Support Fund staff, the Learning Shop worked solidly on its submission, lodging it a total of six times, with slightly more detail each time. It was finally lodged in the name of the Hume council — again at the suggestion of committee staff. All that intense effort and all these hours of preparation were unfortunately to no avail because the application was unsuccessful.

At the moment there is great cynicism in the northern suburbs about the Community Support Fund. Agencies like the Learning Shop, whose applications for small grants have been rejected, have become discouraged. I ask the minister to raise the issue with the Premier in light of the disadvantages suffered by many groups in the northern suburbs; in light of the gambling revenue contributed by the northern suburbs; in light of the many problems caused by gambling in the northern suburbs; and in light of the community support that is so badly needed. I ask the minister to check on the geographical distribution of moneys from the fund and to readdress the demonstrable and striking imbalance.

Shine: international awards

Hon. J. W. G. ROSS (Higinbotham) — I raise for the attention of the Minister for Industry, Science and Technology, who represents the Minister for Multimedia in this place, a matter of concern. Honourable members will recall that during the debate on the Cinemedia Corporation Bill I referred to the success of the Australian film *Shine* at the United States academy awards. I also referred to nine British Academy of Film and Television Awards (BAFTA) nominations it received — in particular, a nomination for a craft award for sound for Gareth Vanderhope, Toivo Lember, Roger Savage, Livia Ruzic and Jim Greenhorn. On 13 April they won the BAFTA award in the category of sound, beating such eminent nominations as *The English Patient*, *Independence Day* and *Evita*.

I am unaware of any reports of that outstanding international success in either the daily press or the electronic media. I understand the awards are continuing this week when the award for best actor will be finalised. Will the minister raise with the Minister for Multimedia the outstanding success of these young Australians who have gained world-wide excellence in their field?

Centrix Computers

Hon. D. A. NARDELLA (Melbourne North) — I raise a matter for the attention of the Minister for Small Business, who represents the Minister for Fair Trading in this place. I refer the minister to Centrix Computers of 172 Commercial Road, Morwell, now operating from a shop called Protek of Traralgon. The proprietors, Mr Phillip Carter and Mr Daryle Traplin, are shonky business people who are ripping off computer buyers.

Mrs Yadriga Down of 23 Dunbar Grove, Churchill, purchased a computer from Centrix on 4 July 1995 for \$4515. Immediately after it was set up the computer did not work properly, and it crashed consistently. She took it back to the proprietors to be fixed on five occasions, but it never was. On 10 July 1996, after she had had enough, she got an order from the Small Claims Tribunal for the machine to be tested at Centrix with a witness to represent her. The test found the computer motherboard was not mounted correctly; that a washer was free in the case; that the video card was not firmly connected in the PCI bus slot; that the card was raised at one end and not mounted correctly; that the memory modules did not match; that the Goldstar I/O card was not set up properly; that the CPU fan did not work; and that the CMOS was not accessible.

The computer is still not working to this day. The Small Claims Tribunal made a further order against Centrix on 15 November 1996 for \$1250. To date, Centrix has not paid the \$1250; the computer still does not work; and Mrs Down still owes \$715 to her independent computer expert who assisted in verifying the claim. Her children are unable to use the computer for VCE study, and Mrs Down and her family are very stressed.

The two-year warranty is not worth the paper it is printed on. I warn the Gippsland community against purchasing goods from Centrix Computers of Morwell and Protek of Traralgon because they are still ripping people off. I ask the minister to investigate the case and to assist Mrs Down and her family to get her money back. If that is not

achievable, Mrs Down should at least receive the \$1250 ordered to be paid by the Small Claims Tribunal. The minister should do everything in her power to stop shonky retailers ripping off the local Gippsland community.

Geelong: Royal Australian Navy

Hon. W. A. N. HARTIGAN (Geelong) — I raise for the attention of the Minister for Roads and Ports an important matter concerning not just his ministerial responsibilities but his past Navy experiences. Members of the Geelong community are pleased that ships from the Royal Australian Navy are berthed at Cunningham Pier, and they receive pleasure from having crews spend a couple of days in the city, during which they spend money and buy supplies. I understand the crews enjoy their stay, too.

Hon. D. A. Nardella interjected.

Hon. W. A. N. HARTIGAN — I do not know about that, Mr Nardella; maybe the minister can give you a greater insight into what sailors do when they are ashore!

Honourable members interjecting.

Hon. W. A. N. HARTIGAN — I am sorry I raised the issue.

Honourable members interjecting.

Hon. W. A. N. HARTIGAN — Mr President, between the Leader of the Government and the minister, I am sorry I even raised the prospect, but the minister has given us some idea of what the sailors do when they are ashore.

Hon. Pat Power interjected.

Hon. W. A. N. HARTIGAN — I think you might be right, Mr Power. There are plenty of areas of attraction down there; you have mentioned some of them. The minister would appreciate that they enjoy themselves there, and we enjoy having them. The new port of Geelong is effectively run by people who go out of their way to encourage and assist the sailors. They are eager to see what can be done to obtain more regular visits by Royal Australian Navy vessels to the City of Greater Geelong. We look forward to seeing them and would be grateful for whatever assistance the minister can give to make it a regular occurrence.

Housing: western suburbs

Hon. S. M. NGUYEN (Melbourne West) — I direct to the attention of the Minister for Health a matter for the attention of the Minister for Housing in the other house. Recently, numbers of government-owned houses have been sold in Maidstone and other areas in the western suburbs of Melbourne. Last week local newspapers reported on the matter. The *Brimbank Independent* reported that last Saturday more than 150 local residents were at the auction of three houses in Maidstone. It reported that a spokesperson for the group said the demand for homes is there, but while people are calling for more housing, the government is doing the opposite by selling off homes. As a result, there is obviously strong community concern. I ask the Minister for Health to ask the Minister for Housing whether she can guarantee that any houses sold by the department will be replaced for use by those who are on the public housing waiting list.

Dangerous dogs

Hon. JEAN McLEAN (Melbourne West) — I raise a matter for the attention of the Minister for Finance, who is the representative of the Minister for Planning and Local Government in the other place. One of my constituents raised a concern with me relating to section 34(3) of the Domestic (Feral and Nuisance Animals) Act, which specifies that a council cannot declare a dog dangerous unless it causes an injury in the nature of lacerations requiring multiple sutures. She is concerned because she has been informed by her local GP that dog bites are not stitched due to the risk of infection and she feels that that makes the section a little vague. I ask the minister to investigate and report back on the matter.

Responses

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — Mrs Hogg raised a matter for the Premier, who is responsible for the Community Support Fund, concerning the need for funding of a group that put in an application but was not successful. I am more than happy to pass on that matter to the Premier for his direct reply to Mrs Hogg.

Dr Ross raised for the attention of the Minister for Multimedia in another place the nomination of Australians Gareth Vanderhope, Toiva Lember, Roger Savage, Livia Ruzic and Jim Greenhorn for a BAFTA nomination for sound. Having followed

Dr Ross's speech on 8 April, I am pleased to hear that those Australians won the award. Like him, I am concerned to ensure that winners of such international honours receive proper recognition. I will pass on the matter to the Minister for Multimedia and ask that he use his best efforts to ensure that they receive the recognition they deserve in their home country.

Hon. R. I. KNOWLES (Minister for Housing) — Mr Nguyen raised for the attention of my colleague the Minister for Housing the sale of public housing and how the proceeds will be used. I will certainly refer the matter to her attention, but I think I can provide him with an assurance that any proceeds raised from the sale of public housing are used to provide additional public housing to other applicants on the waiting list.

Hon. R. M. HALLAM (Minister for Finance) — I have two issues to raise with my colleague the Minister for Planning and Local Government. The first was referred to me by Mr Power and dealt with the issue of mayoral allowances, which have received air play recently. The thrust of what Mr Power was asking was whether a substantial mayoral allowance could still be awarded in circumstances where a mayor was continuing in external full-time employment. I will pass on the query to my colleague. I could give Mr Power an answer on the spot, but I will not.

Mrs McLean raised an interesting issue. As I understand it, she is saying that the Domestic (Feral and Nuisance) Animals Act has a rather strange anomaly inherent in it, given that a dog cannot be declared dangerous unless it has caused a laceration requiring sutures. Mrs McLean made the point that in most cases an injury caused by a dog may not be sutured or stitched, anyway. That is not the nature of the injuries one could expect. The matter is worth passing on and I will do so.

Hon. G. R. CRAIGE (Minister for Roads and Ports) — Mr Bowden referred to Kongwak on the Korumburra-Inverloch Road, and quite rightly indicated that the road, which is some 2.5 kilometres long, is a local road under the care of the South Gippsland Shire Council. It is an important north-south connection road. Until 1990 the road was a declared shire road but was declassified to a local road when a nearby road which has received state funding — Tulloch Road — was upgraded and declared a main road.

I have received correspondence from Mrs Anderson from the Kongwak community group and from the South Gippsland Shire Council concerning the other roads in that area which have recently been used because of the increase in heavy dairy industry vehicles travelling through the area. I will have my people look at the matter to see if anything can be done to assist the council to recognise that it may need to do something with that road.

Mr Hartigan raised the interesting matter of visits by Royal Australian Navy vessels to the port of Geelong — in particular, those that berth at Cunningham Pier. Let me assure the honourable member and the people of Geelong that I will use my best endeavours to ensure that there are regular visits of naval vessels to Geelong.

The PRESIDENT — Order! What about Portland?

Hon. G. R. CRAIGE — If you can provide the same hospitality in Portland as those honourable members do, Mr President, I am sure they will. One of the interesting things about visits by naval vessels of all shapes and sizes is that they inject significant amounts of money into the economy. Mr Hartigan referred to replenishment, or victualling. It refers to the need to stock up on food and supplies for the forthcoming journey. That is a real boon for a lot of local businesses. Tourist industries in the region also benefit from the visits. Charges associated with visits by Royal Australian Navy vessels are one of the big issues. I understand we may need to do a bit of work in Geelong because there could be some charges associated with berth hire.

Hon. W. A. N. Hartigan — Very nominal.

Hon. G. R. CRAIGE — I understand the Victorian Channels Authority does not charge naval warships tonnage and most of the time the security

cost is picked up by the navy. I will certainly take on board Mr Hartigan's request and do my utmost to ensure that Geelong is also visited by naval ships.

Hon. LOUISE ASHER (Minister for Small Business) — Mr Nardella asked me to raise a matter with my colleague the Attorney-General. He referred to a computer company in Gippsland that he alleges has been involved in practices which — if the allegations are true — the house would not condone. Before condemning a trader in this house it is very important — and there may be good cause — —

Hon. Pat Power — The Small Claims Tribunal has already found against them.

Hon. LOUISE ASHER — It is particularly important to ensure that the claims are true. However, this is the second occasion in a row that Mr Nardella has come into the house, named a trader and alleged that a Small Claims Tribunal order has not been adhered to. I think he wants to raise a general policy point regarding enforcement of orders from the Small Claims Tribunal. I would prefer that he raised the general policy point rather than the specific point. Nevertheless, I shall refer his question to the Attorney-General.

Motion agreed to.

House adjourned 10.33 p.m.

Wednesday, 30 April 1997

The PRESIDENT (Hon. B. A. Chamberlain) took the chair at 10.02 a.m. and read the prayer.

POLICE AND CORRECTIONS (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

Read first time on motion of Hon. G. R. CRAIGE
(Minister for Roads and Ports).

BUDGET PAPERS, 1997-98

Hon. R. I. KNOWLES (Minister for Health) — By leave, I move:

That there be laid before this house a copy of the following 1997-98 budget papers:

- (a) Treasurer's Speech (Budget Paper No. 1);
- (b) Budget Statement (Budget Paper No. 2);
- (c) Budget Estimates (Budget Paper No. 3).

Motion agreed to.

Laid on table.

Ordered to be considered next day on motion of Hon. R. I. KNOWLES (Minister for Health).

PAPERS

Laid on table by Clerk:

Crown Land (Reserves) Act 1978 — Minister's Order of 12 April 1997 giving approval to granting of lease at Kingston.

Driver Education Centre of Australia Ltd — Minister for Tertiary Education and Training's report of receipt of 1996 Annual Report.

Statutory Rules under the following Acts of Parliament:

Firearms Act 1996 — No. 32.

Fisheries Act 1968 — No. 34.

Legal Practice Act 1996 — No. 30.

Subordinate Legislation Act 1994 — No. 33.

Supreme Court Act 1986 — No. 31.

Subordinate Legislation Act 1994 —

Minister's exception certificate under section 8(4) in respect of Statutory Rule No. 31/1997.

Ministers' exemption certificates under section 9(6) in respect of Statutory Rules Nos 30 and 34/1997.

Proclamations of His Excellency the Governor in Council fixing operative dates in respect of the following Acts:

Firearms Act 1996 — Remaining provisions (except sections 201(3) and 202) — 29 April 1997 (*Gazette* No. G16, 24 April 1997).

Parliament House Completion Authority (Repeal) Act 1997 — Remaining provisions — 22 April 1997 (*Gazette* No. 42, 22 April 1997).

BUSINESS OF THE HOUSE

Sessional orders

Hon. R. I. KNOWLES (Minister for Health) — I move:

That so much of the sessional orders be suspended as would prevent general business taking precedence over other business until 2.30 p.m. during the sitting of the Council this day.

Motion agreed to.

AUDITOR-GENERAL: INDEPENDENCE

Hon. T. C. THEOPHANOUS (Jika Jika) — I move:

That this house —

- (a) recognises that the Victorian Commission of Audit, the report of the review of the Audit Act and other performance audits of the Auditor-General's office have all acknowledged that the current system of independent auditing by the Auditor-General has served Victoria well;
- (b) acknowledges the validity of community concerns, and those of prominent persons, about proposed changes to the role of the Auditor-General;
- (c) endorses the motion passed by the Australasian Council of Public Accounts Committees in February 1997 supporting the operational independence of the Auditor-General which states that 'The Auditor-General should have the sole power to carry out, or designate an auditor to carry out, the external audit on all agencies which

are owned, controlled or substantially responsible to government'; and

- (d) believes that, in order to ensure the continuing total independence and effectiveness of the Auditor-General and his office, the Auditor-General should maintain total discretion, including operational discretion, over the conduct of audits of all Victorian government departments and agencies.

I have been a member of this house since October 1988. In that time many debates have taken place in which honourable members have given both good and bad speeches. Today's debate is the most important debate in which I have ever been involved because the motion goes to the very heart of our democratic system of government. Government members may treat the debate flippantly if they wish, but they will be judged by the people of Victoria.

This issue goes to the heart of why we have all dedicated much of our lives to public service. It is an issue on which we should not flippantly dismiss each other or shout each other down — it requires reasoned debate. I call on all honourable members to consider the issue carefully during the debate. The public wants to be assured that as members of Parliament we provide value for money, and the public debate about the role of the upper house is partly about that issue. Indeed, the role of the upper house was examined recently by the press.

The upper house probably costs about half as much to run as does the Office of the Auditor-General, but if you went out onto the street and asked people whether they would rather see the Victorian upper house or the Auditor-General go in a cost-cutting exercise, I dare say there would not be too many people who would come down on the side of the upper house — and that includes members from both sides of the house.

Honourable members interjecting.

The PRESIDENT — Order! The issue before the house is a serious one and should be treated as such by the house. The Leader of the Opposition should be allowed to develop his case without being shouted down.

Hon. T. C. THEOPHANOUS — The reason people would prefer to keep the Auditor-General is obvious when one asks the question: when was the last time the upper house uncovered corruption, overspending or mismanagement by a government

department? There are not too many examples of that occurring! However, you will find the Auditor-General has found many examples of such practices and has brought them to the attention of the public.

Today we have a chance to have a reasoned debate about the role and importance of the Auditor-General. This is an occasion on which this house can have an impact on the important issues facing Victoria and do things in the public interest. There comes a time in our careers when we need to show that we are prepared to stand on principle and support what is right rather than what might be in our short-term political or other interests. I say this in the knowledge that you, Mr President, have been one of those who has been prepared to comment on this issue.

The Westminster system has been built partially on the independence of the Auditor-General and his or her ability to scrutinise the operation of the executive on behalf of the Parliament and the community. No other government in Australia or elsewhere that operates under the Westminster system has attacked that fundamental principle, which has been followed in Victoria for more than 140 years. Victoria is the only state in Australia in which a conservative government has an assured majority in the upper house, yet in the judgment of the opposition the Victorian Parliament is the most ineffective and inefficient government-controlled legislature in Australia. That is an indictment on us all because honourable members in this place are not prepared to stand up and say, 'Enough is enough! We, at least, have to defend the Victorian Auditor-General'.

The government has been constantly attacking the independent voices in this state: it has restricted the rights of individuals to appeal to the Supreme Court, degraded the role of Parliament, undermined the independence of the judiciary, sacked statutory bodies, politicised a whole range of government instrumentalities and created a climate of fear in the public service. When will it all end? Most people are saying that it will all end the moment that the Auditor-General is nobbled by the government because that is when the notion of democracy becomes problematic. The motion supports the independence of the Auditor-General, including his operational independence, and should be supported by members on both sides of the chamber.

Since the government was elected five years ago there have been three reviews of the Office of the

Auditor-General, all of which have largely praised the efficiency and effectiveness of the office and the way the Auditor-General does his job. A more cynical observer might wonder whether the government conducted such regular and thorough inquiries into the office to see whether it could catch the Auditor-General out. However, those thorough examinations have attested to the integrity of Mr Baragwanath and given credence to the view that the proposed changes to his office that have been justified as being necessary under the government's competition policy are merely an excuse to remove the Auditor-General, who is the last remaining truly independent critic of the government.

All honourable members know they have responsibilities and obligations to their constituents. Members will be aware that Tony Harris, who is the New South Wales Auditor-General and who chairs meetings of Australian auditors-general, has drawn this matter to the attention of members of Parliament. In the *Australian* of 28 April he referred to the High Court's decision in *Horne v. Barber*, in which the court asserted:

One of the duties [of a member of Parliament] is that of watching on behalf of the general community the conduct of the executive, of criticising it and, if necessary, of calling it to account in a constitutional way by censure ... that is the whole essence of responsible government, which is the keystone of our political system, and is the main constitutional safeguard the community possesses.

The instrument for Parliament holding the executive to account is the Auditor-General. Members of Parliament who do not support the independence of the Auditor-General are not doing their jobs — they are not representing the interests of their constituents.

This whole sorry affair began in a secretive way when in late 1996 the Kennett government decided to embark on a process of review of the Auditor-General and that process was made public by the opposition. The government's terms of reference set out what it wanted to achieve at that time:

... the current restriction whereby the Auditor-General may authorise other persons to undertake financial audits should be extended so that some or all financial audits and performance audits should be conducted by private auditing firms, or alternatively so that authorities may select their own auditor, with the

ability to choose between the Auditor-General or private auditors.

That created a storm of protest. A wide cross-section of the community objected to it. The *Herald Sun* editorial of 25 November 1996 said:

Electors, whatever their political allegiance, should not tolerate any attempt by the ruling coalition to censure or subvert the Auditor-General's role.

The *Sunday Age* editorial of 24 November 1996 said:

The faithful watchdog must remain free, unchained and unmuzzled, to do its job. It is the government's arrogance on this issue that needs restraining.

On behalf of the Victorian Council of Civil Liberties, Robert Richter, QC, has stated:

Together with changes to a variety of statutory authorities and judicial bodies this latest move undermines Victoria's commitment to the rule of law and thereby the capacity of the government to deliver services in the public interest and in a manner consistent with procedural justice.

Frank Costigan, QC, has stated:

In the circumstances it is clear that the attempt to base the review on the national competition policy is flawed beyond correction. It should be abandoned forthwith.

The Australian Society of Certified Practising Accountants has said:

Any proposal to interfere with the independence of the Auditor-General should set alarm bells ringing amongst the whole population because an independent auditor is one of the pillars of a democratic society and one of the very few ways of ensuring proper accountability.

The government's establishment of the review was widely condemned by the community. Of course, one gets a different answer if one asks, 'Why was it necessary to embark on the review?'. But the real question is, 'Why did the Auditor-General have to be silenced?'. One need only look at some of the revelations and some of the mismanagement uncovered by the Auditor-General to find the answer to the question.

Among other things, the Auditor-General criticised the government's failure to demand up to \$174 million from Crown Casino for its extra

157 gaming tables and its administration and use of the Community Support Fund. He reported on the government's \$130 million expenditure on marketing, finding that some funds were used for party political advertising, and he reported that the Leeds Media contract was awarded after a flawed and inappropriate tender process. He released a damning report on the government's child protection system and reported critically on the administration of the Children's Court, which report the government would not table in Parliament.

The Auditor-General reported critically on school amalgamations. He found the government had failed to follow its own guidelines in allocating funds for capital works and had given questionable priorities to other more needy proposals. More recently, the Auditor-General uncovered the shocking situation involving the awarding of the Intergraph contract.

Hon. Bill Forwood — At our request.

Hon. T. C. THEOPHANOUS — The Auditor-General does not do things at your request. Mr Forwood is known as Backflip Bill. He will go down in history as the only Chairman of the Public Accounts and Estimates Committee who was not prepared to defend the Auditor-General. Mr Forwood should listen to the debate: he may eventually get the courage to say something in the defence of the Auditor-General.

The Honourable James Guest, a former member of this place, was also a chairman of a former public accounts committee. I worked with Mr Guest on that committee for a number of years and I know that the comments he makes in his submission come from the heart. He is a strong supporter of the independence of the Auditor-General. In his submission to the review he states:

In the broader constitutional and political context which I wish to persuade the committee is vital, the 'clients' (other than Parliament) are a red herring. The central agencies and any other government body can and should commission whatever performance audits or reviews they wish, and disclose them as they wish or are required by law. They must not be allowed to contaminate the work of the Auditor-General, for whom there is no substitute, if Parliament and public are to know that there is some real chance of government agencies' incompetence and wrongdoing being disclosed.

The public accounts committee can scarcely function other than for a few lengthy special investigations — such as the 1982-84 examination of public sector superannuation — without the work of the Auditor-General. It can be an effective amplifier for his findings, but could never have uncovered, for example, the \$35 million phoney interest swap financing scandal referred to on page 9 of the Auditor-General's response. In that case the Public Accounts Committee did manage to discover that the state had been effectively borrowing at 15 per cent per annum real interest rates for a fixed five-year period in its (illegal) efforts to plug a financial hole before 30 June. That could not have happened without the Auditor-General's much-resisted investigation. I know. I was there.

The Minister for Finance and I were members of the committee examining the \$35 million swap transaction. As the then chairman of the committee I had to examine the issue in conjunction with the Auditor-General, and there was pressure on me to produce a report. If the committee was to be honest it had to be critical of the government. The issue had been referred to the Public Accounts Committee by the Auditor-General to check whether he had got it right.

The committee had to have the courage either to say yes, the Auditor-General was right or, as some people wanted us to do, run away and not say anything. At that time government members of the committee were in the majority, but the committee came down with a much-heralded report that was critical of the government of the day. The Auditor-General and the community understood that the committee had reported in the best traditions of public accounts committees when it said the government had got it wrong and that its actions were unlawful.

I had many discussions with government members at that time who wanted members of the committee, in one way or another, to sweep this under the carpet. That did not happen because the members of that committee had the courage to tell the truth, and that is what this is all about — courage. It is about whether Mr Forwood and many other members of this house have the courage of their convictions to do what they know is the right thing.

Back then I took a risk which could have affected my political career. As the then Chairman of the Economic and Budget Review Committee under the former Labor government I made the statement, 'This is wrong; the government has got it wrong'. I

made that statement not only in the committee report but also publicly. If members look at the interviews they will see that I said it was unlawful and should not have happened.

I simply ask Mr Forwood to follow the example of former public accounts and estimates committee chairpersons, including the last one, the Honourable Graeme Weideman. Mr Weideman would not have taken the same attitude as Mr Forwood. He would have had the courage of his convictions when he was the chairman of that committee, just as he has now that he is no longer a member of this place. I challenge Mr Forwood to say anything other than that about Mr Weideman.

It is important to look at exactly what has happened with public accounts and estimates committees. Along with other members of the committee, I attended the February meeting of the Australasian public accounts and estimates committees in Sydney. As many members here would have done, I have attended a number of such meetings in the past. The Minister for Finance may well have been to a few. At that meeting a document entitled *Minimum Requirements for the Independence of the Auditor-General* was extensively debated by representatives of all the committees and finally endorsed. The document is interesting because it deals with both the personal and the operational independence of the Auditor-General.

As to personal independence, it says the Auditor-General should be an officer of the Parliament, that Parliament should select and recommend the Auditor-General for appointment by the Governor or Governor-General and that Parliament should be responsible for the Auditor-General's termination of appointment. It also deals with the operational independence of the Auditor-General, and makes a number of statements, the first of which is incorporated in the motion before the house:

The Auditor-General should have the sole power to carry out, or designate an auditor to carry out, the external audit on all agencies which are owned, controlled or substantially responsible to government.

At page 89 of the transcript of that meeting the statement is put before the committees. At page 90 the chairman, Mr Chappell, says:

I intend to take that as the substantive motion and clear the decks. We are all working to the same point. Your

motion is seconded by the Hon. B. Forwood from Victoria.

According to the transcript of that meeting, my motion before the house to endorse the motion passed by a meeting of the Australasian public accounts and estimates committees and its statement supporting the operational independence of the Auditor-General was seconded by Mr Bill Forwood. That is reiterated at page 91, where the chairman again puts the motion and says:

That motion was moved by Tasmania and seconded by Victoria when we resumed after lunch, and that is the motion before the chair.

Again it was made clear that Mr Forwood, on behalf of Victoria, had seconded the motion. We are about to see, yet again, one of his great backflips, because I have absolutely no doubt that Mr Forwood will vote against the motion before the house. He is an individual who is prepared to go to the meeting of public accounts committees in Sydney and big-note himself by seconding not only the motion supporting the operational independence of the Auditor-General but the requirements moved at the meeting, which include:

- 2.2 The audit mandate should be extensive and include financial statements and controls; compliance with legislation; the efficiency and effectiveness of the use of public monies, as approved by the Parliament in each jurisdiction;

and:

- 2.3 The Auditor-General should not be subject to any direction on how to carry out these audits; the Auditor-General will be free to determine the audit program, including the bodies to be audited, the nature and scope of audits, who will carry out the audits and the priorities for audit.

All those requirements were finally agreed to in totality by the meeting of Australasian public accounts committees — and by Mr Forwood, as the Victorian representative. There is only one vote per committee, and it is exercised by the chairperson.

Hon. Bill Forwood — Or my delegate.

Hon. T. C. THEOPHANOUS — Or the chairperson's delegate, who was there. I am sure Mr Forwood would have liked to have delegated that responsibility to get himself off the hook. However, the fact remains that those motions were supported by Mr Forwood at that meeting. Those motions are reflected in the motion before the house

today. In fact, in one instance the specific statement which Mr Forwood seconded is part of the motion. If he votes against this motion before the house, I look forward to Mr Forwood identifying which parts of the motion he does not agree with or saying that he no longer agrees with the motion he seconded in Sydney back in February. They are the only two conclusions one can reach.

Hon. N. B. Lucas — I am sure he will not agree with you, though.

Hon. T. C. THEOPHANOUS — He actually agreed with me in Sydney, where it did not matter and where he thought he could get away with it. But now, when he has to stand up and be counted one way or the other, I am sure he will not agree with me. That is why we call him Backflip Bill.

In the broader debate, it is important to consider the strength of feeling about the matters to which I have referred. Mr President, you will be aware that the Speaker of the Legislative Assembly has recognised the vital role of the Auditor-General and that he took a lead on that matter, which you supported. I refer to an article in the *Australian* of 4 December last year, which reports the New South Wales Auditor-General's comments on the Victorian government's proposals in the following terms:

The NSW Auditor-General, Mr Tony Harris, said the government's moves to examine privatising Mr Baragwanath's functions stood in direct contrast to recommendations from royal commissions.

He mentions royal commissions into corruption in Queensland and Western Australia:

'Neither royal commission contemplated that any government could act to weaken the strength of the Auditor-General,' Mr Harris said.

'So, using their logic ... any weakening of the role of the Auditor-General must increase the risk of corruption'.

That is what we are talking about in this state: whether by weakening the role of the Auditor-General, as is being proposed by the government, we are increasing the risk of corruption in this state. Notwithstanding the disagreements members might have about the way the former Labor government handled the economy or went about managing the business of government, Victoria has not experienced the types of allegations of corruption made in Western Australia and Queensland. One of the major reasons for that is that

Victoria has a very strong and independent Auditor-General.

Hon. N. B. Lucas — Are you criticising their auditors-general?

Hon. T. C. THEOPHANOUS — That is an interesting question, because the report of the WA Inc. royal commission said that the Western Australian Auditor-General does not have adequate powers, certainly not at the level of the Victorian Auditor-General. It pointed to the fact that this may well have been one of the reasons why there was corruption in Western Australia. The problem in Queensland is that it does not have a house of review. Queensland also had an absolutely arrogant Premier, similar to the Premier we have in Victoria — who has to get his own way on all occasions. In the *Herald Sun* of 25 November 1996, Graeme Weideman, a former member of the other place, is quoted:

Graeme Weideman, who chaired the Public Accounts and Estimates Committee between 1992 and 1996, said it was vital the Auditor-General maintained 'total freedom'.

I cannot understate the great importance placed by the committee, and myself, on ensuring the continuation of an independent and strong office of the Auditor-General ...

Hon. Bill Forwood — It's a quote from years before.

Hon. T. C. THEOPHANOUS — I will find the most recent ones, because Mr Weideman has consistently made the point on this particular issue. The *Sunday Age* of 27 April 1997 — is that recent enough for you? — reports:

Mr Weideman said the system recommended by the review panel would cost more and 'not hold the government of the day to account as effectively'.

His comments are supported by the vice-president of the Law Institute of Victoria, Mr Geoff Provis, who is quoted as saying:

I'm not satisfied that there needed to be changes. The publicly stated reason (for the changes) is to improve efficiency.

However, given the independent watchdog role of the Auditor-General, one would be entitled to be suspicious as to whether they are the only reason. I

think it's disconcerting. The possible ramifications are really very wide.

In the same article, Mr Tony Harris, the New South Wales Auditor-General and convenor of the Australasian Council of Auditors-General, is reported as having said that 'the changes were unacceptable'.

So not just one person is making such statements. Mr Forwood knows that editorial after editorial and prominent person after prominent person has said that what is proposed is unacceptable. Mr Saul Eslake, who conducted the commission of audit on behalf of this government when it first came to power, and for whom I know the minister has a lot of respect, is referred to in an article in the *Age* of 26 April. Again a prominent Australian has expressed concern about the direction the government is taking. It notes that:

Mr Eslake — who conducted a commission of audit on Victoria's finances for the Kennett government after its 1992 election victory — reaffirmed statements in the commission's report that backed the Auditor-General's existing role.

'It ought in my view to be beyond argument that the final decision as to who conducts an audit must be taken by the Auditor-General'.

I have already mentioned Mr Tony Harris, who pointed out also that if the proposed model is adopted the result will be that the Auditor-General will become a figurehead; he will become an Auditor-General without a department and will simply sign off audits, having no power to directly conduct audits through the department controlled by him. So he will be like a general without an army — the Auditor-General of this state will be effectively emasculated. I have no doubt, as I know Mr Forwood and the minister have no doubt, that the Auditor-General, being a man of principle who is committed to public accountability in this state, will not be prepared to compromise his office and will resign. I have no doubt also that that is precisely what the government wants him to do. I do think any member in the chamber or any member of the public has any doubt about that. It will be a very sad occasion when someone who has served this state with distinction, has criticised both sides of politics in this state, and has done an exemplary job, is forced to resign. Knowing the character of the man he will not accept a compromise to the independence of his office and he will resign.

The minister and Mr Forwood can say they support the Auditor-General personally and uphold his independence and they can go on with all the rest of the nonsense that accompanies such statements, but everyone knows that what is happening at the moment is an attack on the office of the Auditor-General. Such statements remove the Auditor-General from the capacity to run an audit office and to conduct audits in the public interest of this state, and he will not stand for it. He will resign. He has said so, and I believe he will carry out that act. If that happens Mr Forwood and the Minister for Finance should be ashamed of themselves, as should every person who has taken a part in nobbling him. It will be a sad day for this state if that occurs. What about the so-called independent inquiry that has taken place? The Kennett government put up three people to do the nobbling job on the Auditor-General and they have come back with the report as requested. Questions have been raised about the three individuals, and the opposition will continue to raise them.

Hon. Bill Forwood — Now we're attacking them, are we?

Hon. T. C. THEOPHANOUS — Absolutely, and we will continue to do so because it is typical of this government to put up stooges to do its bidding. That is what this is all about. For instance, Mr John Dabson —

Hon. R. M. Hallam — What name did you use? You cannot even get his name right.

Hon. T. C. THEOPHANOUS — Mr John Dahlsen was a director of Sandridge City Development Pty Ltd, which was involved in the \$700 million Bayside development in 1992 that did not go ahead, and the Auditor-General wrote a report criticising that project.

Hon. Bill Forwood — Your government!

Hon. T. C. THEOPHANOUS — He has been consistent; he criticises all governments. That is his job, and good on him. I am glad he criticised our government and I hope he continues to criticise your government. That is his job, and Mr Forwood above everybody else should understand that. His comment is totally inane and stupid and shows that he is not a person of principle and backbone. If he were a person of backbone he would stand up and say, 'This is wrong. I am not having a bar of it'. If he did not want to be offered the chairmanship of the

Public Accounts and Estimates Committee again he would say, 'Well, I will go with the Auditor-General'.

Mr Forwood should have the courage to say those things, as should the Minister for Finance because the Audit Act is one of his areas of responsibility. When he was in opposition he would come into this place week after week and defend the Auditor-General. Where is the minister today? He puts up his hand in absolute hypocrisy and says he supports the Auditor-General but is not prepared to put up his hand and say to the Premier, 'Stop it, Jeff. Stop it. We are not interested in this. We are supporting the Auditor-General'. Mr Ken Spencer was another person involved with Crown Casino, and the Auditor-General has delivered a report strongly critical of Crown Casino.

A government member interjected.

Hon. T. C. THEOPHANOUS — It is about conflict of interest. This government should not appoint somebody who might have a conflict of interest to conduct a review of an office. Some people from the government side have been prepared to stand up and be counted. The Speaker in the other place, Mr Jim Plowman, is mentioned in the *Age* of 22 November:

Mr Plowman — a former Liberal minister — told Parliament he would 'keep a watching brief to ensure as best I can as Speaker of this Parliament that that process is not in any way compromised by a review'.

He was referring to the Auditor-General. The Speaker, at least, was concerned. You, Mr President, are also quoted in the *Age* of 30 November 1996 as supporting the position adopted by the Speaker. However, none of that means anything to this government because it has people such as Mr Hartigan and Mr Forwood who can be trotted out to attack anybody, including the Auditor-General, in the way proposed by this review package.

Hon. Bill Forwood — When did I attack the Auditor-General?

Hon. T. C. THEOPHANOUS — Mr Forwood is attacking the Auditor-General because he is supporting the recommendations of this review. Copies of the review are hard to get. It is interesting that the Premier did not want to make copies of it available to people such as yourself, Mr President. However, you will get one later this week.

The Premier has already announced that he has accepted the recommendations. He did not bother to speak to the Speaker or to you, Sir, and give you a copies of the report. Given the concerns that both you, Mr President, and the Speaker have expressed publicly I would have thought it would have been basic courtesy to do that, but never mind. I suppose we live and learn.

I can read bits of the report for those who have not been able to get a copy. At least Mr Forwood has been able to get a copy. At page 52 of the Audit Act review there is a discussion of cost effectiveness in relation to its recommended model:

The cost of providing audits may rise under the recommended model —

may rise, not fall —

but the committee considers that this will be more than offset by benefits flowing from an improved quality of audit and greater transparency in the use of public funds.

What is the evidence that there would be an improved quality of audit? There is no evidence. The last report Price Waterhouse produced on the Auditor-General looked at the office to see how it compared to private sector auditing firms. The report said that the Auditor-General's office compared favourably to private sector auditing firms.

Hon. W. A. N. Hartigan — You're not giving Price Waterhouse a boost here, are you?

Hon. T. C. THEOPHANOUS — It is clear it does not matter how strong an argument one uses in this house because government members are simply not interested, they are wound up and vote in accordance with what they are told. The *Age* of 24 November 1996 reports:

In 1995, Price Waterhouse examined the Auditor-General's office and found 'the Auditor-General has achieved his objectives effectively and done so economically and efficiently'.

It was found that the Auditor-General's office compared favourably with the leading private sector chartered accounting firms.

What does it say in the summary? It says that costs will rise with the use of the recommended model.

Hon. R. M. Hallam — It does not say that they will rise.

Hon. T. C. THEOPHANOUS — It states that contracting costs may be higher but that the process will be transparent, competition will be fair and it will at all times allow access to a wider range of skills. That is not the view of Price Waterhouse. Price Waterhouse says it compares favourably to all the leading accounting firms. I dare say that if the Auditor-General audited Price Waterhouse and some of the other private auditing firms he would give them a few tips about how to carry out audits.

The fact is that this issue has nothing to do with the Auditor-General doing his job properly or any suggestion that he could do it better. The problem is that the Auditor-General has done his job too well. It is a simple problem of his having found too many faults in the system, too many cases of mismanagement, and cases of corruption and illegality — and the government does not want that to occur. The Auditor-General has done his job too well and he has to be nobbled.

The review report recommends the worst of all possible worlds. It does not even stand up against the New Zealand system, in which the Auditor-General at least gets to keep and be in charge of an auditing organisation. In the Victorian model the Auditor-General will be stuck in some small office in Parliament House or somewhere else with a half dozen staff members and will be told that the auditing takes place down at Audit Victoria. Mr Forwood knows this has never been done anywhere else.

The proposition is inappropriate because by metaphorically cutting off the hands and legs of the Auditor-General it takes away the means by which he carries out audits, which is essential to his operating independence. That is the central problem. And if it were only the opposition saying that, one could understand people saying they did not need to take account of it, but I should have thought that people such as the Honourable Graeme Weideman, a former chairman of the Public Accounts and Estimates Committee, and the Honourable James Guest — —

Hon. W. A. N. Hartigan — James would be shattered by your giving him a boost.

Hon. T. C. THEOPHANOUS — I do not think so. In conclusion, this will be an ongoing debate because

there is literally a mountain of material about what is taking place and people are concerned about it.

People who have raised concerns include the former chairman of the Public Accounts and Estimates Committee, the Honourable Graeme Weideman; the convenor of the Australasian Council of Auditors-General, Tony Harris; the vice-president of the Law Institute of Victoria, Geoff Provis; the head of the Victorian Commission of Audit, Saul Eslake; the Executive Director of the Australian Society of Certified Practising Accountants, Michael McKenna; and a variety of other business people.

Hon. W. A. N. Hartigan — What have they rejected?

Hon. T. C. THEOPHANOUS — They have said that this proposed model is unacceptable. The Premier has — —

Hon. W. A. N. Hartigan — He has made some comments but nothing has been prepared.

Hon. T. C. THEOPHANOUS — The opposition would be genuinely happy if the minister would say that the government will reject the recommendations proposed in the report. Opposition members would cheer the minister if he were prepared to do that, and I, for one, would be the first to congratulate him and Mr Forwood. However, that is not what will happen. The list of critics will continue to grow. Every major newspaper will oppose the change and already opposition to the proposals in the report has been expressed in editorial after editorial. Already prominent people in organisations and Auditors-General around the country are condemning the proposals.

The only person who is pushing this issue is the bullyboy, Jeff Kennett. Government members are showing themselves to be jellybacks because they are not prepared to stand up and be counted. It would take only a number of people to go to the Premier and say, 'Jeff, stop it, we're not interested in this'.

The government has caucus meetings and all government members have to do is go into their party room meetings and move a motion that the report not be accepted. I am sure if Mr Forwood moved such a motion he would get support from members of the government backbench. For the first time government members should stand up to this bullyboy Premier.

The motion does not directly attack government, it simply supports the ongoing independence of the Auditor-General, both operationally and otherwise. I urge all honourable members to think carefully about it and support it.

Hon. R. M. HALLAM (Minister for Finance) — At the outset I state that I am in fierce agreement with a number of comments made by Mr Theophanous. I agree that this is an important debate. I agree wholeheartedly that it is likely to continue, and I suspect that it will become a big topic in the future. I agree that the role of the Auditor-General is crucial and that we need an independent and effective watchdog. Beyond that the issues Mr Theophanous used to support his case led him to draw conclusions that no-one is entitled to draw given the facts of the case.

Mr Theophanous implied that the government has some sort of interest in a weak audit process. Nothing could be further from the truth. There is no advantage in a weak audit process, and it is in the best interests of the government for it to serve with a strong and vigorous audit process.

The audit review is in no way designed as a challenge to the Auditor-General or his office and the notion that this is somehow a clever device to force Ches Baragwanath to resign is just stupid. I am on record as demonstrating on a number of occasions my support and that of the government for not only Mr Baragwanath but also for his office. This is an important debate and I do not want to get involved in semantics. I do not want to debate with Mr Theophanous the question of compromise or the question of whether the Auditor-General is being forced to resign because the review process in which we are engaged right now is too important.

Hon. T. C. Theophanous — You know he is going to resign, don't you?

Hon. R. M. HALLAM — No, I do not know that, and I do not believe it.

Hon. T. C. Theophanous — Why don't you pick up the phone and talk to him? You are responsible for the act, why don't you speak to him and ask him what he thinks about it?

The PRESIDENT — Order! Mr Theophanous has made his point.

Hon. R. M. HALLAM — Given the importance of the debate and the need to get some facts on the

table, I propose an amendment to the motion moved by Mr Theophanous. I move:

That all the words and expressions after 'That this house —' be omitted with the view of inserting in place thereof:

- '(a) recognises the work of the Auditor-General in discharging his responsibilities in respect of financial and performance audits;
- (b) notes that the Audit Act review forms part of Victoria's commitments under national competition policy; and
- (c) acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings'.

I intend to speak to the amendment rather than to the motion because I will then be referring to the facts of the case rather than to the maunderings of Mr Theophanous. Firstly, the government is saying that it recognises the work of the Auditor-General in discharging his responsibilities in respect of both financial and performance audits. I should have thought it was a fairly hard argument to sustain that the Kennett government would be opposed to the conduct of financial and performance audits given that the role of the Auditor-General has been expanded under the current administration, and that recognition of the work undertaken by Mr Baragwanath and his team is not a new position for anyone on this side of the house to take. I can go back over my career in this place and point out instance after instance where I am on the public record as supporting the work undertaken by the Auditor-General.

I simply repeat the point I made at the outset, that there is no advantage for any of the government in having a weak audit process. The notion that somehow we should be nobbling the Auditor-General because he had the temerity to be critical just misses the entire point of the audit process. This review has nothing to do with that part of the Auditor-General's role. The government is prepared to put on the public record again that it recognises the work undertaken by the Auditor-General.

The second issue is that the Audit Act review forms part of Victoria's commitment under the national competition policy. I note that Mr Theophanous was careful not to go to that issue, and I understand why — that is, because there is some sensitivity involved in it. The facts are that at the Council of

Australian Governments (COAG), Victoria and all the other states made commitments in respect of competition across the spectrum of government. With the exception of Mr Theophanous, no-one that I am aware of has argued that the commitments should apply to everyone apart from the Auditor-General. Apparently Mr Theophanous thinks we should write one rule for everyone except the Auditor-General.

Hon. T. C. Theophanous — That is not true, and you know it.

Hon. R. M. HALLAM — I am pleased for Mr Theophanous to make that comment. In the recent past he has argued the merits of competition in this chamber, yet today he is prepared to say that competition will curtail the role of the Auditor-General.

Mr Theophanous also challenged government members to show some courage. I do not think government members should be charged with a failure to show courage. The Kennett government is the most reformist government in the history of the state, and history will show it certainly does not lack courage. Any change the government makes is likely to raise new hackles, and it is not surprising that changes mooted in respect of the Auditor-General would have the same effect. However, I deny absolutely that the policy position being pursued in respect of the Auditor-General is akin to a lack of courage because I believe the reverse is true.

Mr Theophanous accused government members of having a lack of courage. I make the point that in many cases the real courage is in doing what one believes to be right notwithstanding the attitude taken by a whole range of public commentators who do not have their butts on the line, as do members of the government.

It is relatively easy to throw a comment in from outside when you do not have to stand the heat. Members of the government are responsible for the reform agenda and they are required to see it through to full-term, whatever policy decisions will ultimately be made.

In respect of the review report, the government has given a commitment to deal with the report in detail. It will invite submissions from those who are interested in the outcome, and they will include the Auditor-General and many of the commentators quoted by Mr Theophanous. If there is to be a change, it will be in the form of legislation

introduced in the spring sessional period. Every member of this chamber will have an opportunity to debate the changes that are ultimately determined. On that basis, this debate is premature.

I do not intend to be drawn on which components of the report the government will endorse because that process has not been completed. Not only has it not been completed, it has not commenced! On 24 April the Premier announced in a press release that further submissions would be welcomed. Mr Theophanous made some comments about the membership of the review team. I should let those comments go through to the keeper because he did a despicable thing, although it was not out of character. He would be the only Victorian who would see the need to challenge the standing of the three members of the review team. I do not need to protect them because their reputations are beyond doubt, but for Mr Theophanous to suggest that they were stooges is quite despicable.

I noted that Mr Theophanous did not mention Professor Rod Maddock in that context, but he did describe all three members as stooges and he went on at length to demonstrate there was some sort of conflict of interest. Each of those three individuals have enormous standing in the community. As I said, I do not need to defend them because their reputations do that for them, but only those with some sort of nefarious intent would seek to belittle the outcome of the review based upon the membership of the review team.

Hon. W. A. N. Hartigan — He would rather attack them than the argument!

Hon. R. M. HALLAM — I suspect that was the only basis upon which Mr Theophanous sought to have a go at the outcome. I make the point again that the honourable member will have a chance to debate this matter if and when the legislation is introduced in the spring sessional period.

The Premier has done nothing more than reassure the Victorian community on the issues he believed were important to clarify at the time. The Premier said the report will be considered in detail, submissions will be sought and, presumably, legislation will be introduced in September. In the meantime, to put those major issues at rest, the Premier has said that the government will enhance the independence of the Auditor-General by making him an independent officer of the Parliament. He also said the Auditor-General's budget will be transferred to Parliament and that the

Auditor-General will always have the ability to bypass the tender process but he will have to report to Parliament if he does. The transparency of the process is guaranteed in advance.

It is also important to note that, whatever else happens, the Auditor-General will remain responsible for the signature and presentation of reports to Parliament. The notion of the government having a tame cat sitting behind a desk locked away in some dingy corner is incredibly naive. We are talking about increasing the independence of the Auditor-General. The Premier also commented in the press release that the government has not determined the final set of responses, that it will undertake consultation and that any necessary legislation will be introduced during the spring sessional period. I make the point again that this is not an attempt to nobble the Auditor-General.

Hon. T. C. Theophanous — It is!

Hon. R. M. HALLAM — It is not and I resent that imputation. It is not the government's intent to have the Auditor-General resign his position. It is not a challenge to his efficiency and it is not that he has done his job too well. At the end of the process there is one fundamental difference between the position adopted by the government and that adopted by the opposition. The government does not see that competition of itself is necessarily incompatible with the independence of the Auditor-General. The inference here is that because the government is determined to introduce competition at every tier of endeavour, including the Auditor-General, that is somehow an attack on his independence. That is where we agree to differ, and it is on that basis that I say to Mr Theophanous that he should hold his horses. He will have a chance to debate this if or when legislation turns up conveying the outcome of the review.

In anticipation of that debate Mr Theophanous should think about the circumstances that currently apply. If he wants to argue that competition of itself will destroy the independence of the Auditor-General's Office he might explain why the Auditor-General currently uses external agencies for much of his work. In effect, what he is arguing is not too far removed from what the Auditor-General already employs when auditing the hospital system and local government. I remind Mr Theophanous that it was under this government that the Auditor-General was introduced as the auditor for local government. I do not remember too many people arguing against that. That is hardly

consistent with the charge being made in the current context.

The turning point is the question of competition. The government says it is not unreasonable to ask the Auditor-General to be subject to competition. It is not unreasonable to suggest that there could be efficiencies in his area that we need to capture. All the opposition has offered is the comment that if competition is introduced it will destroy the independence of the Auditor-General's Office. Not even the Auditor-General agrees with that synopsis.

Hon. D. A. Nardella — How do you know?

Hon. R. M. HALLAM — Because the Auditor-General already uses outside auditors. The fact that he chooses various firms to do auditing work is a manifestation of the competition which he is already practising and which the opposition says will destroy him.

Hon. T. C. Theophanous — He is already practising competition?

Hon. R. M. HALLAM — Yes.

Hon. T. C. Theophanous — Why are you doing this then?

Hon. R. M. HALLAM — Mr Theophanous's motion is illogical and premature. No change will occur without a change to the legislation; and of course, the opposition will get a chance to comment at that time.

I look forward to honourable members taking up the opportunity of being involved in the review process. If they feel strongly about it I invite them and those outside Parliament to put submissions to the Premier, because under the competition model it is his responsibility to undertake the review. It is not a matter for the Minister for Finance.

I look forward to a vigorous debate when the legislation comes before this place, but I make the following point in advance. I know Ches Baragwanath personally and have a good relationship with him. He is extremely professional, but that is not to suggest that his role cannot be improved or that he is infallible. The government is saying that the rules it is applying to every other field of endeavour should also apply to him. The review panel has made recommendations that are now sitting on the Premier's desk for his consideration, and legislation will be introduced if

necessary. The opposition's motion is illogical and premature. I urge honourable members to support the amendment.

Hon. B. T. PULLEN (Melbourne) — The Minister for Finance's response was disappointing. He did not give the answer I had hoped for. Despite some of the cross talk, most honourable members realise this is a serious issue. Proper audits affect the way governments function and the confidence the people of Victoria have in government administration, as well as ensuring that there are checks and balances and that the system is protected against inefficiency and corruption.

The Office of the Auditor-General is important, which the Audit Act recognises. The Auditor-General can be removed from office only for reasons of due cause, a statement of which must be presented to both houses. There must be an interim period between the motion being presented and its being passed by both houses. The Audit Act contains strong powers that are designed to protect the office so the occupant can carry out his functions and duties without fear or favour. Section 14 ensures that people being examined by the Auditor-General must produce documents and answer lawful questions truthfully and honestly. Penalties are provided for their non-compliance.

At this juncture much criticism has been levelled at the government and the Premier for commissioning and accepting the Review of the Audit Act 1994 report, which was announced in the Premier's press release of 24 April 1997:

The government accepts the committee's view that all financial and performance audits should be tendered out over a staged period.

The public sector audit office will be separated from the Auditor-General's office and will compete for audit work with the private sector.

The Premier was also reported in radio interviews as saying he accepted the recommendations of the report. The criticisms made by the public and a number of informed commentators can be put under two headings. The first is political criticism, meaning that the impetus for the change is political and designed to protect the government against criticism. There are also those who say the proposed change is in its essence ill-informed and ill-thought out, does not stand up to close scrutiny and will not provide good outcomes.

That second lot of criticism goes to performance audits. Those honourable members who have served on parliamentary committees or who take an interest in this area know that audits can be divided into financial and performance audits. By far the most important in examining the activities of government are performance audits. Section 16 of the Audit Act states:

- (1) Subject to sub-section (7), the Auditor-General may conduct any audit he or she considers necessary to determine whether an authority is achieving its objectives effectively and doing so economically and efficiently and in compliance with all relevant acts.

That does not occur within the private sector. In fact, few private sector firms are ever asked to engage in that activity. It is too challenging for a board of directors to have someone examine whether their company is carrying out its functions in terms of its stated policies and the appropriate local, state and commonwealth government rules and regulations. That is not the type of audit directors of private companies seek or encourage. In fact, one is hard pressed to find private sector firms that have that expertise.

The Office of the Auditor-General has a reputation for auditing procedures of the highest standard. It has an outstanding place in the Australian auditing system. The office is a repository of expertise. As a result, special performance reports have been made to Parliament that are of a different kind to the normal financial audits. This is because they look at not only whether government programs are being carried out efficiently based on normal financial and accounting standards but also whether they are meeting their objectives and the requirements of the appropriate legislation.

To suggest that those types of audits can be contracted out and that a Great Wall of China can be built between the Office of the Auditor-General and the public sector is foolish. Why would the committee recommend such nonsense? One must look at the limitations of the terms of reference. If you take away the political and ideological motivation for the change, you can see it is a thoughtless implementation of competition policy.

The terms of reference in the executive summary of the review report make it clear that the reviewers were reporting in the narrow terms of whether there was a need to implement competition policy because there was restrictive legislation that prevented competition. They did not step back and conduct a

performance audit in terms of the outcomes; they looked at it in the narrow terms of whether they could implement competition policy. Furthermore, they took the view that the onus was to show competition policy could not be implemented; it was not to show there was something wrong and that it would be beneficial to implement competition policy. That is clearly stated in the report. The report basically expresses an ideology of change rather than showing any reason why there should be an improvement. This is a classic case of if something isn't broken, don't fix it. No-one has produced any evidence to show what is failing and what needs to be fixed. There is no connection to show why moving to competition policy will either fix the situation or make an improvement.

The report describes three alternatives: the integrated system we have now; a totally decentralised system, which it dismisses, as anybody would; and their segmented — preferred — system. The segmented system puts the Auditor-General to one side and a new entity, Audit Victoria, is created and a process established for the letting of contracts to conduct audits to the private sector. The Auditor-General would have a limited opportunity to intervene in that process and would not be hands-on in the sense that if, during the course of an audit, matters are discovered that require a different direction he could not pursue it. All that must be set out to begin with in the original contracts in the name of competition. It is a formula for disaster and it is an incredibly inflexible way to do the job Victorians want done — that is, performance audits. Such audits protect Victoria's interests by seeing that the government is acting efficiently and effectively. The Auditor-General will be left with minuscule powers.

I turn to the appropriate section of the report, which I received only yesterday — and then only after some effort — which says that the Auditor-General can intervene only in certain cases and he must demonstrate why he should intervene. The onus is on him to demonstrate that it is in the public interest for him to intervene in a contract and it is up to him to be the exception to the rule.

Hon. Bill Forwood — But he is involved in the tender process.

Hon. B. T. PULLEN — No, he can be involved only in changing the tender process.

Hon. Bill Forwood — He is the chair, if he wants to be, of the tender process.

Hon. B. T. PULLEN — One-third of the committee which recommends who should be successful tenderers is composed of representatives of the Auditor-General's Office. Moreover, he can change the process only if he can show there are exceptional reasons in the public interest to do so, and that would occur in rare cases. That is the expression used in the report.

Hon. W. A. N. Hartigan interjected.

Hon. B. T. PULLEN — I do not anticipate much enlightenment from your speech, Mr Hartigan, but I hope you give it. An additional point I make about contracting out under the segmented Audit Victoria process is that 75 per cent of audits are already contracted out, but the important performance audits are controlled by the staff of the Auditor-General's Office.

The Auditor-General is on record as saying that because of the conflict-of-interest circumstances many firms now have, it is increasingly difficult for him to find firms that are not already engaged in some activity for the state government, and that would compromise the audit process. Yet both the conflict-of-interest issue and the lack of expertise outside the Auditor-General's Office to conduct performance audits are being ignored in the move to 100 per cent contracting out.

The report attempts to set out criteria for why it makes its recommendations. At page 6, under 'Benefit/costs conclusions', it indicates that:

The alternative arrangements proposed seek to capture the benefits which the committee considers may be generated through greater use of competition. In this case, the committee considers that this is in the public interest.

You would expect some support for that generalised comment — which is what the whole report hangs on. The most lengthy discussion is at page 46 of the report and continues for about three pages. That again provides no evidence of why this would better serve the public interest. It indicates that the Auditor-General would have only a one-third input and that:

... the Auditor-General would have the discretion to reject the nomination of the tender panel on public interest grounds and award a tender to another bidder ...

That is an exception. It further states:

The Auditor-General would report annually to the Public Accounts and Estimates Committee on each occasion where a recommended tenderer was rejected, or on any rare occasions where the Auditor-General felt there was a compelling and extreme public interest reason not to use the tender process.

It says it would be a rare occasion for the Auditor-General to avoid the tender process; yet the efficiency and expertise in conducting performance audits resides not in the private sector but in the Auditor-General's Office and has developed since 1991 through its system — the Victorian performance audit methodology. Now the Auditor-General is being denied the ability to audit in that way.

The other view which has been put forward and which has some credibility is that, as well as being inappropriate — that is why people who are aware of the importance of the process are criticising it — there is a clear indication that this changed performance auditing is politically motivated.

A structural change to remove a nuisance is not an unfamiliar methodology and has been applied to others associated with this government. What is being proposed for the Auditor-General happened also to the former DPP, Mr Bongiorno, and to the former Equal Opportunity Commissioner, Moira Rayner. When people criticise the government, its methodology in dealing with them is to restructure them out of the process. The government has not been able to find reasons to support dismissing the people concerned because they are acting, and clearly have been seen to be acting, in the public interest. Therefore the government has restructured them out of the process. There is a profound suspicion in the minds of members of the community that that is what underlies the current proposals: the Auditor-General has become too difficult for the government to handle and therefore the government is proposing to restructure him out of the process.

Performance audits are an important aspect of the proposed changes. Recently Mr Baragwanath produced a report on a topical subject. The report into ambulance service contracts showed, at least, gross inefficiencies, and perhaps corruption, in the tendering process. The methodology available was that of performance audits.

Hon. Bill Forwood — At the request of the minister!

Hon. B. T. PULLEN — It was a long time coming. The tendering occurred during the period of office of a former minister and permanent head who were obviously shifted so that the government could cover it up. I refer to another critical report on major projects that found feasibility studies were not conducted. There was also a report into child protection, in which the Auditor-General found there was abuse of the system.

In an article in the business section of the *Age* of 28 April, Mr Alan Kohler makes a point which lends considerable credibility to the suspicions people have about why the Auditor-General was becoming too difficult for the Premier to handle. Mr Kohler refers to the Auditor-General's ability to effectively criticise the government. He says the telling example is the ambulance dispatch situation. He says also:

... what really cooked Ches Baragwanath's goose was his present performance audit work schedule, published in the latest annual report.

He lists what the Auditor-General was intending to do in future:

It goes like this: case-mix funding of public hospitals; Schools of the Future; management of the gaming industry — role of the Victorian Casino and Gaming Authority; child care and kindergartens; public transport reform; police customer service strategy; privatisation of government business enterprises; outsourcing in the public sector.

As Alan Kohler indicates:

It was, with the benefit of hindsight, a suicide note.

It was just that, in the sense that the Auditor-General honestly announced to a government presided over by the Premier that he intended examining those matters effectively by using performance audits. What has happened gives considerable weight to the view that, as well as being driven by the mindless ideology of using competition policy in totally inappropriate areas that could wreck the balance of the separation of powers between the executive and Parliament and the checks of the Auditor-General, the proposed change is politically motivated. The structurally motivated change is akin to that underlying the removal of the former Equal Opportunity Commissioner or the former DPP, who was also an independent person and had the courage to suggest that prosecutions might be launched against the Premier or others in the cabinet who were not performing as they should. That was

an audacious thing to do, and the punishment was to force the structural change that removed the person from the system.

What is happening with the Auditor-General is part of a pattern. I believe many members of the government are uncomfortable with the lack of detailed credibility and the excessive application of competitive policy to be used as an excuse, a trigger or a mechanism for changing something that is patently working extremely well in the Australian audit scene.

Although Mr Kohler makes the first point well, I make a couple of points that have become a little lost in some of the commentaries. The analogy with the New Zealand system breaks down completely because in the New Zealand model only the financial audits are being transferred out. The performance audits remain entirely within the province of the Auditor-General and can be developed with the existing expertise. It is a slide in logic to try to use the excuse that Victoria will be following another model that works because the model proposed for Victoria is radically different from the New Zealand model.

The performance audits of the government — that is, of the quality of the performance of government departments — and their role in preventing corruption and inefficiency are the absolutely critical audits. Since it was introduced in 1991 by the former Labor government the development of that expertise has been considerable. It has been acknowledged as such around Australia; it has been studied by and is a model for other public performance audits. The government set terms of reference which meant that the panel conducting the competition review of the Audit Act could not fail to come up with a narrow perspective. The device is being exposed in this house today and in the public arena.

Mr Hallam's amendment, which is an attempt to deflect the impact of Mr Theophanous's motion, contradicts the statements made by the Premier both in his interviews on the subject and in his press release. Mr Hallam attempts to suggest that the matter will come back to Parliament in the fullness of time. He says the government is considering the report of the review panel in detail and legislative changes will be considered during the spring session of Parliament. He asks: why should we worry?

The Premier has indicated in interviews reported in all the major media and twice in the press release, which was passed around during the debate, that he

accepts the report. In the press release the Premier says:

The government accepts the committee's view that all financial and performance audits should be tendered out over a staged period.

That is exactly the point I am making: the reference to both the financial and performance audits is an indication of the incredible stupidity and danger in the situation. To suggest by the amendment that it is an open question is to suggest that the house will overturn by motion a pronouncement already made by the Premier.

The press release also says the public sector audit office will be separated from the Auditor-General's Office and will compete for audit work with the private sector. Members of the opposition are being invited by the Minister for Finance to vote for his amendment. He is inviting us to support something which has already been pre-empted by a press release of the Premier and statements which have gone beyond the press release in interviews the Premier has given to the press and which are now a matter of public record. It is a false attempt to deflect a motion clearly aimed at giving this house the opportunity to protect the important office of the Auditor-General.

As has been said by Mr Theophanous, many members of the government, including ministers, have made a point of defending the integrity of the office of the Auditor-General when it suited them, and it is disappointing that those people are now proving they are incapable of stepping away from the Premier's party line and the ideology promoting this change.

Hon. BILL FORWOOD (Templestowe) — I welcome the opportunity to support wholeheartedly the amendment moved by the Minister for Finance that this house:

- (a) recognises the work of the Auditor-General in discharging his responsibilities in respect of financial and performance audits;
- (b) notes that the Audit Act review forms part of Victoria's commitments under national competition policy; and
- (c) acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings.

Before proceeding to the amendment I shall pick up two points Mr Pullen raised. He suggested that an article by Alan Kohler ran the line that what cooked Mr Baragwanath's goose was the future program of performance reviews. That is nonsense, as anybody who turns to the review will see, because page 6 states:

The Auditor-General would retain discretion in the choice of the auditing program.

It makes a nonsense of Mr Pullen's claim that the review is about nobbling the Auditor-General because of his program. Under Maddock he still controls the audit program. The second nonsense Mr Pullen tried to run was somehow to interpret the words of paragraph (c) of the amendment in a way that is inconsistent with the Premier's own press release. The press release states:

The Premier said that the government was still considering the recommendations in detail and would consult with the review committee over the Auditor-General before deciding on a final response to the report.

He then says that following those consultations the government will consider introducing legislation in the spring session of Parliament. That does not seem to me to be substantially different to the wording of paragraph (c) of the amendment which suggests 'that any legislative changes be prepared for the spring parliamentary sittings'. Frankly, I do not know where Mr Pullen is coming from.

I welcome the opportunity to make my own position perfectly clear, particularly after Mr Theophanous's usual dose of ranting and raving, verbal distortions, illogical contortions and tendentious and specious argument. Despite the attempts of some, including Mr Theophanous and some members of the media to suggest otherwise, my position has been clear and consistent for years. It has been consistent from well before the competition policy review of the auditor was even mooted. I support an independent Auditor-General, as I always have, and as does the Maddock review, which states at page 4 that it supports an independent Auditor-General:

... in full control of the audit program.

I also support as I always have and again as does the Maddock review, competition policy reforms and contestability. One could go back through many of my contributions in this place over the past five years and find that I have spoken about

contestability. Honourable members will have heard me speak about competition policy reform, and I have been on the record consistently supporting both an independent Auditor-General and competition policy. The problem for Mr Theophanous and his colleagues and the *Age* is that they believe those two issues are not compatible. I quote Professor Maddock at page 41 of his review:

The committee considers that, while the operational independence of the Auditor-General is of the highest importance, this is compatible with competitive arrangements in audit.

The recommendations of the Maddock review enhance the independence of the Auditor-General specifically by making him an officer of the Parliament and by bringing his budget over into the parliamentary budget at the same time as contestability is brought in - and this is a theme I will return to again in the course of my contribution.

I shall now deal with the amendment in some detail. Paragraph (a) states:

... recognises the work of the Auditor-General in discharging his responsibilities in respect of financial and performance audits;

What are those responsibilities? Section 8 of the Audit Act deals with the audit of authorities and provides:

The financial statements of each authority must from time to time and at least once in each year be audited.

Section 15 states:

The Auditor-General must cause a copy of each report under sub-section (1) to be transmitted to each House of Parliament.

The Auditor-General is responsible for the audits and then reports to Parliament. Section 16 deals with performance audits and provides:

... the Auditor-General may conduct any audit he or she considers necessary to determine whether an authority is achieving its objectives effectively and doing so economically, efficiently and in compliance with all relevant Acts.

They are the responsibilities. Paragraph (a) of the minister's amendment acknowledges the work that is done. As Professor Maddock points out at page 83

of his review, the annual report of the Victorian Auditor-General:

... identifies audit responsibilities comprising responsibility for 547 entities:

the Parliament and the Parliamentary Construction Authority;

8 departments and 7 independent budget sector agencies;

139 public bodies;

35 educational institutions including universities;

106 hospitals, state-funded nursing homes and ambulance services;

14 superannuation funds;

108 companies and joint ventures;

78 municipal councils;

10 libraries; and

40 water authorities.

That is the scope of the work recognised as being done by the Auditor-General when he discharges his responsibilities for both financial and performance audits.

In his contribution Mr Theophanous talked about both the Victorian Commission of Audit and the most recent performance audit by Price Waterhouse. He quoted Saul Eslake, the former executive officer of the Commission of Audit. Page 208 of the report of the Victorian Commission of Audit states:

Parliament needs to have a single voice providing an opinion to it on the hundreds of public sector reporting entities —

I have just run through those —

That voice's independence needs to be protected (as it is) by a special relationship with Parliament which precludes the government from inhibiting it in any way.

That is what Professor Maddock's review suggests. It is nonsense for it to be suggested otherwise. The Talbot report states that the Auditor-General's office was fulfilling its functions in a satisfactory manner:

In my opinion, ... the Auditor-General has achieved his objectives effectively and done so economically and efficiently.

The report also pointed out that the office was not perfect. The two recommendations at page 1 of the report state:

Areas which require improvement are:

efficiency; where planning is often late and insufficient use is made of technological solutions; and

customer service; which is not, in my view, as good as in the private sector where competition for clients is intense.

That is not meant to be a criticism of the Auditor-General per se. The report says that the Auditor-General does his job objectively and efficiently, but that it can be done better. One way of doing that is to have better auditing outcomes when there is intense competition. Talbot gives the Auditor-General a tick but also notes areas that can be improved.

The key findings at page 17 of the Talbot report include a finding that planning is often late, and the key recommendations include advancing the planning process, looking to spread work throughout the area and smooth the workload, streamlining the process that culminates in the ministerial report, and introducing internal cost comparisons for similar types of audit.

Included in the key recommendations at page 33 of Talbot are that the Auditor-General could:

Move towards agreeing high level performance criteria with auditees and developing measurable sub-criteria.

Audit should be more even-handed and less driven by 'problem areas'.

Encourage increased collection and reporting of performance information by government departments, agencies and programs.

There is no doubt that the Auditor-General's work is done efficiently and effectively, but equally there is room for improvement. I turn to paragraph (b) of the minister's amendment, which states:

notes that the Audit Act Review forms part of Victoria's commitments under national competition policy.

As the minister pointed out, this was not an area that the Labor Party has dealt with in any manner. Members would be aware of the Hilmer process which was run by the Labor Party under Paul Keating and which was designed as part of a process to make Australia internationally competitive. It forms part of Australia's low inflation regime.

At page 3 of a guide to national competition policy issued by the Department of Premier and Cabinet and entitled *Competition Policy*, Professor Hilmer is quoted as saying:

Competition provides the spur for businesses to improve their performance, develop new products and respond to changing circumstances. Competition offers the promise of lower prices and improved choice for customers and greater efficiency, higher economic growth and increased employment opportunities for the economy as a whole.

Hilmer produced a six-point recommendation structure. The headings were anti-competitive conduct, statutory restrictions on competition, structural monopolies, monopoly pricing, government business advantages and natural monopolies. The issue that concerns us today is statutory restrictions on competition. In relation to that, Hilmer is quoted in the guide as stating:

... regulatory restrictions (on competition) pervade the economy, ranging from government-sanctioned monopolies to licensing regimes and various restrictions on particular competitive conduct.

The proposed remedy as reported in the guide is:

In order to reduce regulatory restrictions on competition in the Australian economy, the Hilmer report proposed that governments should adopt the principle that there should be no regulatory restrictions on competition unless clearly demonstrated to be in the public interest, and should review all existing legislation for consistency with this principle.

Paragraph (b) of the minister's amendment notes that the Audit Act review forms part of that commitment. We do not have to go into the dividend payments for compliance with the review program, we can merely note that we must adopt the process in Victoria's interest. It is not only me who is on record as talking about the benefits of competition policy. At page 25 of his report Maddock states:

... The changing role of Government was recognised by the previous Commonwealth Minister for Finance, Kim Beazley, in 1994, noting that:

Government has traditionally been seen as a provider of services. Today government can also be about purchasing services on behalf of its clients, and it will look increasingly to buy from the most efficient supplier, whether from within the public sector or externally ... As our experience with contracting ... grows, there is likely to be continuing pressure to extend contestability within the public sector as a device to improve efficiency and, at the least, maintain the effectiveness and client focus of program delivery.

At paragraph 4.1.1 on page 24, Maddock deals in some length with how competition may improve outcomes. I shall not go through it in detail, but it indicates how competition may improve outcomes in this sector. I invite honourable members to read it. That brings me to paragraph (c) of the minister's amendment, which states:

acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings.

The review report is a weighty document, the contents of which give a significant idea of what is involved. It begins with the executive summary, findings and recommendations, which are now known to members. It also deals with the purpose of the review and the administrative arrangements. Point 1.2.1 at page 15 deals with the process, and states:

The review has been undertaken in accordance with the semi-public review model in the government's guidelines for conduct of legislative reviews for restrictions on competition.

That is nothing new, it follows the existing model established by the government. It then states:

See chapter 4, section 5 for further details of the review methodology.

I mention that in case paranoid opposition members wish to see how and why it was done. The report then deals with the section on the independence of the Auditor-General, giving both the findings and the recommendations. I have already dealt with the objectives of the act, which follows. Section 4 of the report talks about competition and the government sector, how competition may improve outcomes,

introducing competition in the delivery of government services and ensuring that competition delivers. It goes into the background of the national competition policy agreements, consequences of national competition policy, legislation review under national competition policy, methodology for legislative review, assessing benefits and costs of legislation review and then the findings and recommendations.

The section, restrictions on competition, deals with government intervention, the market for audit services and talks about restrictions on competition. The review then goes into a consideration of alternative arrangements to achieve the objectives of the act without restrictions on competition.

One of the ironies is that the huge outcry orchestrated by the Labor Party at the beginning of this debate was about whether individual auditees could choose their own auditor. We do not hear about that now because the independent committee in its review said it was not appropriate. It came up with a different model and the other one sank without a trace.

Hon. W. A. N. Hartigan interjected.

Hon. BILL FORWOOD — As Mr Hartigan says, it is the basis of much of the hysteria that is taking place and the motion the opposition has moved. Section 7 of the review deals with implementation of the preferred option. It talks about changes and how it should be done. This is a document worthy of study. It is a document which, as the Premier said, will be considered and consulted about before a final response is delivered, and that response will come back to this place in due course. Some initial responses have already been made, which is only appropriate in a matter of such weight.

Finally I address specifically the issue Mr Theophanous raised about the resolution of the Australasian Council of Public Accounts Committees in Sydney last year which, I note in passing, is fully reproduced in appendix 6 of the Maddock review. The problem for Mr Theophanous is that there is no inconsistency between his quote in paragraph (c) of his motion and the recommendations of the Maddock review. In particular I refer Mr Theophanous to page 4 where Maddock says:

Increased competition in audit services is consistent with maintaining the independence of the Auditor-General, so long as the Auditor-General

maintains full control of the audit program and reporting to Parliament.

I also refer him to recommendation 6.8.1 on page 11, which states:

That the government and the Parliament approve a competitive model for public sector external audit in Victoria, with the following features:

- (a) the Auditor-General's office should be responsible for overall and specific audit priorities, audit methodology, overseeing the conduct of public sector audits and reporting to Parliament.

And recommendation 6.8.1(h) on page 12 which states:

audit reports will be signed off by the firm undertaking the audit and countersigned by the Auditor-General where the Auditor-General is satisfied that his or her guidelines for audit conduct have been followed.

The joint meeting of the Australasian Council of Public Accounts Committees in Sydney, to which Mr Theophanous referred, was an interesting experience for us all. At the meeting we debated a motion that had been on the notice paper for two years. The Labor Party tried hard to pretend that the motion being debated was specifically designed for Victoria, but it was not. It had been around for a long time.

I took issue with some of the Labor Party's tactics then, and I should like to read from the transcript of the Sydney meeting, as did Mr Theophanous. At that meeting, I said:

On the substantive issues contained in this motion, as members have seen by the way we have voted today, we have no problems. However, there is another problem, which is that a totally independent and separate review is being undertaken of Victoria's audit legislation as it relates to competition policy.

That review has wrongly, mischievously and for purely political purposes been cast as an attack on the Auditor-General. It is not an attack on the independence of the Victorian Auditor-General, as has previously been made abundantly clear, not only by myself in a speech in December last year but also by the Premier and the Deputy Premier. This motion, rather than just being a continuing part of an evolution of thinking and practice in this area, is being used by some as a political attack on Victoria, and there is no better example than the article in today's *Age*.

As Mr Hartigan said, the *Age* article appeared that day by chance! I shall finish with the point that there is absolutely no inconsistency between paragraph (c) of the motion moved by Mr Theophanous and the recommendations of the Maddock review. With those few words, I am delighted to support the amendment and to await the spring sitting.

Hon. PAT POWER (Jika Jika) — I support the motion moved by Mr Theophanous and state my opposition to the amendment moved by the Minister for Finance. The contribution of Mr Pullen set out as well as possible the concerns that exist on this side of the house about matters affecting the Auditor-General. The parts of the motion moved by Mr Theophanous with which I shall concern myself are:

- (b) acknowledges the validity of community concerns, and those of prominent persons, about proposed changes to the role of the Auditor-General;
- (c) endorses the motion passed by the Australasian Council of Public Accounts Committees in February 1997 supporting the operational independence of the Auditor-General which states that "The Auditor-General should have the sole power to carry out, or designate an auditor to carry out, the external audit on all agencies which are owned, controlled or substantially responsible to government"; and
- (d) believes that, in order to ensure the continuing total independence and effectiveness of the Auditor-General and his office, the Auditor-General should maintain total discretion, including operational discretion, over the conduct of audits of all Victorian government departments and agencies.

I express some concern about paragraph (b) of the amendment moved by the Minister for Finance, which states:

- (b) notes that the Audit Account Review forms part of Victoria's commitments under National Competition Policy; and
- (c) acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings.

In previous debates I have said that there is a great opportunity in this chamber to have relatively fraternal debates in which the philosophical views of government and opposition members can be put forward in a process of thrust and parry. I agree with Mr Theophanous that the motion today is as important a motion as the house might ever have to

consider because regardless of the point from which people approach the issue of the Auditor-General, I am sure that every honourable member agrees that his role is critical.

Notwithstanding that there has been some coverage in the press recently about the effectiveness of the Legislative Council, I believe it is a wonderful forum in which significant and substantive motions such as this can be debated. The paragraph (b) of the motion moved by Mr Theophanous states:

acknowledged the validity of community concerns, and those of prominent persons ...

It is very difficult for the government to oppose that paragraph of the motion. It is important in debates of this kind for members to acknowledge that they may disagree with the view that individuals, organisations or a community may hold, but disagreeing of itself is not a licence to question the validity of the views of those people.

For a number of years, and especially in recent times, the current style and form of the Auditor-General's office has enjoyed wide support in the community. Although many people may feel that the Auditor-General's operation ought to be conducted in a marginally different way, I do not believe there are many people who could substantiate a view that the work done by the Auditor-General and his office is not absolutely critical to the notions of democratic government and the Westminster system of accountability of the elected government to the community at large.

It is important for the house to understand that, notwithstanding the views of those who substantially disagree, the reason why people hold the current structures of the Auditor-General so dear is because they believe they will ensure that the elected government is subjected to fearless and independent scrutiny and that the reports and recommendations emanating from that work will be freely and fully available to the community so that an assessment can be made of the performance of the government.

I know that during the years of the Labor government there were people in the Labor movement who were anxious to use the work of the Auditor-General to establish whether the Labor government was implementing the policies of the ALP. Of course, there were other people, many of whom were on the opposition benches, who from a

different perspective were anxious to use the work of the Auditor-General.

Historically, it is very difficult for members to argue that the Auditor-General and his office have enjoyed anything other than broad support in the community. I do not believe any member of this chamber, or the Auditor-General himself, would contest the fact that there may be ways of improving the work the Auditor-General carries out in the context of the current structure.

Paragraph (c) of Mr Theophanous's motion goes to the motion passed in Sydney in February 1997 by the Australasian Council of Public Accounts Committees. I shall not concentrate on the role that Mr Forwood might have played, but it is extraordinarily important for honourable members to acknowledge that that council carried a resolution which made an unequivocal and clear statement about the operational independence of the Auditor-General. In part, the motion states:

The Auditor-General should have the sole power to carry out, or designate an auditor to carry out, the external audit on all agencies which are owned, controlled or substantially responsible to the government ...

It is reasonable for the argument to be put that the resolution is inconsistent with and does not support the kind of moves that are proposed in the review of the Audit Act. It is inconsistent with and does not support the comments contained in the Premier's press release of 24 April.

I agree with the comments made by Mr Theophanous that during the years of the Labor government there were times when the Public Accounts and Estimates Committee, and especially the government members on that committee, were required to address some fairly difficult issues. I know the then opposition members of the committee were anxious to use the committee for the purposes for which it was designed. I am, therefore, disappointed that the now government is not prepared to acknowledge that there is validity in the community concerns relating to this matter. I am disappointed that the government is not prepared to support the February 1997 resolution of the Australasian Council of Public Accounts Committees. The motion moved by Mr Theophanous also states:

... in order to ensure the continuing and total independence and effectiveness of the Auditor-General

and his office, the Auditor-General should maintain total discretion, including operational discretion, over the conduct of audits of all Victorian government departments and agencies.

It is important that the opposition indicates its alarm that the government is not prepared to support paragraph (d) of the motion. Paragraph (d) is unequivocal; it is black and white, in relation to the view of the opposition about the capacity and independence of the Auditor-General and his office. In opposing paragraph (d) of the motion, the government is giving currency to the concern that exists in Parliament, in the community and right across Victoria that the moves proposed will undermine the total independence and effectiveness of the Auditor-General.

It is black and white. The motion calls for the continuing independence and effectiveness of the Auditor-General, but the government will not support it. There is no doubt what this house is debating and what the government is on about is removing the independence and undermining the effectiveness of the Auditor-General. It can be seen in no other way. If the government did not have that goal it would support the motion. I commend Mr Theophanous for drafting a motion that is explicit in its support for the independence and effectiveness of the Auditor-General and his office.

I now comment on the amendment moved by the Minister for Finance. Paragraph (b) states:

... notes that the Audit Act review forms part of Victoria's commitments under national competition policy.

The government has argued that compulsory competitive tendering in local government is consistent with national competition policy. I say unequivocally that the opposition believes that is nonsense; that is not what Hilmer and national competition policy are about. I make that point to show the consistency with what is occurring with the Auditor-General. I do not believe a formal conversation with Hilmer would reveal that he believes the independence and effectiveness of the Auditor-General requires attention under national competition policy.

It is disappointing and an indication of its lack of substantiating argument that the government should want to hang its actions on the peg of national competition policy when attacking the Office of the Auditor-General. Compulsory competitive

tendering is not consistent with the words or the spirit of Hilmer on national competition policy. I strongly believe national competition policy does not require that Auditors-General and their offices should be treated and reconstructed in the way proposed. Paragraph (c) of the minister's amendment states:

... acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings.

I have more respect for the minister than to suggest that that is an untruth, but it is reasonable for the opposition to argue that the Premier's press release of 24 April indicates that, although the minister may be prepared to do what is indicated in paragraph (c), the Premier is not.

Hon. Bill Forwood interjected.

Hon. PAT POWER — The Premier's press release may well be headed 'Initial responses', but it is naive for Mr Forwood, who knows the Premier well, to think his statements are anything other than decisions he has reached. The press release of 24 April states in part:

The government accepts the committee's view that all financial and performance audits should be tendered out ...

It is not possible to argue that that statement is an initial response. The Premier then says:

The public sector audit office will be separated from the Auditor-General's office —

he does not say 'will give consideration to' —

and will compete for audit work with the private sector ...

Preferred tenderers for audit work will be recommended to the Auditor-General by tender panels which will look to quality rather than cost as the prime consideration in selecting tenderers.

It is true, as Mr Forwood interposes, that it says the government:

... was still considering the recommendations of the review in detail and would consult with the review committee and the Auditor-General before deciding on a final response ...

Although there may be further consultation — I have no doubt some people in the government are prepared to consult on a without-prejudice basis — it is not possible to convince anyone that that is the Premier's attitude.

I move the following amendment to the amendment moved by the Minister for Finance:

Omit paragraphs (b) and (c) and insert —

- (b) does not support any changes to the role or function of the Auditor-General proposed by the Audit Act review which would compromise the Auditor-General's operational independence, including his right to retain sole power to carry out or to designate another auditor to carry out financial and performance audits of all government agencies.

I now base my comments on Mr Theophanous's motion and the amendment on the amendment. I will comment on some of the recommendations in the executive summary of the review of the Audit Act. Under the heading 'Central Findings' on page 4 one finding is that the retention of an independent Auditor-General is an essential element of the Victorian parliamentary framework and Westminster system. I indicate my support, the support of the opposition and I believe that of the majority of the community for the words in the first recommendation. As I have already indicated, the capacity of the Auditor-General to be independent and to provide and publicly disclose fearless investigative reports — which has occurred during the periods of both the Labor and conservative governments — has been found by most people to be central to our Westminster system. Another central finding in the executive summary of the review report at page 4 says:

... increased competition in audit services is consistent with maintaining the independence of the Auditor-General ...

That is of significant concern to the opposition. It is not possible for there to be guarantees that are consistent with the spirit of the first finding, which is:

... the retention of an independent Auditor-General is an essential element of Victoria's parliamentary framework and the Westminster system.

It is not possible to give an unequivocal guarantee that that will be met as a consequence of services being subject to competition and market forces.

Hon. R. M. Hallam interjected.

Hon. PAT POWER — Yes, absolutely, and I am more than happy for my contribution to be made on the basis of us agreeing to disagree. I underscore my concern about that point by making a passing reference to some of the outcomes competition has produced in local government. All honourable members would agree that the quality and availability of services have changed significantly as a consequence of local government being forcibly subjected to compulsory competitive tendering. That background is the basis for community concern about whether the independence of the Auditor-General and his office can be guaranteed. Another central finding is:

All public sector audits should be made subject to a transparent tendering process ...

I have considerable concern about whether that goal is deliverable. At the moment there is controversy in the community about emergency services, which is an example to support my view. I do not doubt for one moment that the Minister for Finance would do everything he could to make public sector audits subject to a transparent tendering process, but I have concerns about that finding. Another central finding is:

... the public sector audit office should be separated from the Auditor-General's Office and created as a government business enterprise ...

It is reasonable for people to be concerned about whether an institution operating as a business enterprise can address the core questions as the Auditor-General's Office currently does. Page 7 of the report contains the line:

The Auditor-General would retain the power to bypass the tender process in rare cases of extreme public interest.

That is repeated at page 12:

- (f) the Auditor-General will retain the power, rarely and in cases of extreme public interest, to bypass the tender process.

There is enough data in the executive summary of the Audit Act review report for the concerns of the opposition and the community to be well founded. Mr Theophanous supported his argument by referring to the range of spokespersons in the community who had expressed alarm about some of the proposals. It may well be that the government

believes its views may be affected by agendas or coloured by some involvement.

Hon. R. M. Hallam interjected.

Hon. PAT POWER — That may well be true. Nonetheless, at this time it is important for the Parliament to acknowledge the views of a range of organisations, including a spokesperson from the Australian Society of Certified Practising Accountants, an economist from Melbourne University, the Vice-President of the Law Institute of Victoria, the Associate Professor of Law at the University of Melbourne, and so on. They have expressed not just marginal concern about moves in relation to the Auditor-General but alarm about the situation currently faced.

I conclude my remarks by indicating my support for Mr Theophanous's well-constructed motion and my opposition to the amendment moved by the minister and for the amendment moved in my name.

Sitting suspended 12.59 p.m. until 2.02 p.m.

Hon. W. A. N. HARTIGAN (Geelong) — I support the government's amendment. I consider the proper management of government expenditure and taxpayers' funds to be very important. Regrettably the matter has been trivialised by the motion of the Leader of the Opposition. One way to judge that is to consider the childish further amendment of Mr Power to the minister's amendment which, to all intents and purposes, repeats an element of the opposition's original motion. I doubt the seriousness of the opposition's interest in the proper management, control and review of government expenditure.

In trying to deal with the subject responsibly, I acknowledge that it is important that Parliament has a capacity to oversee the performance of executive government, particularly the proper expenditure of taxpayers' money. I am less concerned about government policy, which is the prerogative of the government and the executive. Parliament should be in a position to assure itself about the way public money is administered, supervised and properly accounted for.

The position of the Auditor-General is only one element to examine when considering that issue. Of concern to me is the fact that the Auditor-General's job is made all the more difficult and therefore all the less likely to be successful because of the lack of good accounting, management and financial

information practices in most of the public sector. This government has tried very hard to introduce a proper and satisfactory standard of accounting. It is moving towards an accrual system, which promises to make available to Parliament and to all those interested in government finance some understanding of the processes by which taxpayers' funds are administered. I refer specifically to proper budgeting, proper monthly review of performance against objectives, proper systems for analysing investments and returns on them, and a systems for reporting as a matter of course on those issues. That involves introducing items like depreciation into current expenditure reporting. It relies heavily on having a proper balance-sheet approach that provides Parliament and therefore the taxpayers with some understanding of what is happening to assets. The government is embarking upon a program that will achieve that.

I stress the value and importance of that in contrast to the difficulty an auditor has in making a good hand of auditing a cash-based system. Many of the problems auditors faced in the past — this is not a criticism of the auditor; it is a criticism of the system — was that a cash-based system of income and expenditure provided no structure for administrators to get a hold on what was actually happening. Auditors can examine cash-based systems and find that the amount of money allocated has been spent and take a snapshot look at the process and the system to make sure the signing authorities are in order, but it is extremely difficult for them to go back over the history to determine the intention, the element of management control that was exerted and whether the managements of public sector organisations, government departments or government business enterprises have the capacity to manage income and expenditure on an orderly and predictable basis.

When considering some of the problems faced by the auditor and the government, I point out that the current government's commitment to proper accrual accounting is some indication of the importance it places on proper management systems being available to make government expenditure fully accountable to Parliament and the people of Victoria. Frankly, the biggest advance we can make in accountability is the adoption of sound accounting and management information systems. Until we do so we are ignoring the greatest cause of inefficiency and poor performance in government because we are not equipping government officers and government business enterprises with the

systems and supports necessary to run their businesses in the most efficient way.

When discussing the need to make the government and the executive properly accountable to Parliament, the idea of putting all the responsibility on the Auditor-General and effectively saying that his existence is sufficient to guarantee to the public that the government is being run efficiently, effectively and with the best result, is not likely to be genuinely honest. I have a lot of sympathy for the difficulties the Auditor-General runs into. For example, there is no question that part of the problem with the ambulance system was the complete lack of management and financial systems. That is reflected in the fact that the auditor looked at it a number of times and did not make any adverse reports. It was not until the Minister for Health directed his attention to issues raised by the existing management of the structure that the Auditor-General had something to get his hands on. That is an entirely unsatisfactory situation.

I reiterate that it is in the government's best interests — to say nothing of the Parliament's best interests — to have good management systems, good financial controls, good auditing and good reporting. More importantly, the audit function is less significant than the fact that the systems exist for the government and the managers of government businesses to run their businesses on a predicted and forecastable basis. I do not have any problems in principle with what the Premier is recommending. There are some areas I would like reviewed.

Hon. T. C. Theophanous — We know you haven't got any problems with it!

Hon. W. A. N. HARTIGAN — I said there are some areas I would like reviewed, Mr Theophanous. If you listened for a while, you might learn something — although I doubt it. I have a couple of issues to raise about the recommendations. The idea of having the Auditor-General report to Parliament as an officer of the Parliament is good as a concept but I wonder exactly how the auditor will report to Parliament. Does that mean he will report annually as he sees fit or will he take advice from something like the Public Accounts and Estimates Committee, particularly on performance reviews? My judgment is that there is not a significant need for him to take much advice from the Public Accounts and Estimates Committee on the usual financial audits. They are reasonably straightforward and it is merely a question of his selecting an audit group and doing it.

I have no problems with making the audit selection competitive, particularly with the so-called two-envelope system, in which you get two quotes, one for price and one for quality. That is a very good idea. In reply to opposition comments, making audit programs contestable will do nothing but improve both the quality and the value of the audit.

However, until we reform the management and financial systems of the government the Auditor-General will be severely hamstrung. The suggestion that merely making him an officer of Parliament is in some miraculous way going to give him the capacity to track down bad performance or corrupt conduct is an unrealistic assessment. It makes me wonder whether this is a facade put up by the opposition.

For example, the Auditor-General did not conduct an audit report and find there were 40 000 too many public servants. The Auditor-General does not do the sort of audit report that investigates the operating costs of the SEC. I am not critical of him; I am critical of the system which does not give him the capacity to do the type of report which comes to that sort of conclusion. If the Auditor-General is to report on Parliament - I do not have a problem with that concept - I am concerned that it truly be a report on Parliament.

I do not believe in establishing bodies that are independent of Parliament; they must report to Parliament in a meaningful way but there must be some ability to supervise what they are doing. I do not want to get involved in the appointment of dictators — people who are given a wide range of responsibilities — because the evidence is very clear that even if such people are politically impartial when appointed they very soon become part of a group that is above Parliament and everybody else. Such responsibilities should not be allocated to dictators; they should be undertaken by Parliament.

If Parliament is to become responsible for the oversight of proper expenditure controls and proper review of performance it must have a relationship with an independent auditor that enables it to play some part in the development of those issues. I say that with particular regard to performance audits which, by their very nature, require subjective assessments to be made. Indeed, very often they become more subjective because present accounting systems lack the structure to identify the reason investment B, for example, produces a certain outcome.

Although I do not have any great difficulties with what the Premier is suggesting after his first look at some of these issues, I would like the role of Parliament to be strengthened through a public accounts-type committee with the correct selected representation.

A government member interjected.

Hon. W. A. N. HARTIGAN — The right chairman as well.

Hon. D. A. Nardella — With some spine.

Hon. W. A. N. HARTIGAN — I do not want too much spine but I think there is a role to be considered in the coming review. I am sure the government will pay significant regard to the relationship between Parliament and the Auditor-General. I am not particularly interested in giving an Auditor-General authority and power that extends beyond the control of Parliament. The general direction the government is proposing is perfectly acceptable. Currently three-quarters of the audits are carried out by independent auditors. The government is simply making it contestable and seeking the submission of tenders with regard to both cost and quality. I cannot see any problem with that.

Notwithstanding the attempt by honourable members opposite to suggest that the Auditor-General will lose control through this system, it is quite clear in both the report and indeed the press release issued by the Premier that the intention is that the Auditor-General will have the final say on the selection of any audit body. It is the intention of the Premier and the government that that will be the Auditor-General's responsibility.

I hope setting up an independent audit office will lead the Auditor-General to look at some of the issues dealing with the accounting management structure the government should have. I would like him to take a greater role in suggesting both government and government instrumentalities should organise their accounts to enable the management of those organisations to carry out proper performance reviews. The government is not trying to set up a system where there are no rules and where it is up to the Auditor-General to find out whether something adverse has happened. The objective of good auditing is to ensure that the management of taxpayers' funds is properly carried out and to help people achieve that.

This government has a keen interest in audits being oversighted. In an expenditure of \$15 billion the reality is that there will be areas where mistakes were made and there will almost certainly be areas where corruption occurred. If the government puts the right systems in place at the right time it will have the capacity to ensure that that becomes more difficult and that the management team will be able to identify any defects early. That will give the Auditor-General a much more constructive role in assisting government to do what it really wants to do — that is, use taxpayers' money as efficiently as possible, make the use of those moneys transparent, and ensure that the opportunities for corruption are limited so far as practically possible.

Finally, I hope the Public Accounts and Estimates Committee starts putting great pressure on departments to progress towards full accrual accounting. If the government does nothing else over the next year but put pressure on departments by asking them to demonstrate where they stand in their progress in accrual accounting it will have done more to enhance the capacity of the Auditor-General and Parliament to supervise the proper expenditure of taxpayers' money than any single thing that has been debated this afternoon.

I have a commitment to a parliamentary review of executive performance but I do not want to put it under an independent auditor who is in fact independent of Parliament and everybody else. I support the amendment proposed by the minister. It is a realistic amendment which reflects the fact that the government has made no decisions as yet as to what will happen to the Auditor-General's Office and that this house will have the opportunity to debate the matter in due course. I recommend the amendment to the house.

Hon. T. C. THEOPHANOUS (Jika Jika) — Today will be a fairly sad day because the government has not been prepared to accept a motion which the opposition has carefully worked out. Point by point the motion asks the house to recognise that the Victorian Commission of Audit, the report of the review of the Auditor-General and other performance audits of the Auditor-General have all acknowledged that the current system of independent auditing has served Victoria well. I would have thought that was a simple statement of fact.

The second point simply seeks to acknowledge the validity of community concerns. Even if honourable members do not agree with the community concerns

I would have thought they would at least have to recognise that those concerns exist. The third part of the motion simply seeks to endorse a motion passed by the Australasian Council of Public Accounts Committees and seconded by Mr Forwood, which he did not make known during his contribution. I invite Mr Forwood to indicate by way of interjection that he supports the motion that was moved in Sydney. Does he support the motion he seconded in Sydney? Members can see by his silence that Mr Forwood will not answer the question even though it is a simple one.

Hon. Bill Forwood — You left the chamber when I was speaking. Read the *Hansard*! Read the *Hansard*!

The PRESIDENT — Order! You can make your point once but not four times.

Hon. T. C. THEOPHANOUS — This is a simple question, Mr President, and Mr Forwood is condemned by his silence in refusing to answer it. That is the third part of the opposition's motion. Finally, the fourth part of the opposition's motion ensures the:

... total independence and effectiveness of the Auditor-General ...

No government members have identified what particular part of that motion they take exception to. Government members have not had the courage to say why they disagree with the motion. They certainly have not had the courage to say, 'We're going to allow a vote on this motion and put on the record that we don't agree with it'. Instead, they try by some slimy and sleazy trick to move an amendment so that they will not have to vote on the original motion.

This is all about the fact that Mr Forwood does not want to be seen to be dividing on and voting against a motion he seconded in Sydney at the meeting of the Australasian Council of Public Accounts Committees. To try to avoid that, Mr Forwood has done a backflip and has arranged for the Minister for Finance to move an amendment that will avoid a division on the main motion. In a deceitful way the amendment proposes that the house:

acknowledges that the government has received the review report and is considering it in detail with the intent that any legislative changes be prepared for the spring parliamentary sittings.

That has already been considered and decided on by the Premier. A government press release states:

The government accepts the committee's view that all financial and performance audits should be tendered out over a staged period.

That is unequivocal! It states that the government accepts the committee's view and it is easy for simpletons like Mr Forwood to understand. The press release also states:

The public sector Audit Office will be separated from the Auditor-General's office and will compete for audit work with the private sector.

The Premier is making a statement that is either true or not true. If it is not true, let the Premier or a representative of his in this place say that the statements are incorrect. They are correct, and the proposed amendment of the Minister for Finance seeks to deceive the people of Victoria. The opposition has moved a further amendment because it wants it on the record that government members have voted against a proposal that the house:

does not support any changes to the role or function of the Auditor-General proposed by the Audit Act review which would compromise the Auditor-General's operational independence ...

The opposition wants government members to expose themselves by voting against an amendment that states that the house does not support changes that:

... would compromise the Auditor-General's operational independence, including his right to retain sole power to carry out or to designate another auditor to carry out financial and performance audits of all government agencies.

That is the wording of the motion Mr Forwood seconded in Sydney and that is the wording he will vote against in this house. He stands condemned, as does the government.

House divided on Mr Power's amendment (members in favour vote no):

Ayes, 30

Asher, Ms	Hall, Mr
Ashman, Mr	Hallam, Mr
Atkinson, Mr	Hartigan, Mr
Baxter, Mr	Knowles, Mr
Best, Mr (Teller)	Lucas, Mr

Bishop, Mr	Luckins, Mrs
Boardman, Mr	Powell, Mrs
Brideson, Mr	Ross, Dr
Cover, Mr	Smith, Mr
Craige, Mr	Smith, Ms
Davis, Mr D. McL.	Stoney, Mr
Davis, Mr P. R.	Strong, Mr (Teller)
de Fegely, Mr	Varty, Mrs
Forwood, Mr	Wells, Dr
Furletti, Mr	Wilding, Mrs

Noes, 7

Gould, Miss (Teller)	Power, Mr (Teller)
Hogg, Mrs	Pullen, Mr
Nardella, Mr	Theophanous, Mr
Nguyen, Mr	

Pairs

Birrell, Mr	Walpole, Mr
Bowden, Mr	McLean, Mrs
Katsambanis, Mr	Eren, Mr

Mr Power's amendment negated.

The PRESIDENT — Order! The question is that the amendment moved by the Minister for Finance be agreed to.

House divided on omission (members in favour vote no):

Ayes, 8

Gould, Miss	Nguyen, Mr
Hogg, Mrs (Teller)	Power, Mr
McLean, Mrs	Pullen, Mr
Nardella, Mr (Teller)	Theophanous, Mr

Noes, 31

Asher, Ms	Hall, Mr
Ashman, Mr	Hallam, Mr
Atkinson, Mr (Teller)	Hartigan, Mr
Baxter, Mr	Knowles, Mr
Best, Mr	Lucas, Mr
Birrell, Mr	Luckins, Mrs
Bishop, Mr	Powell, Mrs
Boardman, Mr	Ross, Dr
Brideson, Mr	Smith, Mr
Cover, Mr	Smith, Ms
Craige, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Varty, Mrs
de Fegely, Mr (Teller)	Wells, Dr
Forwood, Mr	Wilding, Mrs
Furletti, Mr	

Pairs

Eren, Mr
Walpole, Mr

Katsambanis, Mr
Bowden, Mr

Omission agreed to.

Insertion agreed to.

Amended motion agreed to.

QUESTIONS WITHOUT NOTICE

**Metropolitan Ambulance Service:
ministerial briefings**

Hon. M. M. GOULD (Doutta Galla) — My question is to the Minister for Health. In May 1996 did the minister have detailed information in briefings as to the seriousness of problems in the Metropolitan Ambulance Service which led him to decide to refer the matter to the Auditor-General and, if so, why did he not provide detailed information to the Premier of the serious problems in the MAS? If any advice was provided to the Premier, was it in a written form? If so, will the minister table it?

Hon. R. I. KNOWLES (Minister for Health) — I think there were four questions there and I shall try to address them. I have already told the house, as anyone who has cared to listen knows, that I personally became aware of issues involving the MAS through a briefing by the current executive officer of the ambulance service. I certainly conveyed verbally the concerns that were raised with me. They did not go to the extent that is covered by the Auditor-General's report, and it was more a concern about the result of the outsourcing of those contracts and concerns that it was difficult for the current CEO to understand why those decisions were made based on the information he still held about the MAS.

I conveyed that verbally to the Premier. I know the Labor Party is keen to portray the Premier's position as something that it is not. During recent days the Premier has been saying he was not aware of the depths of concern or the seriousness of the issues that were raised; nor was I in May last year. That has come about as a result of the Auditor-General's inquiry requested by me.

Healthstreams program

Hon. P. R. HALL (Gippsland) — Will the Minister for Health advise the house of the progress towards the implementation of the Healthstreams initiatives that will provide more appropriate health services to country Victoria?

Hon. R. I. KNOWLES (Minister for Health) — I thank Mr Hall for his question and for his keen interest in rural health matters. He is the chairman of the ministerial advisory committee on rural health. I have previously advised the house of the government's development of the Healthstreams program as a way of providing increased flexibility in the way rural health providers are able to meet the needs of their local communities. The government invited health providers to express an interest in becoming involved in pilot projects under the Healthstreams program. A significant number of expressions of interest were received and as a result of the assessment five services have been approved.

The Yarram and District Health Service is well known to Mr Hall and has operated in many respects as a health stream — even within the limitations of the existing funding streams. It was appropriate to formally bring the service into the Healthstreams program. The Port Fairy Hospital, the Beaufort and Skipton Health Service, the Tallangatta Hospital and the Mount Alexander Hospital at Castlemaine have developed detailed proposals. It is anticipated another 12 proposals will join the Healthstreams program in the near future. There are still further details to be worked out with those health providers as to how they will use the increased flexibility to better meet the needs of their local communities. I have no doubt these projects will be successful and I look forward to advising the house of the developments in the Healthstreams program.

Workcover Update

Hon. T. C. THEOPHANOUS (Jika Jika) — Is the Minister responsible for Workcover aware that the Victorian Workcover Authority has scrapped 200 000 copies of the April edition of *Workcover Update*, which included a notice to all employers about their obligations to notify of any dangerous occurrences or near misses where persons were exposed to health or safety issues and that a fine of \$40 000 applied for failure to notify? Will the minister advise the house whether he approved the scrapping or shredding of that issue of *Workcover Update* and will he confirm that the reason for

scrapping the publication was related to employers' concerns about the new regulations?

Hon. R. M. HALLAM (Minister for Finance) — I shall address the issues in the sequence they were put to me. No, I did not know about the alleged scrapping of the *Workcover Update* and therefore it follows that the answer to the second question — I am sorry, what was the second question?

Hon. T. C. Theophanous — Whether you approved it.

Hon. R. M. HALLAM — I did not know about it and so I did not approve it. What was the third question?

Hon. T. C. Theophanous — Obviously, you don't know the reason why it was scrapped, either!

Tourism: regional development plans

Hon. E. G. STONEY (Central Highlands) — Will the Minister for Tourism advise the house of the development of regional tourism plans in Victoria?

Hon. LOUISE ASHER (Minister for Tourism) — I thank Mr Stoney for his ongoing interest in regional tourism and in the tourism plans currently being developed in country Victoria. The regional tourism development plans are being compiled in 12 of 13 regions. This is one part of the government's three-part strategy in its push to secure more regional tourism. Firstly, the government released figures and a new regional survey last year which for the first time showed the economic benefits of tourism in country Victoria. The second part of the strategy was a regional campaign launched late last year involving television, cinemas and other advertising.

Hon. Pat Power — Did you know about it?

Hon. LOUISE ASHER — Yes. It advised people in Adelaide, Sydney and Brisbane about tourism in country Victoria. The third element of the government's push into country Victoria tourism was the development of regional plans, to which Mr Stoney referred. Campaign committees have been set up all over Victoria and extensive consultations have taken place in the industry. The purpose of the plans is to increase the professionalism of tourism planning and marketing and to enable the regions to identify gaps in tourism infrastructure, products or services. The total cost of the project is \$960 000. Within each region the

Community Support Fund is contributing \$60 000 to each plan and local contributions are topping that up by \$20 000.

Hon. D. A. Nardella — What did you give Gippsland West?

Hon. LOUISE ASHER — No, this was done well before the Gippsland West by-election. Indeed, all three elements of the regional tourism strategy were put in place last year. The key features of the regional plans will be regional and industry ownership. The plans will be launched individually by me throughout the year. This is one of the most exciting developments for regional tourism in country Victoria and I look forward to releasing further plans throughout the year.

Intergraph: performance

Hon. D. A. NARDELLA (Melbourne North) — The *Four Corners* program which went to air last Monday highlighted numerous technical difficulties with the Intergraph dispatch system, particularly relating to the system's software. Will the Minister for Health give an undertaking to rectify those problems and will he indicate how much it is likely to cost?

Hon. R. I. KNOWLES (Minister for Health) — I did not see the *Four Corners* program and so I am unable to —

Hon. T. C. Theophanous — You are not interested!

Hon. R. I. KNOWLES — Unlike Mr Theophanous I am out most nights at meetings. I advise Mr Nardella that the advice from the Metropolitan Ambulance Service is that the Intergraph system provides the best of the computer-aided dispatch services and is enabling the service to operate at its best level for a five-year period. Whatever claims were made they were made in a historical context and are not applicable today.

Melbourne Airport: freight

Hon. W. A. N. HARTIGAN (Geelong) — Will the Minister for Industry, Science and Technology inform the house of recent initiatives taken to improve the business success of Melbourne Airport?

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I am pleased to advise the house that a number of recent initiatives will

substantially improve Melbourne Airport as a freight destination, which is one of the key objects of the state government.

In particular, BOC Distribution Services — a world-wide company operating in 60 countries with an annual turnover of \$8 billion — intends to open Australia's first independent air cargo handling centre at Tullamarine. That is the initial phase of BOC's \$20 million investment program, and the government welcomes the fact it has chosen Melbourne Airport first.

An efficient air freight service is essential given that Melbourne is a hub for advanced manufacturing, particularly the quick freighting of perishable and manufactured goods and other commodities which must comply with strict delivery deadlines and which require the sort of facility available at Tullamarine. The investment will undoubtedly cement Melbourne's position as the airfreight capital of Australia.

It also dovetails neatly with the recent release of *A Guide for International Airfreight Users* prepared by the Victorian Airfreight Council, chaired by my parliamentary colleague Mr Hartigan. On behalf of all honourable members I thank Mr Hartigan for his contribution in ensuring this new advisory document is available to airfreight users in the industry.

The booklet provides valuable information for users on airfreight procedures and advice on selecting service providers. BOC will now become one of the newest major service providers. I am pleased that we will get a new service and that it will be accessed by those small and medium-size businesses that would not know the rules of the game in the absence of the new guide.

BOC's new cargo terminal is strategically located next to the airport apron and is forecast to handle more than 40 000 tonnes of cargo in its first year of operation. The site is fully secured with controlled access and has vacant land adjacent for future expansion. The government is in a good position to maximise Melbourne's reputation as the freight capital of Australia as it waits on the future development and privatisation of Tullamarine airport.

Employment: election promise

Hon. T. C. THEOPHANOUS (Jika Jika) — I direct my question to the Minister for Industry,

Science and Technology and I look forward to a comprehensive response, notwithstanding that he will not have the answer written down.

Given that the government has been forced to upwardly revise the state's unemployment forecasts from 8.25 per cent for 1996-97 to 9 per cent for 1997-98, given that 7500 jobs were lost throughout Victoria between November 1996 and February 1997, and given that four out of five regional areas of Victoria are suffering from double-digit unemployment, will the minister stand by his government's 1996 election promise to create 150 000 jobs by 2000?

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I am very tempted to give a single-word answer, but because he has given me the opportunity I shall provide Mr Theophanous with a longer answer. The bottom line is that employment is not just improving, it is radically better than it was under the former Labor government.

Hon. D. A. Nardella — That is a great improvement!

Hon. M. A. BIRRELL — Yes, the Kennett government is clawing its way back from the problems caused by the incompetence of previous federal and state Labor governments. When the Keating and Kirner governments were in power Victoria suffered from deteriorating employment prospects. The government knows its task is to recover from that position. It made a number of commitments to ensure it would achieve a certain target, and it stands by those commitments unequivocally.

More importantly, the government has a benchmark for our achievements. This year Victoria has hit the highest employment levels in its history. Under the Kennett government, it has never been higher. That comes off the back of the Kirner government, which gave Victoria record unemployment levels, and the Keating government, which gave us 'the recession we had to have'. Unequivocally employment levels have risen.

Hon. T. C. Theophanous — Will you stand by your commitment?

Hon. M. A. BIRRELL — Yes, I said the government stands by its commitments.

Hon. T. C. Theophanous — You will stand by that commitment. We want it on the record.

Hon. M. A. BIRRELL — It is on the record!

Honourable members interjecting.

The PRESIDENT — Order! The Leader of the Opposition is sorely tempting me. I ask him to desist.

Hon. M. A. BIRRELL — The government is delighted to have on the record, now or on any other occasion, the comparison between the sad record of the tawdry government Mr Theophanous was a member of and the successful record of the Kennett government, because on every measure employment has improved and unemployment has fallen.

Under the Kennett government 250 000 private jobs have been created. A statistic like that could not have been cited by the Kirner government because it corrupted the employment market. Employment was one of the issues voters had in mind when they voted at the 1992 election. When it came to social justice, you failed, and when it came to employment, you failed — and that is why you lost government.

Trucks: height limits

Hon. R. A. BEST (North Western) — Will the Minister for Roads and Ports inform the house of the recent state government initiative to improve the safety of vehicles carrying 2.9-metre high containers?

Hon. G. R. CRAIGE (Minister for Roads and Ports) — The state government has introduced a scheme that designates a temporary height limit of 4.6 metres for trucks carrying 2.9-metre high containers.

The government has reacted quickly to an accident that occurred recently. It has issued an information bulletin and placed a notice in the *Victorian Government Gazette* No. S38 of 11 April to allow trucks, but not B-doubles, to be loaded to a maximum height of 4.6 metres when carrying 2.9-metre high containers. The scheme will operate until 1 January 2000, after which transport operators will need to use low-profile vehicles that comply with the general height limit of 4.3 metres when carrying these containers.

Drivers of vehicles carrying 2.9-metre high containers will be required to measure and record the height of their loads, satisfactorily complete the training course for drivers of over-height vehicles;

and plan their routes to avoid low bridges, utilising Vicroads *Height Clearance on Roads* booklet. I am pleased to announce that Vicroads, the Victorian Road Transport Association and the Transport Workers Union —

Hon. Pat Power — A good organisation.

Hon. G. R. CRAIGE — Yes, it is; and it is led by a responsible union leader, Bill Newman. The three organisations have worked together to develop a comprehensive training program for drivers of over-height vehicles. Drivers who have met these training requirements will carry certificates or letters provided by the owners of the vehicles certifying that they have completed the training course and are authorised to drive the vehicles.

The Victorian Road Transport Association is supporting the mandatory requirement for these vehicles to carry measuring devices so they can measure the height of containers. This is an indication of the way in which the government is meeting the needs of an ever-changing industry — the road freight industry.

Road rage

Hon. PAT POWER (Jika Jika) — The Minister for Roads and Ports will be aware of further press reports of serious assaults following continuing incidents of road rage. *Hansard* shows that the minister has washed his hands of any responsibility for the increasing occurrence of this dangerous behaviour on our roads. Does the minister still hold the view that road rage is not his responsibility? When can the Victorian community expect an announcement from the minister on strategies to reduce this totally unacceptable behaviour?

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I thank the honourable member for his ongoing and genuine interest in this issue. As I have already indicated to this house on many previous occasions, the issue of so-called road rage is a phenomenon of Pat Power's wild imagination and the media. As I have already explained to the house many times, road rage is not a road safety issue; it is an issue of social behaviour in which people aggressively display their feelings towards other people.

Honourable members interjecting.

The PRESIDENT — Order! Mr Power asked his question in good faith and is expecting a response

from the minister; the minister is not helped by hand claps or interjections from members of the house.

Hon. G. R. CRAIGE — As I indicated to the house on the last occasion this matter was raised, the government has commissioned Elliot and Shanahan Research, a Sydney-based research consultancy, to investigate the matter and the programs that have been introduced internationally. If the honourable member wants me to go over it and name all the countries I named last time I will do so. All the programs have already been indicated. Clearly, the experience internationally, as shown by the information we already have — —

Opposition members interjecting.

Hon. G. R. CRAIGE — Sometimes people get Opposition Rage, don't they, Mr President? How can I try to answer a serious question asked by Mr Power with that sort of behaviour going on? I thought it was a serious question but judging by the amount of frivolity taking place on the opposition benches I do not know whether I was right. When the report and information is provided to me it will show that this state continues to lead Australia in road safety matters.

Workcover: workplace safety

Hon. N. B. LUCAS (Eumemmerring) — Will the Minister responsible for Workcover inform the house of the Victorian Workcover Authority's latest initiative to improve safety in the workplace?

Hon. R. M. HALLAM (Minister for Finance) — I take for granted the fact that each member of this chamber would regard workplace safety as an issue of extreme importance. The merger of the Victorian Workcover Authority and the Occupational Health and Safety Organisation has been a giant step forward in promoting workplace safety and in promoting the concept that through workplace safety the best possible outcome can be achieved — namely, the avoidance of the injury in the first place.

The Occupational Health and Safety (Incident Notification) Regulations came into effect earlier this month, and they require employers to notify the Victorian Workcover Authority of any fatal or serious accident in the workplace.

The thesis behind this initiative is to promptly identify whether preventative action is necessary, thus avoiding a further serious injury. Notification also gives the authority the information it needs to

prevent the recurrence of similar incidents in the industry and, most importantly, the opportunity to target prevention programs to reduce the incidence of death, injuries and illness in the workplace. It is not intended that all accidents be notified to the authority but that they be restricted to those resulting in death or serious injury or where a dangerous occurrence creates an immediate risk to the health and safety of workers.

A toll-free telephone number has been established and brochures have been made freely available explaining the new incident notification regulations. Workcover field staff are also in the process of visiting workplaces to explain the changes and the reporting procedures.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — I am absolutely genuine. I make the point that we are not looking for recrimination but the opportunity to avoid a repetition of the incident in the first place. This is another good example of this government's determination to get workplace safety further up the agenda. Again, I commend the work of the Victorian Workcover Authority.

QUESTIONS ON NOTICE

Answers

Hon. R. M. HALLAM (Minister for Finance) — I have an answer to question no. 193, which is in tabular form, and I seek leave to have it incorporated in *Hansard*.

The PRESIDENT — Leave is granted.

Hon. R. M. HALLAM (Minister for Finance) — I also have the answer to question no. 573.

Hon. T. C. THEOPHANOUS (Jika Jika) (*By leave*) — I note that the response provided by the minister to question no. 573 indicates that the information cannot be provided because of the amount of resources that would be required of the authority. This reason for not — —

The PRESIDENT — Order! What is the question?

Hon. T. C. THEOPHANOUS — The concern, not the question, is whether the minister would re-examine this, given that — —

Hon. G. R. CRAIGE — Read the question.

Hon. T. C. THEOPHANOUS — The question asks the Minister for Gaming what amount has been paid in travel allowances to the minister or the minister's predecessors and what are the details of each claim by the minister for travel allowances, including date, destination and purpose of travel.

I would not have thought that that is something beyond the resources of the department. I ask the minister to reconsider whether this information should be made available, because I do not accept this excuse about resources, given that the question involves two people — the minister and the minister's predecessor — and the details of their travel allowances. I would not have thought that would take many resources. I ask the minister to reconsider the answer.

INFERTILITY TREATMENT (AMENDMENT) BILL

Second reading

Debate resumed from 22 April; motion of Hon. R. I. KNOWLES (Minister for Health).

Hon. M. M. GOULD (Doutta Galla) — On behalf of the opposition my comment on the introduction of the Infertility Treatment (Amendment) Bill is: I told you so. The Infertility Treatment Bill that was before the house in 1995 excluded de facto couples from involvement in the IVF program and therefore the opposition opposed it. As a result of that legislation three people took action before the commonwealth Sex Discrimination Commissioner. Hearings were conducted on the alleged breaches of the commonwealth act by the Royal Women's Hospital and the Freemason's Hospital.

In the decision handed down on 5 March, the commissioner ordered that compensation of \$4500 be paid to one person and \$5000 to the second person. The third person, who was forced to cross the border into New South Wales to participate in the program, was awarded more than \$17 000.

When the decision was handed down the opposition called on the government to introduce amendments to remove the discriminatory clauses that excluded de facto couples from participation in the IVF program. I acknowledge that the government has done so in a short time and that is the purpose of the bill. The opposition welcomes the amendments which will allow de facto couples to participate in the IVF program.

The definition of 'de facto relationship' set out in clause 6 and based on the definition in other legislation is acceptable to the opposition:

... 'de facto relationship' means the relationship of a man and a woman who are living together as husband and wife on a genuine domestic basis, although not married ...

Definitions of 'husband', 'spouse' and 'wife' are included to ensure that there is no ambiguity about those terms. As I said, the opposition welcomes the change in eligibility and the subsequent changes that are set out to accommodate it.

The bill also repeals part 10 of the principal act, the Infertility Treatment Act, which provides for the establishment, operation and composition of the Standing Review and Advisory Committee on Infertility, commonly known as SRACI. The opposition has grave concerns about the scrapping of the committee. I note that the minister said in his second-reading speech that correspondence has been received from the chairperson of SRACI and the other committee that was established under the 1995 bill — that is, the Infertility Treatment Authority, the ITA.

My information is that the intention was that the two committees work as one, rather than abolishing one and maintaining the other. I understand the ITA is involved in the commercial or scientific activities of the IVF program. SRACI on the other hand has 14 members, who come from a wide range of areas, among them consumers. The membership of SRACI includes children born following involvement in the IVF program and I understand that amounts each year to some 1000 children. My understanding also is that the preference is that the two committees be incorporated into one body, rather than repealing SRACI and retaining the ITA.

Not long ago SRACI drew the attention of the minister and the community to the fact that the ITA was not maintaining the appropriate records of donors, children and gametes as is required by part 9 of the principal act. That information assists SRACI in its deliberations on issues that come up under the IVF program, including moral and ethical matters and those concerning consumers or doctors involved in the process.

All the members of SRACI are well experienced and eminent people. Nobody is questioning their ability to do their job. However, SRACI was a regulatory body that had the ability to accept advice from the minister or undertake investigations within its own

reference into all the effects of IVF in all its elements, whether scientific, medical or the psychological effects on participants in or recipients of the program.

The concern is that if the statutory body is repealed the government will appoint a council whose members will not have the regulatory functions set out in the principal act but will be appointed by the minister. I note that the minister said in his second-reading speech that the composition of SRACI, as currently set out in the bill, will be taken into account, but there is no guarantee that all those elements will be included in the composition of the new council. During the briefing we had yesterday the parliamentary secretary said that would be used as a basis. However, the body was able to take advice from and give advice to the minister.

Hon. R. I. Knowles — That is the existing SRACI. Under the bill which has been passed but which is not yet fully proclaimed, SRACI has a very narrow focus, not the broad focus of the existing SRACI. If the existing bill were proclaimed in full, the new SRACI would have a single role to approve research. Both the chairmen put to me that it would be unnecessary to have two authorities considering the issue of research, and that ought to be done by one body. Many of the points you are making are applicable to the existing SRACI, which, until the establishment of the ITA, had a very broad role. Once the 1995 bill is fully proclaimed, the new SRACI will have a very narrow role. I certainly accept the point you are making about the government receiving advice from a broad range of people. That is why we are establishing a ministerial council on infertility.

Hon. M. M. GOULD — I am grateful for that explanation from the minister. The comments I raised about SRACI came from a member of the current board. Those matters were raised with the opposition as recently as 3 hours ago. That is why I am raising them now.

Hon. R. I. Knowles — I will reiterate my points during the third-reading stage.

Hon. M. M. GOULD — I understand that the report of SRACI, which is scheduled to be tabled in 10 days time, will set out a number of recommendations. Given that the bill repeals SRACI, that report will not have gone through the full parliamentary process. One would hope that even if SRACI is repealed the minister will take on board and implement those recommendations. Part of the

ITA's responsibility is to pass on to SRACI information on the domiciliary list, children and so on. The opposition understands SRACI experienced continual difficulty obtaining that information from the ITA and that it was not as forthcoming as one would like.

Hon. R. I. Knowles interjected.

Hon. M. M. GOULD — That could be the case. That is one of the issues about the retention of SRACI — the providers are conscious they have a role. They do not want to be involved in any issues other than purely scientific ones. Researchers are more interested in scientific issues than in any ethical, community or psychological issues that may result from a new life coming into this world. As I said, close to a thousand children a year are born through this process and the issues that affect them are different from those affecting other children. Therefore, it is necessary to ensure that as those children grow older there is an organisation with the protection of legislation to look into those issues and report on them to the minister and the community as they arise.

SRACI has also done a great deal of work on the information which should be collected about IVF and the best ways of collecting it. As I said, the report to be released in 10 days outlines that. There are concerns that the ITA will not be competent. I am not saying its staff is incompetent, but the recommendations assume competence in this particular field. The minister has indicated he will adopt the recommendations, but how will they be implemented? There is a concern that the ITA does not have the necessary expertise and is not in a position to carry out the necessary tasks. Those tasks are very time consuming and include talking to the children, the successful participants in the programs and the ethical and psychological people with expertise in the field. The collection of meaningful information in this area is very difficult because it must be done on an individual, case-by-case basis.

Another example is the effectiveness of the treatment. Some questions have been asked about the fact that some people who have been strongly encouraged to go down the track of IVF have not experienced a success rate as high as others have. That is just the way it is at this time, but it is necessary to ensure that people are fully informed of that. A huge amount of counselling takes place prior to approval being given to participate in the program, but it is necessary to ensure that people are aware of the success rates of the program. Technical

information should be given about treatment cycles and the different methods of assisting couples to have children.

The question is whether the ITA is able to do that and whether the replacement council will cover that area. It must ensure that the providers of the program do not move ahead of community standards. Based on my reading of some of the debates, that is one of the biggest issues debated in this place. It is therefore important that the work of SRACI is maintained. As I said, the opposition is concerned that the bill repeals SRACI and has reservations about whether the ITA or even the replacement council will be able to pick up that work.

The ITA has a membership of about seven. There are insufficient consumers - consumers being the people who undergo the treatment or their children - on the ITA and I know difficulty has been experienced in organising the consumers into some sort of group. I call on the minister to assist in some way. All the individuals involved have just one common interest - the IVF program. It is important that they receive a small amount of assistance so they can organise themselves and have greater representation on the authority. Some difficulties were experienced when working out who would be the consumer representative on SRACI, and even though it is going out the door it is still important that the consumers be assisted in ensuring their concerns are reported to the minister in whatever form is available at the time.

The regulation of the IVF industry is difficult. Doctors like to promote it; they have their self-interest and they view it as a business. That is why I keep coming back to the need for SRACI because it is more concerned with the holistic approach than the business approach. The business approach sees IVF as a procedure, a scientific avenue, and takes no account of the human interest and all the other elements associated with it.

Concern has been expressed about information about donors and the keeping of the registers. It is necessary to ensure that the ITA does the job it is supposed to do and that the replacement council takes on its responsibilities in that regard.

As technology improves and more children are born as a result of the program some psychological problems are emerging similar to those experienced by adopted children. SRACI was very much involved in ensuring that people were aware of

those problems and took into account the psychological problems of those children and constantly monitored them. As the years go by those problems may or may not increase, but it is important to be aware of them. SRACI ensured that that was monitored on a regular basis.

One of the reasons for the scrapping of the committee is that there are overlapping functions. Another issue raised was whether committee decisions should be unanimous. Earlier I spoke with Mrs Hogg. She stated that when she was a minister she was not aware of any committee coming to a unanimous decision on anything. For people to imply that a good committee can only be one that unanimously agrees on every issue does send a good message to the community. That was what the representative of SRACI indicated and that is part of the reason for the change. The committee comprises 14 people from a wide range of backgrounds and one can never get unanimous support in such a group. It is not easy to do and would be like trying to get unanimous support on an issue in this house.

The opposition wholeheartedly supports the amendments in the bill that provide for de facto couples to enter the program; however, it has reservations about the repeal of part 10 of the principal act, which will abolish the Standing Review and Advisory Committee on Infertility.

The bill also changes the operative date of the principal act to provide that if the unproclaimed provisions of that act have not come into operation by 1 January next year they will come into operation on that day. Even if the department does not have the regulations in place we are guaranteed that by 1 January next year de facto couples will be able to participate in the program. The opposition hopes it will come into operation earlier. Other provisions in the bill refer to a staged process.

The opposition has reservations about the repeal of SRACI, but supports the amendments in relation to de facto couples and congratulates the government on moving so quickly on them.

Hon. R. J. H. WELLS (Eumemmerring) — It is with pleasure that I join in the debate on the bill. I had the honour of being elected to the Parliament of Victoria soon after the Infertility (Medical Procedures) Act was passed. Without in any way wishing to denigrate the importance of this proposed legislation because I believe every aspect of human reproduction is of the greatest importance, I am not surprised that the bill has been introduced

at this time. It is in some ways a bill that is designed to fine tune, firstly, administrative procedures relating to the area and, secondly, the difficult decisions members of Parliament are from time to time required to make on the principles which control the application of technology related to human reproduction.

There are broadly three areas of responsibility undertaken by Parliament in respect of human reproduction. The simplest is administration. From time to time governments of the day make changes in administrative arrangements. There is not and cannot be any degree of political ramification in those changes, they are simply changes that we human beings make to the best of our ability at the appropriate times, often against a background of changing information and in the atmosphere and environment of the day. The change involving part 10 of the principal act is not of any greatly controversial moment and is the result of serious consideration by the government and others.

The second area of responsibility concerns the technology used in human reproductive work. Some may be surprised when I say that the technology is not very complicated. It has evolved from a capacity developed over the past two decades to maintain bodily cells in tissue culture systems. That has now been applied to maintaining for short periods without further reproduction, in the allowed procedures at least, gamete cells — that is, reproductive cells — when they are removed from the body.

Although the technology is not complicated it has been necessary to proceed down the path step by step, as is always the case with scientific research, moving from one known point to the next unknown point becoming a known point and so on. One of the great breakthroughs in this area came in the laboratories of Professor Alan Trounson of Monash University. Because of Professor Trounson's work and that of his colleagues, Australia justifiably occupies a very special place in this area in the world at this time.

The third area of responsibility, which is also the second area of significant amendment in the bill, involves the question of the application of what in some ways is a momentous capacity to influence specifically human reproduction person by person. The move by the government to widen the class of people who might benefit from assisted reproductive technology is nothing more or less than that — that is, a recognition at this point, given the

attitudes of the day, it is desirable to widen that class of people.

The Infertility Treatment Act was passed a year or two ago and Parliament is now being asked to modify parts of it that deal with administration. The act created a second legal body in Victoria, the Infertility Treatment Authority, to administer those areas on behalf of the government of the day and the bill now removes the Standing Review and Advisory Committee on Infertility. SRACI has a narrower mandate than the initial Standing Review and Advisory Committee, which was established by the 1984 act. That has complicated administrative issues and caused delay, so SRACI is to be abolished.

I pay tribute to the members of Parliament — there are several in this chamber today — who participated in the development of the first bill and the passing of the 1984 act. Infertility treatment was an extremely difficult area to consider in 1984. It involved new, complex and challenging ideas, and apart from administration it also involved morals, idealism, anguish, suffering, love and all the rest of those deep mores of human life, which are so complex. I believe the subject demonstrates its importance because bills on it have been coming into this house at a regular rate since 1984. Nevertheless, the parent act has stood the test of time. It has done a good job and its efficiency is a tribute to the wisdom of the members of Parliament who created it.

The bill today repeals part 10 of the 1995 act and will in due course lead to the establishment of another organisation to replace the Standing Review and Advisory Committee on Infertility. The new organisation will be established in the near future and will be a broadly based ministerial advisory council into infertility issues. The wisdom of the government's move to establish another organisation is beyond question in broad terms because the previous two committees have acknowledged the difficulties they have faced since 1995 in discharging their responsibilities as overlapping organisations.

I pay tribute to Professor Waller and Mr Marks, QC, for leading those committees so well. I do not intend to canvass the sorts of matters the two chairmen raised about the difficulties created by the 1995 legislation. I simply say again that they did the state a service by pointing out that avoidable critical delays were being caused by that organisational overlap. The proposed attempt to improve the situation is therefore desirable.

The bill also attests to the fast rate of change in the development of knowledge we are seeing in this area. In the democratic world matters relating to human beings are always the most important and next to their health nothing is more important to individuals than the yearning to have children of their own. As a result that issue naturally attracts funding and encouragement and a consequent capacity for research. The scientists of Australia stand second to none in the world in their contributions to this area.

Perhaps this is a point at which I can again take up the matter of Professor Alan Trounson and his team at Monash University. Although they are not the only ones in Australia working in this field, it was the brilliance of Trounson in evolving techniques for maintaining the life of gamete cells outside the body which, when then applied to human beings, provided the great breakthrough. Honourable members may not be aware that that technology has brought to Victoria well in excess of \$100 million in recent years. However, Trounson is probably more famous outside Australia than in it, and his technology has spread throughout much of the world.

As mentioned by the Deputy Leader of the Opposition, the 1000 babes a year being born by this method attest to the wish of people to have children and to the capacity of the research to help bring that about. I recall a case I had not intended to mention of a woman I know who married recently and had an enormous desire to have a child. Although she had come from a happy family line of many children she found she was infertile. She was cautioned by her medical counsel that pregnancy was not normally to be expected at the first attempt with this technology and that it might take some time, if it occurred at all.

I have been close enough to the family to see the effect on it of this healthy, wonderful young woman becoming pregnant within weeks of entering the system. It is a miracle in the lives of those people. One needs only to see something like that to say that this sort of treatment is justified. That is one of the many cases in which Professor Trounson and other workers have been able to bring about a successful result.

Infertility treatment is a difficult area because research is always impinging not only on moral issues but also on the uniqueness of human beings. Is the human being just a clever animal or a special

person? It seems that if ever we let go the notion of the human as uniquely special, democracy will fail.

The bill provides for the widening of the class of persons who might use infertility treatment to include de facto couples in established relationships. It is not surprising it has taken a little while to reach this point. I am speaking only on my own behalf, but I have had the privilege of having four children who are all now adults and because of that I believe children need a family relationship. In that context the bill is correct in including de facto couples but not including other individuals for whom, although one might share their grief, one feels scientific technology is not something that can be pushed to any limit, particularly when there may be other solutions.

I turn to family and human stability. Parliament must, and I believe will, bear foremost in its mind that the technologies with which we are now empowered are so powerful and are moving so rapidly that it would be possible if we were enthusiasts not thinking carefully about where we were permitting our society to go to cause great harm to our human and societal condition, and in that way create longstanding problems.

Parliament and the government are right in attesting through legislation to the primacy of responsibility toward the child created in any human reproductive effort, whether natural or assisted. I will always consider that we should bear that in mind. Modern society has many problems, many of which relate to the upbringing of children. It is a difficult task to ensure that children reach adulthood as mature, balanced and capable human beings. Today I say to the people of Victoria through Parliament that they should not expect Parliament to rush in to adopting every possible technological procedure that comes along because some of them are dramatic and will be more difficult to embrace. We need to hasten slowly in these areas.

The bill aligns Parliament, the government and society broadly with the conditions that have been adopted in other Parliaments in Australia, and that is a good thing. It is important to realise that when it comes to human life there are no state boundaries in our democratic nation. When all Parliaments in the nation agree on the same issue it is highly likely, if not certain, that we have made the right decision.

I shall finish on a point that relates to one I made earlier about Parliament needing to progress slowly when approving new technology. In the 1984 act the

legislators wisely prohibited cloning, but that subject has come back into prominence in recent weeks and months. The first work done on cloning used gametes from mice and was later applied to higher mammals such as sheep. Recently biological scientists have demonstrated cloning in sheep using non-gamete cells to provide chromosomes for one half of the zygote. That is less dramatic technologically than it appears.

A few years ago when the methodology for producing an atomic bomb was published there was a similar concern that, if I can speak colloquially, every Tom, Dick and Harry might try to get in on the act. Although any postgraduate physicist can find the technology to build a nuclear bomb that has not happened, and the same situation applies to this technology. It is not complex, the literature is available and it has been established in mammals lower than human beings. Thousands of calves are born each year as a result of IVF technology.

It is appropriate to say that the democratic Parliaments of the world — Victoria leads the way in this regard — have said firmly that the sort of technology involved in cloning ought not be permitted for human beings. Although I can think of conditions of human disease where one might propose that it be adopted, this is one of the cases I referred to earlier when I said that Parliament must not rush into allowing use of the technology. I am sure it will not. There are areas of human infertility that we can validly support doing something about, but there are others in which we ought not to do anything.

It is appropriate to say to the media that it has made far too much about cloning and has caused far too much concern in the Victorian community. It should not continue down that road because it well knows that legislation forbids the use of the technology. The media should not be raising these matters in a strong way unless it has evidence to back up its case. It does not have that evidence.

I join with the Deputy Leader of the Opposition in commending the government for introducing the bill, which makes very desirable changes that will give the new ministerial council a chance to work. It is important that the new ministerial council should not be limited by statute as to what it may deal with because it will be charged with advising the minister on any area that is necessary. The change for *de facto* couples is something to be commended. It is with pleasure that I support the bill.

Hon. C. J. HOGG (Melbourne North) — It is with great pleasure that I participate once again in a debate on infertility legislation. I was a participant in the very first debate in 1984, which at that time was under the auspice of the Attorney-General of the day, the Honourable Jim Kennan.

The spur for the legislation was the extraordinary and dramatic case of the Rios embryos — it is always an extraordinary and dramatic case! The Rios couple had lost their lives tragically in an air crash, but had participated in an IVF program. Frozen embryos were held in Victoria and enormous legal and ethical questions resulted. As it happened, the Rios family were millionaires and so the tabloid press found more issues to write about than one could actually believe. A former Attorney-General, the Honourable Haddon Storey, gave a reference on the issue of reproductive technology to Professor Waller. In 1984 the legislation came to Parliament and the Waller report was widely read. Dr Wells was quite right when he said that Parliament broke new ground in the 1984 debate.

Hon. R. I. Knowles interjected.

Hon. C. J. HOGG — It is true, as the minister points out, that the then Attorney-General appeared on American television on a program called *Coast to Coast*. The legislation was the first of its kind in the world and for some time the then Attorney-General was known as coast-to-coast Kennan when interjections flowed across the chamber, and no doubt in other places, too!

Many other countries were facing similar problems because the technology was available for the IVF program or assisted reproduction. However, in other parts of the world decisions were made to leave most of the difficult issues to the ethics committees of hospitals. In Victoria we agonised about whether the legislative route was the right path, and I am sure the agony the Labor Party felt was mirrored in the conservative opposition of the day.

I remember a former Liberal member of Parliament, Walter Jona, saying how strongly he believed there should be some form of regulation. I can remember the women within the Labor Party meeting together in one of the little committee rooms downstairs to talk about the legislation. One woman said that we would never have a more important debate in all the time we sat in Parliament than the one that took place on Professor Waller's recommendations, even if we were in Parliament for many years or never lost our seats.

Although there was general agreement about the legislation, until today there has not been agreement about the admission of de facto couples into the program. When I read the debate of 23 November 1984, which is recorded at page 809 of *Hansard*, I found that I had acknowledged that at that time probably most Victorians would have agreed that it was preferable for couples in the program to be married. However, it was my view that couples who went through the preparation and counselling, who were judged to be suitable for admission to the program and who were found to be living in a bona fide domestic relationship should have no impediment to participation.

It is interesting to note that — I know the minister will remember this — that debate came hard on the heels of the adoption debate in which there was also a clause dealing with de facto couples, and yet again the parties held different opinions. I can remember, as would every member who was in the chamber that night, the real distress of the Honourable Peter Block, who spoke for the inclusion of de facto couples. Although the then government was not able to win that position, it was clear that across the parties there was beginning to be agreement about that matter. That was in 1984.

On 7 June 1995 another infertility treatment bill was debated in this place, and I found myself saying that that was a good bill in almost every respect. It was one I would have loved to have drafted as the responsible minister, yet it was still flawed by the government's inability to acknowledge de facto couples and de facto relationships. It is terrific to be able to acknowledge that almost every member of the Victorian Parliament is today saying yes to the validity of de facto relationships. Thirteen years on community attitudes have prevailed, but only after a lot of anguish and suffering because of Parliament's failure to make the correct decisions. This is welcome legislation, but it should have been in place a long time ago.

In reading the 1984 debate — there have been other debates since — I was reminded that the former Labor government made many attempts to include de facto relationships as normal marriage relationships. Australia was the first country in the world to take this pioneering legislative step for reproductive technology.

This bill contains amendments that correct the position of de facto couples and some other matters that we are not so certain about. Miss Gould has thoroughly expressed the opposition's concerns

about community representation and the advisory committee that will guide the process.

Over the coming decade, I am sure many more amendments will be made. Mr Deputy President, when you and I have left this place there will still be bills being introduced to amend the infertility procedures legislation. As Dr Wells said, developments in science and technology have outstripped the general community's ability to understand. In many ways they have gone beyond the imagination of the ordinary layperson.

This legislation produces ethical dilemmas for members of Parliament. We have to keep trying to balance competing issues. That is why amendments keep on being introduced, and it is why we sometimes agree with them and sometimes do not. It explains why 10 years down the track we may agree on the worth of a change and then 18 months later disagree on something else.

Of one thing I am absolutely certain: the community does not want Parliament to hurry the legislation. We should always take these huge questions slowly. That may sometimes be frustrating and galling for our scientists and for those who are hoping to benefit from the results of their work. Better to move slowly than to move so robustly that we cannot put things back together if they go wrong.

Over the past few months I am sure all honourable members have read stories in the newspapers about what I call clinical decisions in this area. I refer to the significant number of older women here and abroad — well into their 50s and 60s — who are having children through IVF. It was not thought that that would be a likely outcome of the original legislation. Although it has always been scientifically possible to produce results such as those, most of us did not expect they would happen.

When we debate this legislation we sometimes hark back to some of the things we said during the adoption debate. We said the interests of the child were paramount and should be at the centre of our social policy. However, when we talk about infertility we usually talk about one partner or both and do not necessarily think so much of the child. The interests of the child must be at the centre of things. Although we can imagine the desperation of a woman in late middle age who has not been able to have a child through the miracle of science, many people would still want to think cautiously about some of these things.

INFERTILITY TREATMENT (AMENDMENT) BILL

Wednesday, 30 April 1997

COUNCIL

549

Science can do many marvellous things, but we have to live with the results in a very human world. It is hard to know whether the interests of the child are served when his parents are 63 and 65 and do not have long lifespans ahead of them. People may think that is judgmental, and perhaps it is. I suppose the average human lifespan may increase to such an extent that the concern becomes irrelevant. However, when I read those stories in the newspapers I become worried where society is going. Just because science can move in that direction, we do not have to follow where science is able to go — and the example Dr Wells gave about nuclear material is germane to the issue.

The other thing the legislation does not mention is that despite the miracles science and technology can bring about, as Miss Gould said, in-vitro fertilisation does not work for many couples. People must try to understand and come to terms with infertility and some of the health questions that exacerbate or cause it in the first place. We are learning more about that every day. One of the good byproducts of the 1994 debate has been a broader discussion about infertility.

Male infertility was a taboo subject when I was a young woman, but now it is talked about more and more. The stigma of infertility for the male partner — and it existed to quite some degree — was such that the female partner would never talk about it. There is now a much greater understanding of and frankness about that issue, which is terrific.

Along with the important ethical questions we discuss when debating important amendments to the infertility legislation, we should acknowledge that infertility will always be a problem and that science and technology will not produce miracles. Anything Parliament can do to educate people to help them come to terms with infertility will be as important as anything else it does with the legislation, which continues to be pioneering.

Members of the opposition are delighted that de factos are now included in the equation, but we wonder what the next amendments to the legislation will mean to society. It is almost certain that more amendments will be introduced before we expect them to be because the legislation deals with issues that are at the edge of science, the edge of reproductive technology and the edge of our ethical concerns. It is among the most interesting legislation debated in this chamber, and I am delighted to support it.

Motion agreed to.

Read second time.

Third reading

Hon. R. I. KNOWLES (Minister for Health) — By leave, I move:

That this bill be now read a third time.

In doing so, I thank the three members who have spoken on the bill: the Deputy Leader of the Opposition, Dr Wells and Mrs Hogg. All three have supported in-vitro fertilisation being extended to de facto couples, as spelled out in the second-reading speech. I do not pretend the change has been warmly embraced by all members of the government. As members have witnessed during debates on this issue since 1994, which Mrs Hogg referred to, there have been differing views within the government. Right from the start some government members have argued quite strongly for de facto couples to be included and, equally, many have passionately argued against it on the basis that the best interests of a child are served by people who have made a legal commitment to each other. However, society has moved on and many relationships now do not entail a legally binding commitment. As Mrs Hogg said, however, the focus from the beginning has been that the legislation be framed in a way to maximise the interests of any child born as a result of in-vitro fertilisation. The government's view is that this amendment is now appropriate and it is therefore included.

I respond to the concern raised by Miss Gould about the abolition of the Standing Review and Advisory Committee on Infertility. Some of the concerns she expressed about the way the 1995 bill envisaged a new SRACI are unfounded. I and many government members wholeheartedly support SRACI as a very important vehicle for reflecting the wide-ranging interests held within the community which are often in conflict and for providing a mechanism to focus on various arguments and provide advice to the government.

Until 1995 in-vitro fertilisation was essentially managed by the department, with the minister being advised by SRACI. The 1995 legislation looked at taking the management and monitoring of in-vitro fertilisation out of the department and putting it under an independent authority. At that stage it was intended to constitute a new SRACI, which would be an independent authority but which would have

a single role — that is to monitor and advise the minister on applications for research.

Since becoming the Minister for Health I have had a number of discussions with both Professor Waller and the Honourable Ken Marks, QC, the current Chairman of SRACI. As the 1995 legislation was to be fully proclaimed and implemented it became clear that, firstly, there was potential for conflict between the two authorities and, secondly, that the new SRACI had a fairly narrow role. As a result of those discussions, both chairs put to me that they thought the roles should be combined into a single authority.

As Miss Gould said, there are many matters relating to infertility issues generally about which the government should have a vehicle for receiving advice. That vehicle should represent a broad range of views, interests, skills and expertise. That is why the government has taken the decision to establish a ministerial council on fertility. In one sense the 1995 legislation did not have a vehicle for that advice to the government because the role of SRACI was to be limited. I assure the house that this change will not deny the government or the broad community access to advice on the very significant and difficult issues relating to fertility.

One of the reasons I allowed the existing SRACI to continue to operate, even though the ITA has been established and is in place, was to complete the work it set out to do last year, which was to try to obtain some more definitive information from providers to enable the public to understand some of the important issues, such as the success rates of various providers and a range of relevant information. On the one hand SRACI is concerned that a few providers think some of the information requested is excessive and costly while on the other hand it is concerned that some providers were not readily provided with information. These changes have nothing to do with those issues.

The existing SRACI will continue so it can complete the 1996 annual report, which I am advised will include statistical information. It hopes the work that has been established will be followed up by the Infertility Treatment Authority, but that is a matter for the authority. There may be some further developments at a national level because a peer review organisation at the national level covers IVF providers around Australia. From time to time there is public debate about commonwealth funding for access to IVF programs.

I do not want to flag the situation of whether it would be appropriate for a national review of IVF programs rather than reviews on an individual state basis. However, I find it a bit hard to mount an argument for different rules in different states. That could lead to unusual arrangements where providers could establish services across state borders in order to operate under the rules of another jurisdiction rather than under the jurisdiction of where both the provider and the couple reside. That is a debate for another occasion, and I suspect a lot of water will go under the bridge before that occurs.

The government believes there are two major issues: ensuring the role envisaged by the 1995 SRACI is embraced by the Infertility Treatment Authority, and allowing de facto couples in stable relationships access to IVF programs. The extension of the automatic proclamation date is a practical issue. The development of the regulations in this area is quite complex, particularly now that the role of the authority has been extended and will not enable it to meet the 30 June deadline this year.

That has been extended to 30 June next, but it is envisaged that the 1995 act will be fully proclaimed prior to that. It is simply pushing the date back so it is done in a sensible, planned way. I thank honourable members for their support of the bill.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

HIRE-PURCHASE (AMENDMENT) BILL

Second reading

Debate resumed from 24 April; motion of Hon. LOUISE ASHER (Minister for Small Business).

Hon. D. A. NARDELLA (Melbourne North) — The opposition does not oppose the bill, which makes minor amendments to the Hire-Purchase Act. The amendments allow businesses conducting hire-purchase agreements to pass on to customers the rental business duty. Hire-purchase is seen as another form of commercial hiring or leasing. An anomaly in the current legislation does not allow certain businesses to pass on to their customers the rental business duty. The rental business duty is

applied through section 313A(c) of the Stamps Act, which provides that a certain percentage of the rental business's earnings are paid to the Comptroller of Stamps.

The legislation passed last year reduced the rental business duty tax from 1.5 per cent to 0.75 per cent. It is now the case that some hire-purchase businesses have not been able to pass the duty on to their clients. Last year's legislation amended the Stamps Act, and no other forms of leasing and mortgaging had problems with regard to the payment of the rental business duty. The rental business duty does not affect ordinary people and families or small businesses or farmers unless the hire-purchase arrangement is more than \$35 000. The limit for a commercial transaction is \$80 000. The duty was always intended to be paid when it became due, not in advance.

Clause 6 details transitional arrangements for this measure where the hirer is obliged to reimburse the owner for any rental business incurred after 1 May 1997. The amendments have the support of the Australian Finance Conference which represents more than 90 per cent of businesses undertaking commercial leasing arrangements. I reiterate that the opposition does not oppose the bill.

Hon. C. A. FURLETTI (Templestowe) — I appreciate the opportunity of contributing to the debate on the Hire-Purchase (Amendment) Bill. Those involved in any way, shape or form in commerce in this state would appreciate that the lifeblood of any business is funding, whether it be in the form of loan or equity.

Hire purchase, a system of loan raising established approximately 20 to 30 years ago, constituted an owner of goods selling those goods to a hirer for an ongoing payment on the basis that at the end of the payment of an agreed sum, which more often than not included interest, property in the goods would pass to the hirer. It substituted for the former terms contract in the sense that under a terms contract possession of the goods was passed at the time of the making of a contract but in that instance the owner of the goods was able to retain title to the goods which constituted security, while remaining in a position to dispose of and effectively sell those goods with payment over time. It is an old and tried system of raising money for a business or at least raising the benefits of loans in the form of chattels.

With the passage of time more sophisticated means of funding have arisen. The most common

nowadays is the leasing of chattels, motor vehicles and the like — anything indeed — which is very similar to but slightly different in legal terms from hire purchase. A system of chattel mortgage also exists. There is also equity participation, and in the case of corporations their acquisitions can be funded by utilising their whole undertaking as security in most cases through the use of debenture charges.

At the core of hire purchase and similar types of arrangements is always the issue of security and the ability of the person providing the funds or chattels to be able to secure repayment of what is in real terms a loan. As Mr Nardella has pointed out, last year the Stamps Act was amended by a reduction of rental business duty with the intention that that duty would be payable at the time of contract. There was a threshold on the types of businesses affected, but usually that threshold is \$80 000. The change was effective from 1 January 1997.

The anomaly that has arisen is that because the duty on hire purchase transactions is payable in advance it is almost impossible to determine what amount of duty is attributable to a particular contract or indeed whether the duty will be payable at all. Clearly if the threshold is not met then no duty is payable. The anomaly was complicated in terms of early repayment of any hire purchase contract for which duty was attributable and the refund which should be made in those circumstances. It is in the interests of the government to have certainty in business dealings in the state and to have a level playing field in terms of having all rental businesses of this nature subject to the same types of fiscal obligation. The government has therefore introduced this bill, which provides that hirers will have to reimburse the rental business duty paid by an owner subject to the prerequisite condition that the contract with the owner provide that the hirer is liable to pay or make that reimbursement.

The bill also provides for the amendment of the first schedule of the Hire-Purchase Act 1959 by including in the precontractual information statement, which is currently an obligation on the owner, a notice of any obligation to reimburse the owner for rental or business duty. In other words, a hirer goes into an arrangement of this nature fully aware of the fact that he or she is obliged to reimburse the rental business duty to the owner.

It is clear that the popularity of hire-purchase agreements is declining due to the numerous other options available, some of which I have indicated. In fact, in December 1996 a report from the Scrutiny of

Acts and Regulations Committee recommended the repeal of the Hire-Purchase Act and suggested a review of legislation covering the area.

Mrs Luckins will address the issues in more detail because she is a member of the committee that made considerable and substantial contributions to those recommendations.

Hon. D. A. Nardella interjected.

Hon. C. A. FURLETTI — I acknowledge the contribution of Mr Nardella. The passage of this bill will give almost immediate relief to those in financial institutions and individuals who are involved in the hire-purchase industry. I support the bill and urge all honourable members to do likewise.

Hon. M. T. LUCKINS (Waverley) — The provisions of the Higher Purchase (Amendment) Bill will affect all Victorian businesses that receive income from the renting or hiring of goods. The act does not cover rental or hire of money or livestock, only physical items such as television sets, household goods, computers and plant and equipment. Under the Stamps Act Victorian rental business duty is payable to the State Revenue Office by operators who derive an income in excess of \$6000 in any calendar month from the rental and hiring of goods.

The bill is good news for the business operators because it reduces the amount of rental business duty payable by half, from 1.5 per cent to 0.75 per cent of the value of the rental business, and permits the passing on to customers of the duty. The bill formalises the amendment made last year to the Stamps Act, and the reduced duty came into operation on 1 January this year.

Any rental agreements entered into prior to 1 January will incur duty at the previous level of 1.5 per cent. However, if a person signed a hire-purchase agreement after 1 January, and it extends past 1 May, when the duty is to be paid by the business operator, the hirer will be liable to pay the cost of the duty incurred by the hire-purchase agreement provider. Some exemptions apply. For example, if the hirer is not a company, if the credit provided is less than \$35 000 and is extended on goods for personal, domestic or household use, or if the agreement is for the purchase of commercial vehicles or farming machinery specified in the Credit Act.

As is noted in the second-reading speech, the Redundant Legislation Subcommittee of the Scrutiny of Acts and Regulations Committee, which I am honoured to chair, reported to Parliament in December 1996 after conducting a review of the Hire-Purchase Act.

The principle act is one of the first examples of national scheme legislation. All states agreed on a consistent law for hire-purchase agreements that were quickly growing in popularity. It was recognised at the time that consumers needed protection from unscrupulous operators. The use of hire-purchase as a form of finance has declined in popularity markedly since the 1960s. The advent since then of the Credit Act, the Consumer Credit Code, the Fair Trading Act and the amendment of the Goods Act have made it evident that the Hire-Purchase Act is no longer relevant on its face value.

The Redundant Legislation Subcommittee of the Scrutiny of Acts and Regulations Committee has a reference to review acts of Parliament that are unnecessary or redundant, unclear or ambiguous and to recommend their redrafting or repeal. As chairman of the committee, I invited comments from the public and interested parties on whether the Hire-Purchase Act should be repealed, whether certain protection afforded consumers under the act should be preserved and moved to another act, to identify whether certain protection should be available to specific groups of people covering specific transactions only available under the act which would require statutory regulation, and to suggest how to best preserve those rights and protections.

The committee received 38 responses from interested parties, including credit providers, the Insurance Council of Australia, the Consumer Credit Service, the Victorian Employers Chamber of Commerce and Industry and the Victorian Farmers Federation, as well as from many experts in the field of consumer affairs and finance. The review identified that in the main the act now almost solely applies to business transactions and is no longer relevant to the consumer transactions that the provisions were first put in place to regulate, such as the purchase of refrigerators and similar items. The committee found the act to be rigid, over prescriptive and inappropriate as a means of regulating business finance.

The act caps interest rates at 8 per cent, which is inconsistent with modern financial practice, not to

mention unattractive to hire-purchase providers. Certainly during the 1980s hire-purchase was not the most popular form of finance offered by financial providers because of the prevailing higher interest rates. The committee was alarmed to hear in evidence that the rigidity of the act was resulting in a substantial loss of business for Victoria, as larger transactions by national companies were undertaken interstate to avoid the act's provisions.

The committee identified two areas in which repeal of the Hire-Purchase Act would result in a loss of protection for consumers. The statutory right to reopen harsh or unconscionable contracts relating to business transactions would be lost, but the committee was of the view that the development of equitable principles of unconscionability in the *Amadio* case covered the area.

More importantly, section 25 of the act also provides protection by way of a 12-month moratorium on the repossession of farming goods under hire-purchase agreements. The purpose of the section is to enable farmers to retain possession of goods such as tractors, harvesters and other equipment needed to work a farm to afford them the opportunity to trade out of financial difficulty. The committee investigated how that problem was overcome interstate and ascertained that although other jurisdictions addressed the need for protection for farmers, none was acceptable as a model for adoption in Victoria.

The committee was concerned that retaining strict regulation over hire-purchase agreements, a diminishing area of finance provision, while allowing other financial transactions such as leases and chattel mortgages to remain unregulated, was inconsistent. In December last year, the committee recommended that the Hire-Purchase Act be repealed and that the ministers for Fair Trading, Agriculture and Resources, and Small Business consider as a question of policy the development of new legislation to address the requirements of the rural sector in regard to commercial finance as part of a model for a national code relating to protection for the business-farming sector and that they consider referring the recommendations to the relevant ministerial council for the development of national uniform legislation.

I am pleased to report to the house that the recommendations are currently being considered by the ministers. In the meantime, while the Hire-Purchase Act remains on the statute book the amendments we are considering will ensure that a

level playing field exists in all areas of finance. The amendment halves the rental business duty and is welcomed by the industry. I understand it was first proposed by the Australian Finance Conference. I thank the AFC for its initiative. I am pleased to hear that the opposition also supports the amendment. I commend the bill to the house.

Motion agreed to.

Read second time.

Third reading

Hon. LOUISE ASHER (Minister for Small Business) — By leave, I move:

That this bill be now read a third time.

I thank Mr Nardella and members of the opposition for their support for the bill. I also congratulate Mr Furletti and Mrs Luckins on their well-thought-out contributions to this debate.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

ELECTRICITY INDUSTRY (LOY YANG B) BILL

Second reading

Debate resumed from 29 April; motion of Hon. R. M. HALLAM (Minister for Finance).

Hon. D. McL. DAVIS (East Yarra) — I support the bill wholeheartedly. It is another step in the government's important electricity privatisation program. The bill contains a number of provisions that will facilitate the sale of the Loy Yang B power station. It amends the Electricity Industry Act, the State Electricity Commission Act and the Loy Yang B Act.

In 1992 part of the partly constructed Loy Yang B power station was sold by the former SECV to Edison Mission Energy. It was a decision of the Honourable David White, a former Labor minister, which was driven by a lack of financial resources in the state at the time, and the inability to complete the power station. The state of Victoria also agreed

to support the Loy Yang B project in a number of ways. There was an agreement to purchase power generated by the station for 33 years, agreements to supply coal and infrastructure services for the same period and an agreement to complete its construction.

Until now Loy Yang B has been largely insulated from the reforms of the electricity industry of Victoria, which lead the world in this area. Those reforms have set the pace, and later I shall discuss some of the reforms that are occurring in the USA and elsewhere. The 1992 agreements have proved to be extremely unprofitable for the SECV and in fact have been a millstone around the necks of all Victorians. It was a bad deal. It was so bad that we are paying three times the price we should be paying for the power.

Hon. D. A. Nardella — So bad that the opposition at the time agreed with it.

Hon. D. McL. DAVIS — The current government was in a spot when it came to power. It had to accept that the deal was very close to completion and was caught out with it. The proposed revision of arrangements will involve the sale of the state's remaining 49 per cent interest in Loy Yang B to Mission Energy and the cancellation of the existing power purchase agreement.

The government will enter into a new and far more suitable agreement for the people of Victoria, under which the state support arrangements will be terminated and many of the residual risks of the former SECV, including the risk associated with construction defects, will be passed on to Mission Energy. This is an important change because the government needs to avoid exposure to serious open-ended risks of that type.

The revised arrangements will allow the state to complete the reform of Victoria's electricity generation sector and will allow Loy Yang B to more fully participate in the enhanced competition and electricity market that has been created. Losses incurred by the former SECV under the Loy Yang B power purchase agreement will be brought to an end and the losses it incurred under the aluminium smelter power supply arrangements will be substantially reduced. Those power supply arrangements were entered into by the previous government.

Hon. D. A. Nardella — Do you know why they were entered into?

Hon. D. McL. DAVIS — I think the problem was with the form of the contract. It was tied to things the government could not control.

Hon. D. A. Nardella — It wasn't actually to get the aluminium smelter on line, was it?

Hon. D. McL. DAVIS — It was claimed to be. The price was far too high in any case and the risks were borne by the SECV, so the government faced the problem of being exposed to long-term market fluctuation risks. I do not believe that state governments should expose themselves to those sorts of risks.

Hon. D. A. Nardella — Are you saying the aluminium smelter at Portland should not have been built?

Hon. D. McL. DAVIS — No, I am not saying that; I am saying the form of the contract was the problem and the exposure to risks was unacceptable. The deal the previous government did was the problem, not the smelter. The smelter is an important industry.

The bill amends the Electricity Industry Act to allow for the allocation from the SECV to other entities of property rights and liabilities relating to Loy Yang B, including the Loy Yang mine, which will be allocated to Loy Yang A, and the SECV Loy Yang B trader vesting contracts, which in turn will be allocated to Edison Mission Energy.

The bill provides that the Governor in Council may by order published in the *Government Gazette* regulate in such manner as the Governor in Council sees fit the prices payable by persons purchasing electricity from the wholesale electricity market for the purpose of reducing the price the SECV pays for the power to be supplied to the aluminium smelters.

As I mentioned, a number of changes are occurring around the world and the United States of America is an interesting case in point. A range of changes are occurring there and state governments in the USA are leading the charge. I direct the attention of the house to an article which was published in *Business Week* in December 1996 and which considers a number of changes in California and looks at charges by the Pacific Gas and Electric Company. The article mentions regions in various parts of California and states that according to Bright Line Energy, a consulting firm in that state, the average sales price in one particular area was a little more than 10 cents per kilowatt hour, whereas across the

border in Oregon, the Portland General Corporation charged barely half that, or about 5.5 cents per kilowatt hour. One customer is quoted as saying:

They try to give us explanations for that, and it's very difficult to understand.

As prices begin to fall in Victoria, important community results will be achieved because the right types of markets will apply and there will be the right types of fits between different suppliers and different independent users. It is interesting to note that some of the changes that have been introduced here are a return to an earlier way of organising electricity and utility distribution generally.

I again direct the attention of the house to an interesting article that appeared in the *IPA Review* late last year. The article looks at the history of the utilities in Victoria and Australia. It is written by Jeffry Babb and Richard Harrison. One of the authors is a writer and the other is a research analyst at IBIS Business Information. They make the point that last century and early this century, with the exception of water, many of our utilities that in recent times have been in public hands were privately owned and operated and delivered in an effective style. The article states:

In electricity, too, private enterprise supplied Victorians' energy needs. Supply started in the 1880s with the Melbourne Electric Supply Company which commenced in 1899. Suburban and provincial companies also delivered power, operating in parallel with some municipal electricity undertakings. The establishment of the State Electricity Commission (SEC) in 1919 heralded the end of private electricity in Victoria. In 1922, the SEC took over the electricity business of the North Melbourne Electric Tramways and Lighting Company. In 1930, it took over the Melbourne Electric Supply Company's undertaking. With the acquisition of the Electricity Supply Company of Victoria's business in 1931, the SEC and local councils wholly controlled the state's electricity supply industry.

Hon. D. A. Nardella — What does that mean?

Hon. D. McL. DAVIS — It means there has been an esteemed and successful history of electricity supply in Victoria.

An article published in the *National Journal* of late last year also states that in the United States of America:

Dozens of other states are reviewing proposals to inject a dose of competition into their electricity monopoly system.

I note it is not just Victoria and Australia that are looking at competition. The article continues:

More and more states are going to electricity competition because they're competing among themselves for a bigger share of the economic pie.

Hon. D. A. Nardella — Is that in the USA?

Hon. D. McL. DAVIS — Yes, it is. I am making the point that it is certainly not in Victoria alone that we are beginning to see these changes. I should also say the sale price of the Loy Yang A power deal was an extraordinary \$4.76 billion. That is far and away above what anyone would have imagined would have been achieved for that asset. That is close to completing the generation side of it and moving into private ownership. The next step is to bring the full market forces to bear in a number of these areas. It is important because it will give the Victorian industry a significant competitive edge.

Hon. D. A. Nardella — You wish!

Hon. D. McL. DAVIS — Indeed, it will, and there is evidence of that. I commend the bill to the house.

Hon. T. C. THEOPHANOUS (Jika Jika) — I begin by expressing the concern of the opposition about the way the bill has been brought before the house. The bill was read a second time yesterday and the opposition was told that it would be dealt with today regardless of whether the opposition was ready, whether briefings had been provided and whether the opposition had had the opportunity to consult with its constituents. It is another indication of the way the government treats this house with absolute contempt and as though it is nothing more than a rubber stamp. On that basis I move:

That all the words after 'That' be omitted with the view of inserting in place thereof 'this house refuses to read this bill a second time until the government provides a proper briefing with adequate notice to the opposition and allows adequate time for the opposition to consult on the ramifications of the bill and prepare a response.'

Before Mr David Davis leaves the chamber —

Hon. D. McL. Davis — I am only talking to the whip.

Hon. T. C. THEOPHANOUS — I want to address some of the issues he raised in his speech. Before I do that, however, I understand that the bill is to be dealt with today because of some contractual obligations with Mission Energy that must be in place by 1 May. That does not give the government an excuse for bringing this bill into the chamber and not allowing adequate time for the opposition to examine its full ramifications and to be able to respond after consultation. The government was well aware of the time lines when it prepared the contracts for the sale of the remaining share of Loy Yang B.

I contrast the way the government is treating the opposition with the way the former Labor government treated the current Minister for Finance when legislation on Loy Yang B was being dealt with. Not only did the former Labor government give extensive briefings about the contract with Mission Energy but it paid \$15 000 for consultants to brief the then opposition so it would be fully satisfied about the nature of the sale.

The government has come into this chamber and is trying to ram through this bill without allowing proper scrutiny. What makes the matter worse is that when the measure was introduced in another place a whole raft of amendments were made to it which significantly altered it.

As the lead speaker for the opposition I was given a document earlier today headed 'Briefing note for the Treasurer'. I presume I was supposed to prepare for the debate and study the many amendments that were moved in another place between the debate on notice of motion no. 3 and question time.

Hon. K. M. Smith — Get on with the debate.

Hon. T. C. THEOPHANOUS — A reasoned amendment has been moved. Parliament is being asked to ratify a substantial bill that involves significant amounts of money changing hands even though the opposition has not been given either a reasonable briefing or the time to consider whether or not to support it.

I take issue with Mr David Davis, the previous speaker, who tried to argue that somehow the former State Electricity Commission could be compared with the private organisations that preceded it. Mr Strong knows more about the industry than Mr Davis. He knows the truth, which, as most honourable members also know, is that prior to the establishment of the SECV the electricity

industry was a hotch-potch of private firms with small generating capacities — and often with monopolies in country Victoria.

Hon. C. A. Strong — This was in the 1930s.

Hon. T. C. THEOPHANOUS — That is what Mr David Davis was talking about. The SECV did a phenomenal job when it took over responsibility for producing electricity throughout the state. It did not take too many years before 98 per cent of Victorians had access to electricity. Its success was not replicated anywhere else in the world. More importantly, and this is the bottom line, in virtually every country town in which a private organisation had been providing electricity, the price dropped significantly — in some cases, by 80 per cent. Mr Strong nods his head in agreement because he knows what occurred. Mr David Davis ought to think more carefully about the history of the industry before he tries to dress up his arguments as some sort of revelation.

The other example he gave concerning the United States of America was also flawed. Private sector cooperatives produced electricity throughout the United States, although they concentrated their supplies in high population areas. By the start of the Second World War about 30 per cent of the United States was not supplied with electricity. President Franklin Roosevelt introduced a program to allow cooperatives distributing electricity to be producers as well. He gave those cooperatives significant tax breaks — in other words, they were funded by the taxpayers. Only then did the supply of electricity become accessible throughout the whole country.

I do not mind Mr David Davis talking about the history of the industry, but he should also talk about the reality. If the argument is that we had an integrated industry but now we are changing to something else, it should be put that way. It should not be made out to be something different.

I ask for the indulgence of the house in reading my notes on the bill, particularly those on the Treasurer's amendments. In its original form the bill will facilitate the sale of the remaining share of the Loy Yang B power station to give Edison Mission Energy 100 per cent ownership. I understand the amendments do not significantly change that original purpose. The principle features of the bill are that it authorises the Treasurer to enter arrangements to sell the remaining share of Loy Yang B, and it makes provisions for the allocation of

all property rights and liabilities of the SECV relating to Loy Yang B at a date to be fixed. Presumably that is 1 May. Loy Yang A will acquire the land associated with the Loy Yang mine from the SECV and have full responsibility for supplying coal and infrastructure services to Loy Yang B.

The Loy Yang B take-or-pay supply contract will be terminated, and a Loy Yang A agreement will be entered into with the establishment of a direct supplier and customer relationship. All documents relating to the sale of Loy Yang B will be exempted from freedom of information regulation. I am not sure what it means when it says that the take-or-pay supply contract with the SECV will be terminated. I understand from press reports that although the take-or-pay contract has been terminated, it has been replaced by another contract which guarantees a certain price for electrical transmission.

Mr Strong, who I am sure has been consulted on these issues, may enlighten us about whether that is the case. However, at this stage my understanding is that although the original take-or-pay contract has been terminated, it has been replaced by another contract which will still have the effect of guaranteeing a certain amount of electricity on a take-or-pay basis — or at least a price for the electricity coming out of Loy Yang B. Since I have not received a full briefing, I look forward to Mr Strong or Mr Hartigan briefing Parliament.

The sale of the remaining share of Loy Yang B represents another step in the privatisation of electricity. It is difficult to make a judgment about whether it is a good or bad deal. At face value the sale price seems to be fairly low, but the deal has the take-or-pay contract. The Treasurer has not adequately demonstrated exactly what Victorians will get as a result of the sale, so I look forward to Mr Strong explaining that.

The Treasurer appears to be saying that the net effect is between zero and \$150 million, and that although the state is getting only somewhere in that vicinity to sell the remaining 49 per cent benefits will accrue as a result of other contracts winding up over a long period.

It is difficult to judge unless one sees the modelling, the electricity consumption projections in terms of what proportion Loy Yang B will get, the differential prices and a whole range of factors. Therefore, I am not in a position to say if this is a good or bad deal.

Hon. W. A. N. Hartigan — Trust us.

Hon. T. C. THEOPHANOUS — ‘Trust us’, says Mr Hartigan. They would be the famous last words, wouldn’t they? That is probably what the government tells the Auditor-General, too: ‘Trust us. Don’t worry, we won’t go after you!’. The last person the opposition trusts is Mr Hartigan.

Hon. W. A. N. Hartigan — I am hurt; cut to the quick!

Hon. T. C. THEOPHANOUS — All right, second last. Let’s not split hairs. The opposition does not know what this involves. However, it knows amazing secrecy has surrounded the details of the transaction — so much so that a clause in the bill exempts all documents from FOI.

Hon. D. A. Nardella — Clause 13.

Hon. T. C. THEOPHANOUS — Clause 13 I am told by one of the members on this side of the house who has had an opportunity to briefly look at the bill. That is quite extraordinary. Everyone knows that the normal FOI procedures exempt documents which might be commercial in confidence because the FOI Act contains a protection for any such documents. Yet this piece of legislation seeks to reinforce the secrecy of this government by ensuring that just in case someone is able to get a document which might not be commercial in confidence, that that will not happen.

That is the most extraordinary clause that has ever been brought before the house. The idea that all documents relating to these transactions will be exempt from FOI is amazing. It is just another example of the secrecy of this government, its lack of accountability and how it does not want to be scrutinised. Victorians will never know whether or not we got a good deal — no-one can find out because it is all protected under FOI. All we are left with is Mr Hartigan’s ‘Trust me’.

Hon. W. A. N. Hartigan — You can’t do much better than that.

Hon. T. C. THEOPHANOUS — Mr Hartigan may think that.

Hon. D. McL. Davis interjected.

Hon. T. C. THEOPHANOUS — I am not going to take up that ridiculous interjection. All I can say is that for this government to be talking about lies or untruths is the biggest joke ever heard. Every day this government tells a set of lies to the people in this

place and to other Victorians about all the promises it has made and which it has now gone back on. Victorians understand who is telling the truth and who is lying.

I emphasise that the opposition believes this debate should not be occurring today and that adequate time should be given for a full examination by the opposition. It is appalling that the opposition is unable to make an informed judgment about the deal because it cannot get access to any information.

Hon. D. McL. Davis — You got a briefing document.

Hon. T. C. THEOPHANOUS — We have not had a briefing.

Hon. D. McL. Davis — You just read it out before.

Hon. T. C. THEOPHANOUS — No, we have not had a briefing.

Hon. D. McL. Davis — You said you had a briefing document entitled 'Briefing Note for the Treasurer'.

Hon. T. C. THEOPHANOUS — No, what I got — —

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — If you think that getting a note entitled 'Briefing Note for the Treasurer' — —

Hon. D. McL. Davis — There you are — 'Briefing Note for the Treasurer'.

Hon. T. C. THEOPHANOUS — Is that your definition of giving the opposition a briefing on a bill? I don't think it is the minister's definition.

Hon. R. M. Hallam — No, it is not.

Hon. T. C. THEOPHANOUS — It is not.

Hon. R. M. Hallam — But you were offered a briefing.

Hon. T. C. THEOPHANOUS — I was offered a briefing sometime between the end of question time at 3.30 p.m. and the debate on this bill which was due to commence at 4.30 p.m. That is when I was — —

Hon. R. M. Hallam — No, it was not.

Hon. T. C. THEOPHANOUS — We started debate on this bill around 5 p.m. I don't know how long I have been speaking and I don't know for how long the previous speakers spoke.

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — I will not be sidetracked by the contemptuous way the government treats this house. It is not simply a matter of getting a briefing, as the minister well knows. It is a matter of getting a briefing, working out what the briefing means, preparing significant notes, consulting other people and coming back to make a reasoned argument. It is a matter of talking to other people — —

Hon. C. A. Strong — An expert like you would not need to do that.

Hon. T. C. THEOPHANOUS — The opposition consults with people within the industry. It consults with employers and employees.

Hon. B. T. Pullen interjected.

Hon. T. C. THEOPHANOUS — As my colleague said, it is a total indictment of the way this house is being run. It is not good enough to say that briefings were given in the lower house and that that is the end of the matter.

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — I am glad the minister is not saying that. In this instance the most honest thing to say is that the opposition should have been notified that this bill had to be passed, and that should have occurred last week so the opposition could have had a briefing last week. It would have been happy to accommodate the government on that basis. That is not what has occurred. To adjourn debate on the bill in order to have a briefing over dinner does not rectify the problems with this bill that I am trying to bring to the attention of the house.

This does not show the house in a good light. It shows that this is the second-class house; it is the house you consult only when you have to and the house you treat seriously only when you have to.

Hon. K. M. Smith interjected.

Hon. T. C. THEOPHANOUS — The whole point is that I am not the one degrading this house, it is people like Mr Smith who allow this kind of thing to occur and who continue to treat the house with absolute contempt who are degrading this house. If members of the government did not treat this house with contempt they would not treat it as a rubber stamp. There would be proper debate and briefings and the opposition would have adequate time to consider its position.

As I said before it is virtually impossible to make a fully informed judgment as to how good or bad this deal is for the people of Victoria. The agreement cannot be judged on a stand-alone basis. Under the deal Edison Mission Energy will obtain 49 per cent of Loy Yang B for \$84 million, as I understand it. In exchange for that it will forgo the benefits it has received under a take-or-pay contract with the SECV group.

The government is happy to accept \$84 million for 49 per cent of Loy Yang B when it is obviously worth a lot more than that. One cannot make a judgment about what sort of capitalised price the government received in relation to the 49 per cent unless one knows the other terms of the agreement. In other words, by the removal of the take-or-pay part of the contract what else, if anything, has been put in place and what are the projected financial benefits over time?

Some modelling would have to be done to figure out those numbers. I do not have access to those numbers so I am unable to say whether \$84 million is a good or bad price. That is a central issue which the government should be prepared to address and provide at least some indicative figure of what it thinks the Victorian people have saved as a result of changed arrangements in the sale of the 49 per cent of Loy Yang B.

It could be asked in these times of privatisation of the electricity industry, what is the point of the government hanging on to 49 per cent of a power station given that it is selling all the others? There might be something in that argument, but when the original 40 per cent of Loy Yang B was sold to Edison Mission Energy it was sold on the basis of a very carefully considered public policy proposition where that sale still allowed a degree of public control over the production of energy through that power station. It was not very much, I grant that, but the government maintained some degree of public control.

There is a difference in the way the government and the opposition look at these things. The opposition has consistently argued against the privatisation of the electricity industry. The minister and I have certainly had some debates in this house about the virtue of the idea. With hindsight, I would have to say that the price received for the components of the SECV was more than what I expected. That assisted in the reduction of state debt, but let us be very clear that while debt is decreasing Victorians are losing assets. It is not a one-way street. It is not very different to getting rid of all your debt by selling your house. You can do that, but then you don't have a house. A similar situation exists here. More than anything it shows the underlying strength of the Victorian asset base that was built up over generations of governments. The fact is that the SECV was and is a very valuable business and its component parts are still a very valuable business.

Hon. R. M. Hallam — In its component parts, even more so.

Hon. T. C. THEOPHANOUS — Perhaps, I do not know. It is an arguable point, but I agree that it is a valuable asset. The Kennett government did not create that valuable asset; it was created by Victorians over generations. All the Kennett government has done is sell valuable state assets, including the electricity business. As a result of those sales debt will be reduced; however, a reduction in the asset base will also occur, and that has long-term effects as well. It is necessary to be mindful of both sides of that equation.

Some people would be aware that when the original 40 per cent of Loy Yang B was sold all of the documents, including the commercial-in-confidence documents, were provided to the former shadow spokesmen on this area: the current Treasurer, the current Speaker of the Legislative Assembly, the honourable member for Polwarth in another place, who is a former Minister for Finance, and the current Minister for Finance. The consultants were told to brief them comprehensively and they spent a lot of time going over the documents. A significant amount of the cost of briefing the opposition on that transaction was borne by the taxpayer.

Honourable members are entitled to contrast that approach to the approach of the present government, which has not even been prepared to brief the opposition within a reasonable time frame on the general thrust of the legislation, let alone provide the sort of briefings that were provided by

the former government in relation to the 40 per cent sale.

There has been a lot of debate, including in this house, about the separation of the SECV into a number of component parts. I again make the point for the benefit of Mr Strong, with whom I have had considerable debate about these issues in the past, that at the end of the day the proof of the pudding as to whether Victorians will begin to enjoy lower or increased electricity prices will come in 2000. Neither Mr Strong nor I is in a position to answer that question now.

The opposition has consistently predicted that electricity prices will most likely increase, and certainly there will be a huge disparity between the price of electricity in country Victoria compared to the price in metropolitan Melbourne. That stands to reason when one considers the haulage and other costs that will be incurred. Honourable members should clearly understand — this is again a point of difference between Mr Strong and the government, and I — that although five distribution companies will be established currently there is virtually no competition between them and it is not expected that that situation will improve in the future.

It is strange that the government should establish five geographical monopolies in Victoria to distribute electricity and then carry on about how it wants to bring in competition in respect of the Auditor-General. The truth is that after 2000 electricity consumers in this state are likely to experience significant increases in electricity prices. That will be particularly the case in respect of domestic consumers but will also apply to business and other consumers. Already anomalies are occurring, and Mr Strong would be aware of some of those.

Recently while in Geelong I spoke to a company that has decided to make a significant investment in Geelong which will involve quite a number of jobs. It indicated to me that it uses a lot of electricity. When making inquiries it found that if it had located in Dandenong it would have paid about \$150 000 a year less for electricity. It had to make a commercial judgment about whether to move to Dandenong, and in the end the City of Greater Geelong was forced to come to the party. The company would have been able to get its electricity cheaper on the other side of town and Geelong has therefore made arrangements to compensate it to some extent in that regard.

That example is just the tip of the iceberg. In fact, there are now differences in the electricity prices paid by companies that are close together geographically. For example, companies in Werribee can pay a lot more for electricity than companies in Footscray, depending on which power company is supplying them. These cases have been documented already, so what will be the situation when we go to a full competitive model in 2000? The opposition has for some time predicted what I think is the greatest sell-out of country Victorians by this government — that is, that there will be no regulated electricity price in country Victoria.

Anyone with any understanding of the industry would know that it obviously costs more to deliver electricity to consumers in country Victoria than to metropolitan Melbourne users. The consequences will almost invariably be that country Victorians will have to pay more than their city cousins for electricity. The way the government gets around that is to argue on some spurious notion that everybody will have cheaper electricity but that it will not be as cheap for country Victorians. The opposition rejects that completely.

Hon. R. M. Hallam — At least you're consistent.

Hon. T. C. THEOPHANOUS — The opposition does not think that will occur. It believes there will be significant differences in price between the country and the city. When one examines the prices that have been paid for the electricity businesses in Victoria one can see that for those various businesses to be viable the price of electricity will have to be significant. Electricity prices will not drop in 2000.

I think few people also understand that in a sense there will always be a monopoly because the distribution rights within geographic areas are actually monopolies. It is only at the retailing end of the business that there is even the possibility of competition. The haulage costs within distribution zones are all payable to the one distribution company and form part of the cost. People who have some basic understanding of how the price will be worked out will recognise now that the level of competition will probably be no more than about 10 per cent, or at most 20 per cent of the overall price of electricity.

We have concerns about electricity distribution and generation that have not been addressed. We believe it is the people of Victoria who will really pay for privatisation through their electricity bills over the next 30 or 40 years or however long it takes to repay

the debts of the private companies. The government's finances might look better because of the sale but the debt will still be there.

I have not had an opportunity to look at the bill or to properly understand its consequences. It is not only the problem of the lack of a briefing, it is also the problem of the government not being prepared to tell the opposition what is the benefit of this sale. All the opposition knows is that on one side of the ledger the state will get \$84 million for 49 per cent of Loy Yang B and on the other side of the ledger Mission Energy is paying something like \$1.2 billion for the other 51 per cent. Obviously the government will have to demonstrate a benefit of at least \$1 billion over a period.

Hon. W. A. N. Hartigan — As against the pre-existing conditions?

Hon. T. C. THEOPHANOUS — That is right, and that has not been demonstrated. The opposition has not seen any figures that show that to be the case so it has no idea whether it will be of benefit to the people of Victoria.

On that basis, I urge the house to adopt the reasoned amendment and to put a stop to this bill so that we can come back next week or the week after and debate it properly. At this stage the opposition is not only recommending that the reasoned amendment be adopted, but also on the information available to it is opposing the bill because the government has not demonstrated it is serving the public interest by selling 49 per cent of the Loy Yang B power station for \$84 million.

Hon. C. A. STRONG (Higinbotham) — I should like to clear up a few points made by the Leader of the Opposition to show the uselessness of his reasoned amendment. Mr Theophanous raised various points: the lack of knowledge of the agreement to sell Loy Yang B and the lack of knowledge of some indicative figure of the likely savings. When this sale was made public on 1 April — which is some time ago now given that this is the end of April — there would have been sufficient time for somebody with Mr Theophanous's longstanding interest and knowledge in electricity privatisation to have taken the initiative to find out what this was all about.

It is a little bit like crying wolf to wait until virtually the last day of the month, when an announcement was made on the first day of the month, and then to say, 'We don't know anything about it. We haven't

had a briefing'. In fact I understand a briefing was offered — with a delayed debate — but the offer was refused. If there had been a genuine interest in finding out what it was all about it would have been sensible, logical, fair and reasonable for the Leader of the Opposition to avail himself of the briefing rather than simply refusing it.

In terms of the likely impact of the bill on the state, once again I refer to the press release issued on 1 April, which sets out the fundamental details. It highlights the estimate of the value of the contract to Victoria over the remaining 30-year contract life of more than \$2 billion. That is the scale of the savings we are talking about, and that value has been known since 1 April. Again the Leader of the Opposition is crying wolf when he says that he could not consider the bill without knowing what the indicative saving would be. The indicative saving was put on the table on 1 April for all the citizens of the state to see.

Hon. T. C. Theophanous — What is it?

Hon. C. A. STRONG — I told you it was in the order of \$2 billion over the 30 years of the contract life remaining. That was stated on 1 April. I would be surprised if Mr Theophanous, who has a great interest in electricity privatisation, was not aware of that! I would be surprised if he had not read it in the press release, which was reported in the media, unless he had not done his research. Perhaps it again shows the inadequacy of the research done by the Leader of the Opposition.

It was also raised that when the original contract for Loy Yang B was entered into, the then Labor government facilitated an interchange with the then opposition on the details of the contract. I highlight the fact that the situation is quite different today. When the original deal was done in 1991-92 it was the first time there had been a sale of a major electricity asset in this state. It was something new, and the sale was on the basis of a 33-year take-or-pay contract. As everybody knew in 1992 when the deal was entered into, the former Labor government was hardly likely to be around for the next 33 years, let alone the next 33 weeks, so it was only fair, just and reasonable for some consultation to take place with members of the likely next government.

Mr Theophanous's suggestion of his requiring the same sort of briefing is ridiculous! Something like eight or nine electricity assets have been sold since then and it is absolute rubbish for Mr Theophanous to say that this is something new and different.

The government has a clear philosophy on the privatisation of electricity assets. The competitive arrangements under which the electricity industry will operate are well known to this house and to Mr Theophanous. As he said this afternoon, the house has debated this legislation time and again over the past four years. Even if he does not agree with what is being done with electricity privatisation there is no way that Mr Theophanous can claim that he does not know a lot of the details because we have had this debate many times before.

I could not let pass another issue mentioned by Mr Theophanous, when he cried wolf again. A clear offer was made about a briefing, yet he would rather refuse the briefing and portray himself as the poor victim who had to move a reasoned amendment stating that the opposition had not had time to consider the bill. It is absolutely ludicrous because the details were announced on 1 April.

Mr Theophanous also made a point about the likely price path of electricity beyond 2000 when total deregulation will be in place. He said that prices may go up or down. There is no doubt prices will change and the key issue concerns how they will change in Victoria compared with other states. That is the test. What is important is our comparative position, not whether prices go up or down. It will not hurt to restate that in 1982 Victoria had the lowest electricity prices vis-a-vis the rest of Australia. When the coalition government came to power in 1992 following 10 years of rule by Mr Theophanous's inefficient and hopeless cronies we had the highest electricity rates of any mainland state. As a result of our reforms Victoria will have a competitive edge. It already has a competitive edge over the other states, and that is the key thing. It gives me enormous personal pleasure to support the bill.

Hon. T. C. Theophanous — Are you on the bills committee?

Hon. C. A. STRONG — In a previous life I had an involvement with the deal and I understood clearly what was being done. I was totally opposed to the deal because it was wrong in every way. It was an enormous millstone around the necks of the state and the electricity industry. I saw then and I still see that it was a very bad deal.

Hon. T. C. Theophanous — What, this one?

Hon. C. A. STRONG — No, the previous one, the deal that this bill undoes. It gives me enormous

pleasure to support the bill because it undoes one of the worst deals ever done.

It is worth providing a bit of history about how the deal came about. In 1991-92 the former Labor administration had bankrupted the state. Victoria had a half-built power station that it could not finish because the state was bankrupt. An arrangement was put in place to buy the money to complete the power station. It was a terrible thing to do to the state and the electricity industry.

Hon. T. C. Theophanous — You should not criticise Mr Hallam like that! Who agreed to the deal?

Hon. C. A. STRONG — It wasn't the minister's deal, it was your deal.

Hon. T. C. Theophanous — He signed it!

Hon. C. A. STRONG — Who organised the deal and who caused the problem? An amount of money had to be raised, but this deal was bad because the buyers were asked what they would give us and what they wanted to charge for the electricity. As a result an electricity price was set that crippled the former SEC because it was virtually unsustainable at more than \$60 a megawatt hour on a 33-year contract.

Hon. T. C. Theophanous interjected.

Hon. C. A. STRONG — Whose deal was it? It was Mr Theophanous's deal. His government caused the problem and it is his responsibility. Mr Theophanous should not dare say that the current government did it, because it is all the fault of the former government!

Hon. T. C. Theophanous — You signed it off. Stockdale signed the agreement.

Hon. C. A. STRONG — It is your fault. The 33-year contract for Loy Yang A resulted in a price of well over \$60 a megawatt hour when the then pool price was some \$45 a megawatt hour. Honourable members should know that at that time Victoria's electricity prices were the highest on the eastern seaboard. That price of \$60 a megawatt hour can be compared with the current pool price of some \$25 a megawatt hour.

Honourable members interjecting.

Hon. C. A. STRONG — That is the legacy the former Labor government left to Victoria. The

Treasurer has negotiated Victorian taxpayers out of an outrageous deal. I had some doubts as to whether the Treasurer could get the state out of the deal, but he has been successful and I congratulate him on his success.

Hon. T. C. Theophanous — Would you sign it off?

Hon. C. A. STRONG — I would sign off this bill because it has produced a wonderful result.

Honourable members interjecting.

The ACTING PRESIDENT (Hon. B. W. Bishop) — Order! Mr Theophanous has been interjecting constantly from the time Mr Strong started speaking. He has spoken on the bill, and I ask him to desist interjecting.

Hon. C. A. STRONG — The bill lifts the burden imposed by the shonky deals entered into by the Labor Party. Another reason why I am so pleased to support the bill is that it will enable Loy Yang B to take part in the highly competitive electrical reform process. There was no logic in having one generator with a guaranteed cash flow while the rest of the industry was operating in a competitive environment, driving down the price of electricity to make the state more competitive.

The take-or-pay contract has been crystallised and the value exchanged for the residual 49 per cent of the asset. Under the original arrangement, only 40 per cent of the asset but 100 per cent of the control was transferred to Edison Mission Energy. What a crazy deal that was. Why give away all the rights to and control over the industry while selling only 40 per cent! Crystallising the state's overpayments on the 33-year contract and exchanging them for the state's remaining equity will enable Loy Yang B to take part in the competitive market.

The hedge arrangement, which is also part of the arrangement, will give Victorian taxpayers enormous security because it will protect them from the other outrageous rort perpetrated by the former Labor government on Victorians — the Alcoa project in Portland. This arrangement is already costing Victorians many millions of dollars each year. A hedge is provided on the amount of power used by Alcoa. In essence it means that when the pool price falls to a level approaching the price Alcoa pays, the hedge arrangement will come into force allowing Edison Mission Energy to use its power to meet the state's obligations to Alcoa. This is a win-win

arrangement because it gives some surety or floor to the pool price that Loy Yang B is likely to obtain, and the state will be able to buy electricity at an advantageous price to meet its Alcoa commitments.

Another ongoing legacy of the Alcoa deal which the former Labor government forced on Victorian taxpayers will also be addressed. The bill will adjust the pool price to allow money to be taken from the pool to subsidise the value of electricity that the state, through the old SECV shell, has to buy to meet its Alcoa contract. Although the bill will crystallise the loss on Loy Yang B, increase the competitive market, remove all the risks flowing from the 33-year contract and put a floor under the Alcoa tariff through the hedge arrangement, we cannot forget that Victorian electricity consumers will have to pay approximately \$200 million per year to compensate for the Alcoa deal.

Hon. D. McL. Davis — For 33 years?

Hon. C. A. STRONG — I think the contract has some 20 years to go, but there is little benefit in it for electricity consumers because they are paying for the deal. It gives me enormous pleasure to see the old Loy Yang B deal unwound and another generator put into the competitive arrangements. Honourable members cannot afford to overlook the fact that Loy Yang B is the most modern and efficient generator in Australia. Now it is in the competitive market it will give Victoria a further competitive advantage in electricity generating vis-a-vis the other states.

This is no small deal; we are talking about a saving to the Victorian taxpayer of something like \$2 billion over the next 30 years. We are also talking about the other key factor — risk. Any contract which is to run for 30 years in an environment in which technology is changing so rapidly must have considerable risks. The government has transferred that risk to the private sector and taken it from the backs of taxpayers.

I have much pleasure in supporting the bill for the reasons I have outlined, and I urge honourable members to vote against the reasoned amendment, which has no justification. The arrangements of the Loy Yang B deal have been on the public record for close to a month. All the details are there and are known by the people who see themselves as experts. For opposition members to say they have not been briefed and cannot consider the bill when a briefing was offered and refused only minutes beforehand is absolute hypocrisy. I urge honourable members to reject the reasoned amendment.

Hon. PAT POWER (Jika Jika) — I will take the opportunity to make some comments about the bill and the reasoned amendment. My interest in speaking on this matter is triggered simply by the explanatory notes to clause 1, which state that the clause:

... sets out the purpose of the act, which is to facilitate the sale of Loy Yang B power station.

I want to get involved with that issue.

Apart from making some general comments I shall not be drawn into the details of Mr Theophanous's reasoned amendment. Members will be aware that the Legislative Council is currently receiving a degree of attention and scrutiny which has perhaps not always been the case. As I indicated in a previous debate today, my view is that the Legislative Council provides members with a wonderful opportunity to debate legislation, especially legislation as substantive as this. Any measure which completes the sale of a power station in Victoria is a major piece of legislation.

While I recognise the government's need for this legislation to be passed today — I do not think anybody disputes that that is a reality that cannot be ignored — the fact that the need exists means there should have been a stronger preparedness by the government to ensure there was no reason why the opposition could not participate in the debate. I say that not to get involved in the issues relating to the reasoned amendment but to point out that if the Legislative Council is to enjoy more popular support among the community and is to be seen as a chamber in which there is relatively detailed and learned debate, we must all play a part in ensuring that that happens.

In concluding my reference to the reasoned amendment I point out that we could all learn from today's experience and that if in the future another piece of legislation needs to be passed to meet a reality we all understand government members should remember that providing briefings at the earliest opportunity would assist all members to participate in the debate in a relatively learned way. I will leave it at that.

The comments made by Mr Strong were quite interesting. The opposition acknowledges that in his previous working life Mr Strong was closely associated with the workings of the former State Electricity Commission of Victoria and that due attention should, therefore, be paid to his comments

and knowledge. Despite that, I still believe it is reasonable for there to be substantive debate on this legislation which, as the clause notes say, is to facilitate the sale of Loy Yang B. I acknowledge the strongly held view in the community about whether the merits of the Mission Energy deal put in place under the Labor government were good or bad; at the time I had particularly strong views about that.

There cannot be any doubt that the decision to provide electricity to Alcoa in the way that was formulated at the time can be looked upon as being generous, but that was a decision taken by the government of the day in order to provide stimulation and regional economic opportunity. While it is reasonable for members on both sides of the house to put forward views about the Alcoa issue I do not think those views should be put forward without there being an acknowledgment of the upside, if you like, of providing energy to the Portland Alcoa site. Although it has some ongoing financial commitments, the deal brought economic activity to south-west Victoria which would not have been possible without it.

That is an important way for this chamber to approach discussions about infrastructure. There can be no doubt that when a decision is made about the level of financial support for major infrastructure there will always be very strong views about whether the level of economic support is justifiable. That is a healthy debate; it should always occur and there should be ongoing assessments. However, I do not believe it is proper or healthy for a chamber such as the council to pay attention to just one aspect of the consequences of such a decision.

In relation to that I shall make passing references to the City Link project. Without wishing to go into detail there is the same capacity to look at one side of the issue rather than both. There is an enormous level of ongoing concern in the community about the level of financial support that has been provided to the City Link project. The other side of that which must be acknowledged is the contribution that infrastructure will make to traffic movements in and through the city of Melbourne. I would be disappointed if members of the opposition evaluated the City Link project looking only at the enormous costs of the project rather than weighing up those costs against any benefits flowing from them. I make that comment to highlight my view about Alcoa.

As someone who was deeply involved in policy work for the Australian Labor Party and with one of

the major unions in the power industry I had very clear and strong views about the appropriateness of the Edison Mission Energy decision of the time. A former member of this house the Honourable David White and I had many long discussions about the effectiveness and desirability of the decision the then Labor government was contemplating and which was carried through. My concern then is still my concern now — that is, despite the support I am sure I share with the great majority of people for the capacity and potential of the national grid, I do not accept that it is necessary to privatise the generation and distribution of electricity for the benefits of the national grid to flow to all Victorians.

There can be no question that the structure of the State Electricity Commission which existed after the Second World War could no longer be sustained in the modern economy. The administrative structures that currently exist will continue into 2000 and beyond. It must be understood that many people in the power industry were anxious for the generation and distribution of electricity to remain in public ownership and control but for the management of that to be moved forward in a way to enable Victoria to gain the competitive advantage as a consequence of the national grid. My concern is that it was not necessary to restructure in the way that the government of the day did, and my opposition still remains today.

It is absolutely critical that a utility as essential as electricity remain in public ownership in order that not just the economic benefits can flow to the state but that the range of services Victorians enjoyed under public ownership can continue to be enjoyed. Despite the structures which have been put in place and as a consequence of the privatisation program it will not be possible for any government to guarantee that all Victorians will have access to electricity at what used to be known as the uniform tariff. That matter must be weighed up when discussing legislation such as this.

I respect the views Mr Strong has put forward in relation to the economic advantage Victoria will gain as a consequence of these decisions. While I might have a different view at the margins I do not dispute that one way of evaluating this privatisation is to acknowledge that there will be economic gains. My concern is that there needs to be an assessment and a valuation of just where those economic savings have come from. What has been given up to make those economic savings available? It is a question of to whom do those economic savings go and at what

level of equity and fairness will Victorians participate in those savings?

As I indicated to the Minister for Finance today in relation to another matter, I always acknowledge in debates such as these that they provide an opportunity for the opposition to indicate that it has a different philosophical view about certain matters. I repeat that one of the great opportunities this house provides is for there to be detailed debate and discussion.

I express concern on behalf of the opposition about just who is funding the very significant savings Mr Strong referred to. The opposition wants to participate in some assessment of whether Victorians are disadvantaged as a consequence of those savings being available. As I said before, there should be an assessment of whether all Victorians are eligible to receive the possible benefits as a consequence of those savings. There can be no dispute in the short term that a significant proportion of the savings will be used for the retirement of debt. Any responsible manager, whether it is somebody looking after a household or somebody looking after a major enterprise, would want that to be the case.

Sitting suspended 6.30 p.m. until 8.02 p.m.

Hon. PAT POWER — I shall make a few concluding remarks. There can be no doubt that the privatisation of Loy Yang B and other sections of the former SECV will have the financial upsides to which Mr Strong referred. In supporting the Electricity Industry (Loy Yang B) Bill the government should pay very close attention to how the financial returns from the sale of Loy Yang B might be applied. Although I acknowledge that downsizing in the Latrobe Valley was commenced under the former government, I strongly urge government ministers to recognise — I have no doubt that the Minister for Finance will do so — the social issues in the Latrobe Valley. There can be no question that communities in the Latrobe Valley have paid a very substantial price for the downsizing and subsequent privatisation of the former State Electricity Commission of Victoria.

Hon. W. R. Baxter — Pity they didn't think about that when they were on strike all those times.

Hon. PAT POWER — I am happy to take on board Mr Baxter's point that somehow the level of unemployment in the Latrobe Valley is associated with industrial action rather than with the

downsizing which was initiated under the former government and which has continued under this government as a consequence of privatisation. I was seeking to refer generously to the need for the government to pay attention to the unemployment and social realities of the Latrobe Valley, in light of the contribution made by Mr Strong, who acknowledged that very substantial earnings will accrue to the state as a consequence of these decisions. I plead with the government to consider how that revenue can best be invested for the benefit of all Victorians, so that the money is used responsibly. In making that decision, appropriate treatment — not necessarily special treatment — should be given to the Latrobe Valley.

There can be no question that the levels of employment in the power industry will never again return to the levels of the past, but we in this chamber and the government should consider ways in which the economy in the Latrobe Valley can be supported and stimulated and ways in which employment opportunities can be created. To visit the Latrobe Valley now is a very sad and dispiriting thing to do. The lack of employment opportunities has caused major difficulties for many families, from domestic violence to family breakdowns and all the other undesirable social behaviours consistent with that kind of social phenomena.

I conclude by urging members of the government to consider positively what can be done for the Latrobe Valley and to acknowledge that the Latrobe Valley community has paid an enormous price for the downsizing of the former government and the privatisation that has continued since.

Hon. W. A. N. HARTIGAN (Geelong) — I am happy to join in supporting the government's actions. I understand the concern of the Leader of the Opposition about the short notice and I have some sympathy for his position.

Hon. T. C. Theophanous — That is very gracious of you, Mr Hartigan.

Hon. W. A. N. HARTIGAN — I am very gracious and charitable in the extreme, Mr Theophanous; I can't help it, that's the way I am. This legislation will bring about the resolution of one of the less shining examples of Labor's administration. When the coalition was first elected I spoke to various people in the government about the arrangements that existed with Loy Yang B. At that time I was concerned about the difficulties we would face in privatising the SEC when Loy Yang B had always

been considered part of the SEC as a whole and the fact that some of the problems that arose from the 33 year take-or-pay agreement would be obscured by absorption of the fixed prices into the total SEC structure.

That worried me because, although privatisation of other generating stations had produced a substantial reduction in generating costs, the government was committed to long-term prices from Loy Yang B for so many years into the future that as recently as last year electricity prices were somewhere of the order of two and a half times the price at which generators were supplying the industry in 1996.

One asks oneself, what sort of an arrangement would lead to this dreadful distortion? Why would anybody in their right mind want to do it, even if it was capable of being hidden in the SEC? I looked back at some of the newspapers, including one that has since gone out of business. The *Sunday Observer* of 27 November 1988 states:

The Minister for Industry, Technology and Resources, Mr Evan Walker, has denied suggestions that the government's pre-election announcement on the Loy Yang power project had been an attempt to buy votes in the Latrobe Valley.

However, he said:

The government had been 'quite concerned about the seat of Morwell' and agreed that the announcement, which was made two weeks before the election, was politically motivated.

That was notwithstanding a parliamentary committee recommendation that Loy Yang B not proceed because the capacity was not seen as immediately necessary, and even at that stage the government was clearly in major financial difficulties in terms of borrowings.

Mr Theophanous gets a mention in the *Age* of 7 May 1991. Of course, The Honourable Mr White had one overriding consideration with Loy Yang B — he had to find money to finish it but could not get any money from the state government. At that stage Mr Theophanous was chairing the committee as a member of the Socialist Left faction. I was trying to work out what Socialist Left was, whether it was Byzantine.

Hon. T. C. Theophanous — I will not make any comments about my previous factions.

Hon. W. A. N. HARTIGAN — It is more difficult to understand what is going on in the factions of the Labor Party than to unravel the complexities of Loy Yang B. Mr Theophanous chaired a committee to see what could be done to avoid selling any element of Loy Yang B to private enterprise. Mr White was making the point — —

Hon. T. C. Theophanous — What did I say?

Hon. W. A. N. HARTIGAN — The article states:

Mr Theophanous argues there is no need to sell Loy Yang B but it appears that he and his committee will face a difficult task in convincing the government.

It then politely dismisses Mr White's reductive argument by saying that the six no-go options are, in effect, just being used to set up option seven, the sell-off. The article continues:

According to Mr Theophanous, the problem, 'if there is one' is not so much one of servicing debt, but of funding capital within the global borrowing limits.

Do you agree with that?

Hon. T. C. Theophanous — That is true.

Hon. W. A. N. HARTIGAN — Why did you sell it? It was not to obtain any benefit for the good people of Victoria, it was to do more with obtaining capital to complete the construction of Loy Yang B.

Hon. T. C. Theophanous — In effect, we sold what was not yet built, when you think about it.

Hon. W. A. N. HARTIGAN — On 27 May 1992 we move on, but not dreadfully quickly. In the Age of that date, John Marsden reports:

Across the entire output of Loy Yang B, the cost penalty facing Victorian industry and consumers is therefore at least around \$100 million each year for the 30 years. But the penalties are actually worse, increasing over the duration of the contract, since while the contract price is fixed at 5.4 cents, competitive plants in New South Wales and potentially in Victoria will be increasing their productivity.

If New South Wales generators or best-practice brown coal plants were to achieve only 2 per cent productivity growth a year, the cost penalty rises to more than \$200 million a year.

There was a clear understanding of what the purpose of selling 40 per cent of Loy Yang B was — that is, to fund the completion of that project.

Hon. T. C. Theophanous — Nobody disagrees with that.

Hon. W. A. N. HARTIGAN — There was very little benefit to Victorians and there was much concern expressed about the fact that the deal tied Victoria into paying a large premium over a 33-year period, as has now been demonstrated.

The point I am trying to make is that the issue surrounding the privatisation of Loy Yang B was whether it would produce a high cost to the Victorian consumer because of the financial constraints of bad management.

The sale of 40 per cent of Loy Yang B was not really a sale. To all intents and purposes Mission Energy was the owner of it and the government was a shareholder. Technically the government had no say in the alteration, the pricing or the outcome. I agree that Mr Theophanous did not want to sell it, but I suppose in retrospect he had to because of financial constraints.

The difficulties the government faced up to in accommodating Loy Yang B in the construction of a privatised SEC were that the prices from the generators were substantially lower than the prices the government is required to pay Mission Energy. The consequence was that the government had to arrange a relatively artificial tax arrangement to average out the price over all the distributors. The important thing is that the government has bought its way out of that take-or-pay 33-year contract, and it is now about 28 years.

Hon. T. C. Theophanous — You still have a take-or-pay component.

Hon. W. A. N. HARTIGAN — The commitment with regard to the aluminium smelter is the only arrangement the government has, and it is not a take-or-pay arrangement. The issue is not with Loy Yang B, the issue is the aluminium problem that has not yet been resolved. I do not think Mr Theophanous would like me to run through the Alcoa problem. Even Mr White was not prepared to debate that it was a good decision. You have forgotten him, Mr Theophanous, and I suggest that is wise.

Hon. T. C. Theophanous — Why don't you tell us about the legacy you left with Alcoa when you left government.

Hon. W. A. N. HARTIGAN — I do not recall any twisting of Mr White's arm about Alcoa to actually sign in secret one of the most stupid deals ever heard of.

Hon. T. C. Theophanous — The Treasurer did not have to sign the Loy Yang B deal either.

Hon. W. A. N. HARTIGAN — He had to because he was committed to it. He did not attempt to walk away from the decision made by a Labor government that was desperate for funding. The fact is that Loy Yang B is now part of a competitive environment.

Hon. T. C. Theophanous interjected.

Hon. W. A. N. HARTIGAN — You are not sure because it does not suit you to be sure. Loy Yang B is part of a competitive environment, it is not only generating power in Victoria but will face up to competition from New South Wales.

Hon. T. C. Theophanous — Are you sure there is no take-or-pay component?

Hon. W. A. N. HARTIGAN — None to the best of my knowledge.

Hon. T. C. Theophanous — That is not my understanding.

Hon. W. A. N. HARTIGAN — I do not believe there is a take-or-pay arrangement left. So far as the government is concerned it will get the normal market price with Loy Yang B so that it can substantially sell its electricity. That ensures there is competitive pressure because Mission Energy is a competent operator and should be able to exercise much greater productivity and under more competitive pressure in a situation where currently supply exceeds demand.

Over the next 10 years or more supply will exceed demand and there will be a consequent substantial downward pressure on prices. In addition, the eastern grid will come into play and, as is required, there will be an electricity flow from New South Wales into Victoria, which will help reduce electricity costs in northern Victoria.

One of the issues raised by Mr Power was concern about what will happen to prices in the future. I am not in a position to predict with accuracy what will happen, but I believe the competitive pressures plus the free enterprise attitude of the distributors will start to bring into play other services that will be able to use the common fixed costs and common facilities. There is more than half a chance that a whole range of services, such as the issuing of billing invoices and meter readings, will be done for all the utility services using the same equipment. A range of services is starting to use the base facilities in country Victoria, and I believe that will be beneficial.

Hon. Pat Power — Our concern is whether that becomes a saving delivered to the consumer or a profit taken by the provider.

Hon. W. A. N. HARTIGAN — The level of competition will dictate how that is shared and we will be doing what we can to ensure that the level of competition is at its highest. It has worked well so far. There is a substantial degree of competition in these services. Mr Theophanous doubts that the price of electricity is likely in the future to be subject to fierce competition and therefore produce benefits to all Victorians. I take the opposite view. I guess we will both know the answer with the passage of time. All of the things we anticipate in the future encourage me to believe that the price of electricity will come down in real terms.

In relation to the spread of the benefit of the sale of these assets, Mr Theophanous commented they were valuable assets. We were having a discussion earlier in the day on opposition business about the Auditor-General and the subject came up there. One of the things Mr Theophanous must appreciate is that the value of assets has nothing to do with how much they cost to construct but rather what they are capable of earning. The asset valuation placed upon the generation and distribution of electricity is not related to the physical assets but to the expectation of the revenue stream, so it has more to do with the competence of the management than it has with the physical investment.

Hon. T. C. Theophanous — What is the point?

Hon. W. A. N. HARTIGAN — The point is that Mr Theophanous said the SEC was a great investment for Victoria. Under the management of the SEC it was a lousy investment and under privatisation it is a marvellous investment. We have a substantial premium over that which would have been earned by the SEC on its cash flow.

To address Mr Power's question, the benefits from the reduction of the state's debt and the servicing charge flow to all Victorians, because just as it has been argued that all Victorians own the state's assets, they also own all the debts. There are a whole range of ways in which these benefits will be spread.

With respect to the issue of price relativities, we are in a competitive environment internationally and the most important thing we can do is ensure that absolute prices and costs apply. Relativity is an issue. It has been recognised that there must be some spread of relativities, and that spread will reflect the real costs and will lead to adjustments, if any.

Mr Theophanous has already talked about some of the problems of the margins of the various distribution zones affecting investment. At some point at the margins of where the lines are drawn — as the distribution area becomes wedge shaped where the lines radiate out from Melbourne — distributors on both sides of the line will have to make a judgment about how badly they want the business. That is where competition will flow. If a distributor's charges do not diminish, its customers will probably move across the boundaries.

Hon. T. C. Theophanous — You get a disproportionate investment in various areas — nothing in Geelong and a lot in Dandenong.

Hon. W. A. N. HARTIGAN — I was sorry to see what BHP did today but it was not Geelong that it singled out. I am not worried about that.

Hon. T. C. Theophanous — You wouldn't be worried, you don't live in Geelong.

Hon. W. A. N. HARTIGAN — Actually I do. I can take you and show you Corio Bay, although I am not sure I want to be seen with a member of the Socialist Left Byzantine group. The government recognises that the major thrust facing Victoria is to get the absolute price of electricity down. Victoria must compete internationally and must address the issue that if we are going to have more employment in this state the government has to get the absolute cost of utilities down to the lowest level the state can sustain.

Hon. D. A. Nardella — Just revise your figures upwards.

Hon. W. A. N. HARTIGAN — You should not get involved in things you do not understand — and that would keep you quiet for most of the evening.

The government has addressed a problem that needed to be addressed, and I am confident that it has saved a great deal of money and encouraged a much more competitive situation.

Hon. T. C. Theophanous — Are you saying Mission would have entered into this agreement to lose money?

Hon. W. A. N. HARTIGAN — I have no doubt that the Labor Party was not worried about losing money when it went into this venture. I do not think Mission did, but the Labor Party was prepared to lose money in the sense that it had to absorb a premium cost of electricity into its overall billing arrangements so that it could justify the cash payment it got from Mission Energy. I have no doubt the Labor Party was prepared to sacrifice the interests of Victorians to overcome its short-term debt problem. Every newspaper article and the comments by Mr Theophanous and David White of the time show that there was no question about the Labor Party's intentions.

I think the government has a good deal that will serve Victoria well. I have been pushing for this action for some time. The sale simplifies the administration and management of electricity in Victoria. It will generate a much more competitive position and it is another string to the government's bow. It will ensure that electricity prices in Victoria are competitive with the rest of Australia and will continue to improve returns to electricity taxpayers in every sense of the word.

Hon. D. A. NARDELLA (Melbourne North) — Unfortunately the bill represents the carving up of another piece of our history, of assets that generations upon generations have built up —

Hon. W. A. N. Hartigan — It was built only five years ago.

Hon. D. A. NARDELLA — Now the government is selling it off. It is another sad day when the government, which prides itself on being an economic rationalist government, does nothing but hide every single aspect of its transactions. It hides from the Victorian public, the opposition and any other interested party the real reason for the transactions it enters into and does not allow anyone any chance to bring to light any flaws that might be involved in those transactions.

The DEPUTY PRESIDENT — Order! The Chair will not put up with debate across the chamber

between members who do not have the call, which has happened frequently during the past half hour since the house resumed sitting after the dinner adjournment. If members want to have a debate across the chamber they should use the back door or the front door and sort out their differences outside. Mr Nardella has the call and I ask honourable members to desist from interjecting and across the chamber.

Hon. D. A. NARDELLA — The government is hiding its transactions behind clause 13. The clause sets a precedent because it has not been used before. The state will rue the day it was used. Commercial-in-confidence material or documents are exempt from the Freedom of Information Act. I believe they should be open documents available to the Victorian community and to the opposition. However, that is not the view of this government.

When the coalition was in opposition the former Labor government gave it total access to all the documents pertaining to the original bill. Consultants were paid by the former Labor government to assist the coalition in its deliberations. However, this government is treating the Victorian community and the opposition in a totally different way. It is wrong for the minister to say it is wonderful that the bill was read a second time yesterday and is being debated today. The government is desperate to get the deal through, but it will not make known the details. The deal is so rushed the opposition has had difficulty receiving any briefings on it. When the bill was before the other house it was amended to such a degree that it was totally changed.

The Victorian community will rue the day the government was secretive about the deal. It is not fair to the opposition or the Victorian community that this truncated process has been put in place. The Labor Party was not allowed to follow this process when it was in government. It is a sad day when the upper house is treated in such a shoddy and off-hand manner. There is no excuse for it. The opposition should be able to discuss these issues with the community. People should know what the legislation is about. The government cannot be trusted because of its secrecy, and this legislation is part of that process.

If the Minister for Finance had been treated this way when he was in opposition I am certain he would have blocked the original legislation. Now things are different and members of the coalition have no principles. It is shameful. If this house wants to be

relevant as a house of review and if the government is about openness and accountability it should not treat the upper house in this way. The upper house was not treated in this way when the coalition parties were in opposition.

It is critical for the government to treat all members in such a way that they can obtain information or discuss issues with their constituencies. Proper briefings on bills are necessary. As a shadow minister, I appreciate being briefed on bills. It makes the business of Parliament flow much quicker. Earlier today I dealt with the Hire-Purchase (Amendment) Bill. It was a very small bill, but it was dealt with quickly because I knew what I was talking about. I was taken through the bill step by step by an experienced officer and was therefore able to deal with it effectively and efficiently.

This bill is complicated. I have read most of it but I do not understand the provisions regarding superannuation. I hope the minister will detail what they mean for the workers currently employed at Loy Yang B. I do not understand some of the other provisions dealing with workers transferring from Loy Yang B to Edison Mission Energy. If there had been some briefings I could have gone through those details and satisfied my concerns. It was not good enough for the government to say at approximately 4.00 p.m. that it would adjourn debate on the bill until 8.00 p.m.

The government does not respect this house, which it should if it wants it to be treated with respect by the community. This house has been the subject of some bad publicity recently and this is another mark against its performance. This is another instance of this house of review — the other house in a bicameral system — being disregarded. Unless a member is on a government bills committee or involved in discussions within the party room the member is not involved in the process. The shadow spokesman, the honourable member for Geelong North in another place, was given the original bill before it was changed totally as a result of the amendments moved in the other house. He gave the caucus a brief report outlining what he understood about the bill and said he was yet to be briefed on it. Members of the opposition knew nothing of what was going on.

Labor Party members were not fully briefed and should not be treated in this way. I would object to a Labor government doing the same thing to an opposition party. All honourable members should

have the opportunity of a briefing so they can consult with their constituents. That is the least that should occur. A full briefing would have resulted in the bill being delayed by a day at the most, but the government's attitude is another example of the contempt with which it treats the upper house.

The government is at fault. All parties interested in the process should understand that contracts and arrangements must be based on legislation. The Parliament should determine its own processes and should not be steamrolled by the government. There may be a time when the coalition agreement becomes unworkable. The National Party may realise that it is not representing its constituents or the Liberal Party may see that it is losing country seats, so it is important that the Parliament follow the proper processes. I support the reasoned amendment because it is based on the principle that all members should be briefed so they can properly consider legislation.

I am concerned about the selling off of Loy Yang B. Labor Party policies are based on developing services for the community and building up assets such as power stations. The selling off of assets generally means that workers will lose their jobs and the benefits will flow to private companies rather than to the community.

The former Labor government made decisions on the basis of the best outcome for the community. It tried to keep state assets in public hands. The government says it has got rid of the debt, but we still have a debt. The debt has gone from public sector debt to private sector debt, and the Victorian community will end up paying for it. Not only has the community inherited the existing debt of public utilities, it will now pay for the debt of public companies that are buying the utilities. Worse than that, Australian taxpayers will pay the debt because of shonky tax minimisation schemes entered into with Edison Mission Energy. The opposition will not know the details of the arrangements entered into because clause 13 restricts access to the documentation.

Loy Yang B has been flogged off but neither the opposition nor the Victorian community will know what debts are incurred and what shonky arrangements are entered into on behalf of the overseas shareholders of Edison Mission Energy. The government is hiding this issue from the Victorian community. It does not want to talk about the sell-off of public assets built up over many generations. Over a long period conservative

governments have looked after their mates, who have exploited every tax minimisation scheme possible.

Hon. C. A. Furletti — Which union did you work for?

Hon. D. A. NARDELLA — I did not work for a union. If the honourable member cares to look at my biography he can confirm that. You don't know what you are talking about. Through this legislation the government is aiding and abetting tax minimisation schemes. That is the only thing I can surmise. Why else would it not allow the opposition and the Victorian community access to the documentation? Why would it go through that process if it did not want to keep secret how the Victorian community and taxpayers will pay for the sell-off of our assets? It is a very serious issue.

Arrangements have been in place for repaying state debt. Any excess moneys after the debt is paid can be used for schools, hospitals, public transport and other necessary services. However, now we have arrangements we will pay for forever. Whatever saving this government will get from the AAA rating it will receive just before the next state election will pale into insignificance when compared to the continuous losses it will suffer when it gives money away to private shareholders in America. Through this legislation the government is giving away forever the opportunity of money being returned to every Victorian taxpayer and family from Loy Yang B selling electricity into the grid. That is what government members do not understand. They do not want to understand because they are about looking after their mates. That is the sad part about it.

During this debate government members have consistently referred to the Alcoa deal. When the previous Labor government came to office in 1982 Alcoa, which had based itself at Portland in good faith, was ready to leave Victoria because of the incompetence of the outgoing Liberal government. The Labor government had to put in place strategies to provide the following benefits to all Victorians: firstly, keeping Alcoa in Victoria; secondly, building a refinery at Portland; thirdly, providing jobs for Victorians at Portland and within that region; fourthly, providing export earnings not only for Victoria but also for Australia; and, fifthly, providing employment for local people, something this government knows nothing about.

As was detailed today, unemployment in Victoria has increased from 8.25 per cent to a disgraceful 9 per cent! So much for this government's free enterprise; so much for its market forces; so much for the 150 000 new jobs it was to provide. This government is looking at an increase in unemployment from 8.25 per cent to 9 per cent. Because of this government, our sons and daughters and grandchildren will find it extremely difficult to get jobs! Back in 1982 the Alcoa smelter was one of the assets the then Labor government had to put back on stream for the Victorian community. With hindsight it should have done better.

Government members interjecting.

Hon. D. A. NARDELLA — It could have done better with the Alcoa smelter site arrangement, but the point is that at the time the then government entered into those arrangements the details of the proposed legislation were shared with the then opposition. It knew what was going on — unlike the situation with this bill, where the arrangements are being hidden from the Labor opposition.

If the Labor government had not gone through that process back in the early 1980s when it first came to government the Alcoa development at Portland and the exports it provides would not exist. That great city would have been a sleepy hollow that relied on tourism, local industries and local farming to survive. Jobs would not have been created in the region. That development was about adding value to the bauxite ripped out of the ground and then exported. This community must add value to its raw materials — which was part of that process. It is important to understand that the Labor government assisted local communities in regional Victoria at that time.

I want the minister to clarify whether the take-or-pay contract is completely gone. Mr Hartigan does not know; he believes it has gone, but documentation detailing whether the take-or-pay contract has gone or has been reduced is not available.

I hope the Minister for Health passes on to the Minister for Finance the question of whether that take-or-pay contract is now gone. The opposition does not know the base price, the other aspect of the take-or-pay arrangement and contract. The opposition and the Victorian community need to know whether the take-or-pay contract still exists.

I have expressed a multitude of concerns tonight. I do not know how the workers at Loy Yang B will be treated. I do not know whether their superannuation entitlements will be safeguarded and how they will be transferred to the new company. That is an issue that is of absolute importance to members of the opposition.

Hon. C. A. Furletti interjected.

Hon. D. A. NARDELLA — Please explain that, Mr Furletti, because, as I said, the opposition has not had a briefing. The opposition rejects this legislation. As a result of this bill I am coming to the conclusion that there are some extremely lazy ministers within this government. They are so bad at what they do that the only way they can survive is to get rid of their responsibilities. Instead of being responsible for power stations and dealing with issues, either industrially or in terms of providing efficient and cheap services to the Victorian community, the Minister for Finance is making a clear and lazy decision to get rid of the assets the Victorian community owns. I have come to that conclusion because time and again ministers of this government get rid of their responsibilities to provide services and protect the assets of the community they have been elected to represent.

It is a bad piece of legislation. It is even worse in that clause 13 denies the right of access under FOI to any piece of documentation, even if it is not commercial-in-confidence. The government acts retrospectively; it does not listen to the opposition and it hides corrupt practices. Clause 13 sets the precedent to hide even more corrupt practices. That is what the opposition cannot stand. This legislation is not worthy to be passed by this house. I support the reasoned amendment.

Hon. R. H. BOWDEN (South Eastern) — It has often been my melancholy duty to follow Mr Nardella's contribution on a number of bills. I begin by feeling happy but the longer the honourable member speaks the more unhappy I get. Thankfully I do not get confused. I will make a few comments in response to Mr Nardella after I have discussed the fundamentals of why honourable members are here, which is to discuss the bill and the reasoned amendment.

I support the bill and oppose the reasoned amendment. For a long time Victoria had the advantage of efficient, low-cost electrical energy. The availability of that low-cost energy has served this community very well indeed in past decades. One of

the most reprehensible acts of the Cain and Kirner governments was to build up debt and slowly but surely destroy the commercial and real advantage of this state. Electricity prices went from being the cheapest in the nation to the most expensive. That took only a relatively short number of years.

It was typical of the mismanagement of the previous Labor government in this state. For instance, when this government assumed office in October 1992 the general return on government investments was around about 2 per cent or less. That was the performance index of the return on investment of government assets in this state as opposed to a typical average return of more than 14 per cent, and in some cases 14.9 per cent. It was a huge differential. A number of the state's important assets were underperforming. One of the most difficult things the privatisation of the electricity industry made necessary was the realisation that when the previous Liberal government left office in the early 1980s this state was in a good position. For instance, the state debt was only \$9 million. Between 1982 and 1992 the state debt ran up to nearly \$32 billion, an absolute disgrace. Indeed, a substantial portion of it was due the absolute mismanagement of the SECV by the Labor government.

There is no point in members of the opposition coming in here and saying, 'You are selling the assets'. They do not talk about the debt. If one undertakes an analysis of the financial performance of the previous administration and really wants to refer to assets it is necessary to also refer to debt. One cannot have a discussion about assets without discussing liabilities. The previous Labor administration was an absolute disgrace with regard to the liabilities it imposed on Victorian taxpayers.

When the discredited Labor government suddenly ran its numbers it realised there was a big problem with Loy Yang B. It therefore went against its own ideology and decided it had to sell 40 per cent of that power station. It entered into what could only be described as a financially bizarre deal; the Labor government sold 40 per cent of Loy Yang B and lost control of it. It also entered into a 33-year contract of take or pay, which could be described mildly as irresponsible.

When the coalition was elected in October 1992 it came to understand that the mismanagement of the previous government had forced the Loy Yang B administration into a hopeless fiscal situation. In 1992 the percentage of private ownership of the Loy Yang B project was lifted to 51 per cent. The equity

in it was sold by the SECV to Mission Energy, which later became Edison Mission Energy. Besides being a highly respected and credible investor that company was acknowledged as an experienced and competent provider of electrical generation services. The company is well known, well regarded and extremely competent in a technically difficult business.

The 1992 agreement was therefore unprofitable for Victoria and it really had to be addressed and faced up to. Indeed, the general cost profile that was built up over the 10 years prior to the coalition's assuming office shows that the kilowatt hour cost of electricity was three times what it should have been. One figure that is very illuminating is that the cost of construction under the Labor administration had got so out of hand that it worked out to about \$2500 per installed kilowatt hour, against a recognised international standard of about \$1500 per kilowatt hour. Yet Labor members have the gall to come in here and lecture us on management and performance. The new agreement that will be put in place between the SEC and Edison Mission Energy will ensure that the negative losses and the excessive drain on funds that were set in concrete by the discredited previous administration will be reduced.

Loy Yang A and Loy Yang B are physically close together. The recent sale of Loy Yang A for \$4.76 billion was a remarkable achievement and will enhance the electrical industry in Victoria. The government has sensibly set out to assist the recovery of an efficient and highly productive electrical industry by privatising the power generation system. The benefits of privatisation include the ability to invest the proceeds of the sale, the release of the debt and the capital funding associated with the operation of the generation plants and the benefits of competition between the significant providers of electrical energy. The sale of Loy Yang B will complete the fundamental process of establishing a competitive environment as it will put Loy Yang B on an equal footing with other power generation operators.

I would like to address the public concerns that have been conveyed to government members by members of the opposition. There has been a lot of talk about needing to know and needing to see the books and documents. It just so happens that this transaction contains highly sensitive commercial information. That is not unusual. In a large multibillion dollar industry with free enterprise competitors it is unreasonable to force one of those providers to publicly declare commercially sensitive information.

Opposition members have subjected government members to a great deal of abuse during the debate about how important and how wonderfully interesting the debate is. I would like it recorded in *Hansard* that at this very moment only one member of the opposition is in the chamber. That shows how insincere the opposition is. It shows that opposition members cannot make their points and that they are not genuine.

The Regulator-General will oversee the transaction, and the subsequent commercial operation will be subject to all legislative processes of the federal and state governments. The Auditor-General will be able to make a post-sale analysis of the transaction, as the documentation will be made available to him. All federal and state government mechanisms will be in place to ensure that the sale complies with the law. The Regulator-General and the Auditor-General will be able to examine the transaction. So the legislation is very much to the credit of the minister.

The legislation will ensure that the sizeable investment in Loy Yang B will enable it to become an efficient producer of electricity. The commercial investment will also ensure that the losses to the state government through the SECV on the very unwise contracts that were organised and negotiated by our predecessors will be minimised and that the eventual allocation of coal produced by Loy Yang A under the mining arrangements will have a very efficient net result.

The bill is very well supported. It is logical, it completes the privatisation of the generation section of the electricity industry, and it will cut the losses that were unwisely entered into by the former Labor government. I have a great deal of pleasure in supporting the bill but I absolutely cannot, will not and do not support the reasoned amendment.

Hon. P. R. HALL (Gippsland) — Given that earlier speakers have already referred to it, I do not intend to go chapter and verse through the history of Loy Yang B. We all know that the Labor government sold 40 per cent of the shareholding of Loy Yang B to a company then called Mission Energy, now called Edison Mission Energy, in 1992.

Hon. T. C. Theophanous — Which you voted for, Mr Hall.

Hon. P. R. HALL — I agree that the outcome has been very positive, Mr Theophanous. I thought it was a very generous deal, as I said at the time; and the outcome of the sale has been positive. As

Mr Strong and Mr Hartigan said, at the time of the sale of the 40 per cent shareholding in Loy Yang B, total responsibility and total management authority for its operation was transferred to Mission Energy, so in every respect the state was but a silent shareholder in the operation. It had a 60 per cent shareholding but no say at all in the management and operation of the power station. Loy Yang B was the first of the privatisations of major power generation companies.

I can recall making comments at the time that the sale was very generous, particularly given the take-or-pay contract arrangement in the legislation. That take-or-pay contract meant that the state was bound to purchase 100 per cent of the electricity produced by the power company. Mission Energy was able to sell 20 per cent of the electricity produced on the open market if it chose to do so. If it chose not to do so the state was required to purchase 100 per cent of the electricity produced. The arrangement in that legislation introduced by a Labor government was generous.

Mention has been made in debates of the power supply deals with Alcoa and the price of electricity supplied to the Point Henry and Portland aluminium smelters. One of the highlights of both generous aspects of the previous legislation is being addressed in this legislation. In response to questions asked by opposition members about the take-or-pay contract arrangements, it is my advice and understanding that any general take-or-pay contract will be completely eliminated through this legislation. Indeed, the only liabilities the state is left with are arrangements that still exist with the Alcoa company concerning aluminium smelters. Even those liabilities have been significantly reduced through a hedging arrangement that was spelt out by the minister in the second-reading speech. To a large extent the government has addressed both of those anomalies in the initial legislation and has gone a long way toward addressing those general terms of the original Loy Yang B sale.

I shall pick up some of the comments made by opposition members and give my views on them. Mr Nardella said he was uncertain about the effect on employees transferred from the public sector to the private sector under the terms of the legislation. Firstly, I am not sure whether Mr Nardella was talking about Loy Yang B. All employees currently at Loy Yang B are employees of Edison Mission Energy and no transfer of employment from the public sector to the private sector is involved.

Mr Nardella talked about the transfer of employees who are currently employed at Loy Yang A, which has been bought by Horizon Energy. It is valid for him to raise that issues under those circumstances. My understanding and advice on those currently employed at Loy Yang A is that they will be transferred to Horizon Energy on exactly the same terms and conditions under which they currently work. That has been the case in similar privatisations, such as Yallourn and Hazelwood. The employees of those power stations were transferred to the new company under the same terms and conditions. That issue has never been raised locally with me and I do not expect any such issue to arise.

Mr Power raised a valid issue about the need to give some consideration to the social impact in the Latrobe Valley area of the downsizing and privatisation of the power industry. To his credit, Mr Power conceded that significant downsizing of the power industry commenced under the previous Labor government. Downsizing has also been followed and pursued under this government, not as a result of privatisation but as a result of the need for the power industry in Victoria to be competitive with the power industries of other states.

There is no argument that downsizing of the SEC started under the Labor government and has continued under the present coalition government. The need for downsizing was apparent before any privatisation. Victoria must be price competitive, and has been able to compete with other states. Because the advent of a national grid has meant power is being traded between states there is a need to ensure that we retain our competitive power industry in Victoria. If it were not for downsizing power stations such as Hazelwood and Yallourn would be almost redundant and in the near future would not be able to compete viably with power generation companies in other states.

Downsizing was necessary if Victoria was to retain a strong and viable power industry, and I do not think opposition members would argue about that. However, it resulted in many people in the power industry in the Latrobe Valley losing employment. As Mr Power rightly pointed out, the government must address that issue, and it is doing so.

One of the significant ways the coalition government has attempted to address the problem is by making both publicly and privately owned power stations liable to pay rates, which has applied only for about two years. The power stations, the land on which they sit and the infrastructure have become rateable

and the Latrobe shire expects to receive rate income from the power stations this financial year of close to \$2.5 million.

To its credit, La Trobe shire has committed the rate revenue from the power stations to economic development within the shire, and that has already been of assistance in the creation of some industries. One example is a \$60 million National Foods yogurt factory which is currently being constructed between Morwell and Traralgon and which will employ about 120 people. That company has received some assistance from the shire to help it establish itself in that area. The shire was able to offer that assistance because of the additional rate revenue it now receives from the two power stations.

A number of smaller businesses have been assisted by the shire with the \$2.5 million generated from the rate revenue. Thomas Clark, a wood processor located in the old SEC stores building, is an example of rate money assisting in the establishment of a new business in the Latrobe Valley that has helped to address unemployment. Mr Power is right when he says that we need to be constantly vigilant in addressing the social impact of downsizing. Rate revenue is one way of helping to address that impact.

My final point concerns workers at private power stations in the Latrobe Valley. I commented earlier in response to an interjection by Mr Theophanous that privatisation has had a positive effect on workers' attitudes. I have never met a more satisfied group of people than the current Loy Yang B power station workers. I have known for years and am good friends with many of the current employees of Edison Mission Energy at Loy Yang B. They have told me that they have never worked for a better employer. They are now multiskilled. Not only do they adjust the screws and do maintenance work, they are now computer literate and do computer monitoring work, and as a result their sense of job satisfaction has been enhanced.

I expect that situation would not be dissimilar to what is happening to workers at other power stations. Downsizing has meant that workers have become more multiskilled, accept more responsibility and have greater job satisfaction as a result.

I return to the comments I made in response to an earlier interjection. When it privatised Loy Yang B the Labor Party took a step in the right direction, but I am still not sure whether Victoria got a good deal financially. It probably did not because the sale was

completed on generous terms. However, the direction was right and the privatisation of Loy Yang B was right.

Privatisation of power stations in the Latrobe Valley is a step in the right direction. It will ensure we will have a competitive power generation industry and will continue to have jobs in that industry. The step the government is taking in extending what was started by the Labor government is a step in the right direction for the power industry in Victoria.

The bill facilitates the sale of the remainder of Loy Yang B and also sets the framework for the privatisation of Loy Yang A. That will be positive for the people of Victoria generally and the people of the Latrobe Valley in particular. I have no hesitation in supporting the bill.

House divided on omission (members in favour vote no):

	<i>Ayes, 30</i>
Asher, Ms	Furletti, Mr
Ashman, Mr	Hall, Mr
Atkinson, Mr	Hartigan, Mr
Baxter, Mr	Knowles, Mr
Best, Mr	Lucas, Mr
Birrell, Mr	Luckins, Mrs
Bishop, Mr	Powell, Mrs
Bowden, Mr	Ross, Dr
Brideson, Mr	Smith, Mr
Cover, Mr	Smith, Ms
Craige, Mr	Stoney, Mr (Teller)
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Varty, Mrs (Teller)
de Fegely, Mr	Wells, Dr
Forwood, Mr	Wilding, Mrs

	<i>Noes, 7</i>
Gould, Miss	Power, Mr
Hogg, Mrs	Pullen, Mr (Teller)
McLean, Mrs	Theophanous, Mr
Nardella, Mr (Teller)	

	<i>Pairs</i>
Boardman, Mr	Nguyen, Mr
Hallam, Mr	Eren, Mr
Katsambanis, Mr	Walpole, Mr

Amendment negatived.

House divided on motion:

	<i>Ayes, 30</i>
Asher, Ms	Furletti, Mr
Ashman, Mr (Teller)	Hall, Mr
Atkinson, Mr	Hartigan, Mr
Baxter, Mr	Knowles, Mr
Best, Mr	Lucas, Mr
Birrell, Mr	Luckins, Mrs
Bishop, Mr	Powell, Mrs
Bowden, Mr	Ross, Dr
Brideson, Mr	Smith, Mr
Cover, Mr (Teller)	Smith, Ms
Craige, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Varty, Mrs
de Fegely, Mr	Wells, Dr
Forwood, Mr	Wilding, Mrs

	<i>Noes, 7</i>
Gould, Miss	Power, Mr
Hogg, Mrs	Pullen, Mr (Teller)
McLean, Mrs	Theophanous, Mr
Nardella, Mr	(Teller)

	<i>Pairs</i>
Boardman, Mr	Nguyen, Mr
Hallam, Mr	Eren, Mr
Katsambanis, Mr	Walpole, Mr

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

ANGLICAN WELFARE AGENCY BILL

Introduction and first reading

Received from Assembly.

Read first time on motion of Hon. R. I. KNOWLES (Minister for Health).

STATE TAXATION ACTS (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

Read first time for Hon. R. M. HALLAM (Minister for Finance) on motion of Hon. R. I. Knowles.

**BUILDING (FURTHER AMENDMENT)
BILL***Introduction and first reading***Received from Assembly.****Read first time for Hon. R. M. HALLAM (Minister for Finance) on motion of Hon. R. I. Knowles.****TAXATION ADMINISTRATION BILL***Introduction and first reading***Received from Assembly.****Read first time for Hon. R. M. HALLAM (Minister for Finance) on motion of Hon. R. I. Knowles****MELBOURNE LANDS (YARRA RIVER
NORTH BANK) BILL***Introduction and first reading***Received from Assembly.****Read first time on motion of Hon. M. A. BIRRELL (Minister for Industry, Science and Technology).****BUSINESS OF THE HOUSE****Sessional orders****Hon. R. I. KNOWLES (Minister for Health) — I move:**

That so much of the sessional orders be suspended as would prevent new business being taken after 10.00 p.m. during the sitting of the Council this day.

Motion agreed to.**ANGLICAN WELFARE AGENCY BILL***Second reading***Hon. R. I. KNOWLES (Minister for Health) — I move:**

That this bill be now read a second time.

Caring for those in need, especially orphans and widows, is a central tenet of the Christian gospel. In New Testament times this caring was informal and individual. In the Middle Ages it was provided by monasteries and parish guilds. From the

18th century, it was provided by institutions and societies. In Melbourne, the Melbourne Orphanage and the Melbourne City Mission were established in the 1850s with Christian leadership — for example, by Bishop Perry — and with broad community support. Denominational agencies emerged later.

The Anglican interest and efforts resulted in the formation of three child and family welfare agencies:

- (a) 1886 — the Mission to the Streets and Lanes of Melbourne, headed by Sister Esther and the Community of the Holy Name, worked in the north-east quarter of the city;
- (b) 1915 — the Mission of St James and St John, headed by Archdeacon George Lamble, operated originally in the parishes which covered the western and northern quarters of the city; and
- (c) 1921 — St John's Homes for Boys and Girls — originally St Martin's Home for Boys — headed by the Reverend Eric Thornton and operated in the eastern suburbs.

Originally, each agency served a different locality and was supported by a defined constituency within the Anglican Church. By 1940 each agency had developed residential services, originally for boys and girls but later extended to include babies and teenagers. New philosophies of child care increased staff professionalism, and additional government support resulted by the 1960s in the emergence of three multifunctional child and welfare agencies under the aegis of the Anglican Church but serving those in need regardless of creed.

From the 1960s there were moves for closer cooperation. In the 1970s there was an agreement not to work in competition in the same region. In the 1980s regular meetings of agency heads and staff began. In 1994 a joint working party was appointed by Archbishop Rayner to develop proposals for a single agency. In 1995 approval in principle was given by the agency boards and the Synod of the Diocese of Melbourne to the formation of a new agency, as distinct from a merged agency. In 1996, the boards of the agencies and the synod of the diocese approved a scheme for a new agency as set out in the report *Securing the Future*.

Motive for change

The Anglican Church wishes to act more effectively in areas of child and family welfare and to speak with one voice to government, to its own membership and to the general community. Among

anticipated benefits from a new, combined agency, are improved service delivery, more adequate planning and research, greater partnership with church and community, more effective service and client advocacy, improved training opportunities and career paths for staff, improved fundraising capacity and reduced overheads.

The new combined agency is likely to have a client base exceeding 9500, a professional and support staff of 520, some 1200 volunteers and an expenditure budget of \$16 million. At present, the only country program of the three existing agencies is one in Central Gippsland, but the new agency will be well placed to respond to invitations from country dioceses to commence new programs.

Incorporation by act of Parliament has been sought for three main reasons. The first is to simplify the process of dissolving the existing agencies and creating the new agency. The second is to facilitate the transfer of assets from the existing agencies to the new agency. These assets include a number of trusts and bequests dating, in some cases, from the early years of the century. The third is to ensure a close relationship between the Anglican Church and the new agency.

The constitution of the new agency has been approved by the boards of the existing agencies and the council of the diocese of Melbourne. It is appended as a schedule to the bill. Once enacted, any alterations would be in accordance with the provisions of the constitution and would not require further parliamentary legislation.

A chief executive officer has been appointed to commence duties on an interim basis on 16 April 1997. It is hoped that Anglicare Victoria can commence operations on 1 July 1997.

I commend this bill to the house.

**Debate adjourned on motion of
Hon. M. M. GOULD (Doutta Galla).**

Debate adjourned until next day.

BUILDING (FURTHER AMENDMENT) BILL

Second reading

For **Hon. R. M. HALLAM** (Minister for Finance),
Hon. R. I. Knowles (Minister for Health) — I move:

That this bill be now read a second time.

The Building Act 1993 is a piece of legislation which not only has sectional importance but, through its impact on the building industry, also has an effect on the state's entire economy. The purpose of this bill is to introduce a number of amendments to the Building Act, most of which are machinery in nature. These amendments are intended to confirm certain matters and to further streamline and improve the building control system of this state.

Definition of Building Code of Australia

As part of the government's commitment to regulatory efficiency the performance-based Building Code of Australia 1996 is proposed to be adopted in Victoria on 1 July 1997. To enable this to happen a new definition is to be inserted in section 3(1) of the act and the current definition in part 2 of schedule 1 of the act is to be repealed.

Prescribed places of entertainment

The current wording in section 26 refers to the 'relevant building surveyor'. The use of the word 'relevant' means the section is capable of an interpretation that an application for a building permit for a place of public entertainment to the Building Control Commission must be made through a municipal or private building surveyor. It is proposed to amend the wording of the provision to confirm that such an application is to be made direct to the commission.

Lodgment of documents

The range of documents required to be lodged with a local council will be extended to include information that is obtained after the permit is issued but is still relevant to the permit. Examples of such documents include details of protection work for adjoining property, Building Appeals Board determinations or appeal decisions and relevant building surveyors approvals under the performance provisions of the Building Code of Australia 1996. The range of documents is to be prescribed in the Building Regulations 1994.

Temporary occupation of buildings

If read in isolation the provisions of section 64 of the act could give the incorrect impression that there are no penalties for failing to comply with the conditions on a consent to temporarily occupy a building.

The provision is to be clarified to confirm that where a person occupies a building contrary to the conditions specified by the relevant building surveyor, the occupation is deemed to be contrary to the provisions of division 1, part 5, of the act and the prescribed penalties under that division apply as for an illegal occupation.

Expenses of adjoining owner

A strict reading of the act does not include the reimbursement of the costs by the adjoining owner in making a preliminary assessment of protection works associated with a building project. Only the supervision of the actual protection work is covered. The amendment will allow the adjoining owner's reasonable costs and expenses of assessing protection works to also be covered, along with the costs associated with supervising the carrying out of protection works. This proposed amendment is in line with a recommendation by the Building Appeals Board.

Application for determination in respect of a building design

The amendment will widen the jurisdiction of the Building Appeals Board to allow it to hear applications which seek the determination of the BAB about whether a proposed design complies with the act, regulations or the proposed performance based Building Code of Australia (BCA 96). This provision will provide improved flexibility in the operation of BCA 96 by providing explicit jurisdiction for the BAB to issue binding determinations where clarification of specific technical issues are required.

Inquiry into conduct

Currently, under section 179(2)(d) the Building Practitioners Board may, after an inquiry into the conduct of a building practitioner, impose a fine of not more than 20 penalty units. In contrast a tribunal established by the Architects Registration Board of Victoria (ARBV) to inquire on its behalf into an architect's performance, may make a determination to impose a penalty not exceeding 50 penalty units.

The current penalty is not an effective deterrent, particularly where the BPB has consolidated a number of complaints for the purposes of an inquiry, and the amendment will therefore increase the maximum penalty available to the BPB to 50 penalty units.

Inquiry costs

Section 181 currently provides that if the Building Practitioners Board makes a finding favourable to a registered building practitioner, it must pay the costs of and incidental to the inquiry. This amendment will provide the BPB with the discretion to award costs and a decision not to do so will be subject to appeal to the Building Appeals Board.

Delegation by the Building Practitioners Board

To streamline the operations of the Building Practitioners Board, where there has been a failure to renew prescribed insurance the amendment provides a power of delegation to the chairperson or a member of the BPB under sections 172(3) and (4) to suspend the registration of the relevant building practitioner.

Building Practitioners Board Procedure in inquiries

Current quorum requirements for the Building Practitioners Board have created some difficulties due to pressure of work. The BPB has requested that it should be able to conduct an inquiry with a panel of its members. This amendment will allow the BPB to conduct inquiries using a panel of not fewer than three members selected by the chairperson. One of the members of the panel is to be the member representing the category of the practitioner being the subject of the inquiry.

If a panel of three or more members includes the chairperson of the BPB, he or she is to be the chairperson of the panel.

Building permit levy

It is proposed to amend section 201(1A) to increase the building permit levy threshold of the cost of building work at which the building permit levy becomes payable from \$3000 to \$10 000, which will apply to all new applications.

To assist in the audit process a registered building surveyor will be required to lodge a nil return where no levy amount was received for the previous month. At present, building surveyors are required only to lodge a building permit levy return if they receive an amount in any given month. An application for exemption from the requirement can be made to the commission where no levy is to be collected for an extended period due to illness or other reasonable cause.

Change of name

The Building Owners and Managers Association of Australia Limited Victoria Division has changed its name to the Property Council of Australia and appropriate adjustments have been made to sections 207(1)(e) and 210(2) of the act.

Application of act to the Crown and public authorities

Although departments and public authorities are not bound by the act, guidelines issued by the Minister for Finance in November 1994 under section 220 of the act currently provide that all government departments and public authorities other than councils should obtain a building permit although the legislation does not require it. Public sector bodies are required to report annually to Parliament on progress in implementing the guidelines. They have up to this point remained exempt from payment of the building permit levy. Local councils have not been required to obtain building permits. Should they voluntarily do so, however, they are required to pay the building permit levy.

Payment of the building permit levy by departments and public authorities, including councils, will be on a project-by-project basis at the time that the building permit application is issued. This is the same as for the private sector.

In total, the additional net revenue to the Building Control Commission is estimated to be of the order of \$200 000 to \$230 000. Given the uncertainty regarding the revenue implications of this proposal, the rate of the building levy permit will be reviewed after 12 months of its application to Crown and public authority projects to determine if it can be reduced, across the board.

The additional funding will be used to strengthen the oversight of building standards and practices by building practitioners, extend the commission's support of industry research and development, and complete the implementation of a building database — public and private sectors — currently being developed in conjunction with the Australian Bureau of Statistics. For the first time, aggregate public sector building statistics will be available to departments and agencies for budget planning, benchmarking and other purposes. The Building Control Commission will consult with departments and agencies on research and development needs and results.

This proposal brings forward the timing for binding the Crown in respect of the building permit system from the year 2000 as proposed in the above guidelines to a date to be proclaimed in 1997. It provides for competitive neutrality by removing general exemptions for departments, their agencies and public authorities including local councils.

The departments of Human Services, Education, and Justice have raised the issue of specific exemptions relating to issues of privacy for facilities such as women's refuges, flexibility of operations in the case of relocatable classrooms and security in the case of jails and police stations. Specific exemptions in relation to these matters will be provided under amendments to existing regulations prior to proclamation of this amendment in consultation with relevant departments and agencies.

Performance audits

The Building Act 1993 introduced private sector competition into the building permit system. To maintain a minimum standard of building safety and an appropriate level of consumer protection it is implicit that the system includes a capacity for the Building Control Commission to conduct investigations, and random audits of building practitioners. This need has been accentuated with the recent inclusion of domestic builders as building practitioners under the act.

Currently, the act contains an express power of entry to the premises which are the subject of building work. There is no express power of entry to separate premises at which relevant building documentation may be kept, nor is there express power to conduct an investigation or conduct a performance audit of building practitioners.

Legal advice suggests it would be prudent to clarify such powers in the act. Accordingly, the amendment includes provisions to enable performance auditors appointed by the Building Control Commission to examine work carried out by registered building practitioners, enter relevant premises, require the production of documents and supply information except where such information may incriminate that person.

The audit powers which have been included are similar to the compliance audit provisions in sections 221ZZZ to 221ZZZB of the Building Act 1993 introduced by the Building (Amendment) Act for plumbing matters. The entry powers for compliance auditors have been restated in clause 21

to ensure that the current amendment does not affect the status quo in relation to plumbing matters.

Authorised persons

An authorised person is a person authorised for the purposes of enforcement of the act and the regulations in relation to matters not related to the work of a registered building practitioner. An example of this is illegal building work carried out by an owner-builder. The powers of the authorised person are less extensive than that of a performance auditor. The same person can be a performance auditor and an authorised person.

Power of entry

The power of entry provisions of the act for enforcement purposes have been remodelled and the written consent of the occupier to enter the premises or the issue of a warrant will be required. Entry provisions for statutory inspection purposes are not subject to consent but must be carried out between the hours of 8.00 a.m. and 6.00 p.m. in the case of a residence and at a reasonable time in the case of any other building or land. Entry onto premises will be possible in an emergency without a warrant if the safety of the public or the occupants is at risk or if the premises are the subject of an emergency order under part 8 of the act. The new section also makes reference to an emergency plumbing order under section 221ZZF to provide consistency in the application of the legislation. Section 228(3) will also be amended to include a photograph of the authorised officer on each identity card.

Confidentiality provision

A confidentiality provision is included to ensure that information gathered by an authorised person is used only for the purposes of enforcement of the act and the regulations made under the act.

Sale of Land Act 1962

To assist prospective purchasers and to improve the flow of information to relevant parties, section 32 of the Sale of Land Act 1962 requires an amendment to include a requirement that the vendor of a residence (dwelling) provide information on whether he or she has obtained a building permit as an owner-builder in the past seven years if the House Contracts Guarantee Act applies or in the last six years and six months if section 137B of the Building Act 1993 applies. The vendor will also be required to state

whether a guarantee or insurance applies to the domestic building work which is the subject of the permit.

The government is keen to see that Victoria maintains its position at the forefront of the reform process that the Building Act has put into train since its introduction on 1 July 1994. By continuing to maintain an open agenda and making improvements where a need has been identified I am confident we can continue to achieve practical reforms that meet the expectations of industry and the community alike.

I commend the bill to the house.

Debate adjourned on motion of Hon. PAT POWER (Jika Jika).

Debate adjourned until next day.

TAXATION ADMINISTRATION BILL

Second reading

For **Hon. R. M. HALLAM** (Minister for Finance),
Hon. R. I. Knowles (Minister for Health) — I move:

That this bill be now read a second time.

In 1994, as part of its commitment to micro-economic reform, the government gave approval to the Victorian State Revenue Office to participate with the tax offices of New South Wales, South Australia, Tasmania and the Australian Capital Territory in planning to rewrite the Stamps Act. The stamp duties rewrite project soon recognised that the taxation legislation of each of the participating jurisdictions imposed administrative procedures which differed significantly, even among the taxing acts within individual jurisdictions.

As many businesses commonly engage in transactions involving a number of jurisdictions, these administrative variations result in additional burdens on businesses through the need to comply with different administrative regimes across jurisdictions. These differences create uncertainties and unnecessary duplication which are wasteful and inefficient. The participating jurisdictions therefore began a project to rationalise the administrative procedures currently embodied in five taxing acts and incorporate them under a single taxation administration act.

During the development of this bill, the State Revenue Office consulted extensively and publicly with key industry groups and professional bodies. The range and detail of the comments on various proposals provided by these groups demonstrate the importance they attach to this as a significant vehicle for achieving more effective and streamlined taxation administration. In particular, the Taxation Institute of Australia played a key role in coordinating comments on the bill. The government extends its thanks to those industry groups and professional bodies for their contribution to the consultative process. Their comments made valuable contributions to the quality of the bill.

This bill is a significant step in the government's program of micro-economic reform of state taxes. By consolidating the numerous administrative provisions in the taxing acts into a simplified and modernised code which is consistent, wherever possible, with other jurisdictions, compliance costs for taxpayers will be reduced. This bill is also a step forward in the development of uniform state and territory taxation legislation. A consistent approach to the administration of taxation collection will particularly assist those taxpayers with transactions in more than one jurisdiction.

New South Wales and South Australia have already enacted their equivalent acts and, as I have said, this bill is consistent with the legislation already enacted in those states. However, the need to reflect specific Victorian policy or structural arrangements has resulted in some differences to which I will refer in considering various aspects of this bill. Specific differences of note relate to objections and appeals provisions, where Victoria has access to a less costly appeals avenue through the Administrative Appeals Tribunal, and to the refund provisions.

I will now outline the provisions of the bill. The bill will standardise administrative provisions applicable to the acts which impose debits tax, financial institutions duty and payroll tax. In the future these measures will also be extended to cover stamp duties, when the interjurisdictional stamp duties rewrite has been completed, and land tax. The bill also includes consequential changes which will repeal or amend administrative provisions in other relevant acts, as well as necessary and transitional provisions.

Assessments

The assessment provisions introduce new arrangements in relation to the assessment of tax

which will be common among the jurisdictions. This bill provides the commissioner with the authority to make an assessment on such relevant information as is available and reforms the manner in which the commissioner may make an assessment. An assessment can now include :

- an estimated assessment where the Commissioner of State Revenue does not have access to all relevant information;

- a reassessment within three years of the original assessment, except if there has not been a full and true disclosure of facts, in which case no time limit applies; and

- a compromise assessment, by agreement between both parties where it is difficult or impractical for the commissioner to determine a person's exact liability due to the complexity or uncertainty of the facts.

These innovations are intended to streamline and simplify existing collection arrangements, particularly in relation to complex taxation matters.

Refunds

In 1993 Victorian refund provisions in all taxing acts were amended after an exhaustive review and have been shown to work effectively. These provisions are included in this bill in their current form. Other jurisdictions, which had not developed similar provisions, have chosen to adopt slightly different models.

The Commissioner of State Revenue must still refund an overpaid amount, provided the taxpayer lodges a completed refund application within three years of the overpayment being made. The commissioner may offset the refundable amount against any other existing tax liability. If a refund under the provisions has not been made or has been refused, the taxpayer may, within three months of the end of the period or on refusal, institute recovery proceedings for amounts outstanding.

The bill also provides that where a tax liability has been passed through to another person, a refund can be withheld until the commissioner is satisfied that arrangements have been made to pass it back to the correct recipient or recipients to ensure that an applicant does not make a windfall gain from the refund.

Interest

New provisions apply to interest charged for the late payment of taxes. These provisions will also be common among the jurisdictions. In place of the existing flat rate, interest will comprise the sum of two components: a market rate and a premium rate. The market rate will be the rate that applies under the Commonwealth Income Tax Assessment Act 1936. The premium rate is set at 8 per cent per annum. This change in approach will ensure that the interest payment covers both the financing cost incurred by the government through the late payment of revenue as well as a penalty component which provides an incentive for timely payment. These provisions will standardise the approach across the various tax lines and will bring the imposition of interest for late payment into line with accepted commercial practice.

Interest will be able to be remitted at the discretion of the commissioner in appropriate circumstances. The bill also provides for an increase in the minimum interest liability to \$20. There is no liability to pay interest if that amount of interest is less than \$20.

Penalty tax

Previous penalty powers were based on a fixed penalty structure, with the commissioner having discretionary powers to vary the amount of penalty imposed. The bill introduces new penalty provisions which will be common among the jurisdictions and ensure uniformity across tax lines. The new provisions recognise varying degrees and nature of culpability and accordingly provide for a variation in penalties, rather than the mandatory imposition of a flat rate of penalty in the current acts.

The standard penalty rate will be 25 per cent of the unpaid tax. This may be increased by the commissioner to 75 per cent for intentional disregard of the law. However, if the underpayment arises because of circumstances outside the taxpayer's control or if the commissioner is satisfied that reasonable care was taken to comply with the taxation law, the commissioner may determine that no penalty is payable. The commissioner also has the discretion to remit penalty tax in certain circumstances. New provisions are also included to encourage compliance. A penalty may be reduced where underpayment is disclosed voluntarily either before or during audit, but similarly may be further increased if there is hindrance or concealment by the taxpayer.

Returns

The bill contains returns provisions of a general nature only. Specific provisions relating to lodging returns, and the information required on returns, remain within the specific acts. However, new provisions are introduced by the bill to enable the commissioner to approve special tax return arrangements. Taxes may be collected by standard returns or other means to be agreed with the taxpayer. The purpose of these provisions is to remove the present rigidity concerning payment arrangements in the current acts and allow the flexibility to approve new payment arrangements which take advantage of new technology, or otherwise suit the convenience of the State Revenue Office and the taxpayer.

Collection of tax

The collection provisions encompassed by the bill maintain existing provisions which enable the commissioner to recover moneys in the courts from defaulting taxpayers, and are broadly consistent with the provisions in the other jurisdictions. In certain circumstances a third party may have moneys owing to or held on behalf of a taxpayer garnished by the commissioner. In genuine cases of hardship, the commissioner will be able to extend the time for payment or enter into an arrangement with the taxpayer for outstanding liabilities to be paid by instalments.

Record keeping

The record-keeping provisions contained in the bill are intended to clarify the taxpayer's obligation to ensure the accuracy and accessibility of records. These provisions are also common among the jurisdictions. The bill requires taxpayers to keep records for a minimum of five years to enable the commissioner to determine a proper assessment of a tax liability. Records must be accessible and in English, or capable of being readily converted or translated into English.

Offences

A number of general offences are contained in the bill that replace similar offences currently specified in each of the taxation acts. These offences include:

wilfully destroying records;

knowingly giving false or misleading information;

deliberately omitting information;

evading or attempting to evade tax, by deliberate act or omission;

falsifying or concealing identity; and

failing to lodge documents, statements or returns.

These are modernised provisions which are broadly common to the other jurisdictions. The emphasis of the provisions is on requiring a full and true disclosure of all facts relevant to tax liability to the commissioner.

Tax officers

The bill provides for the creation of the Office of Commissioner of State Revenue, who is to have administration of all the taxing acts. The commissioner will hold all functions in relation to taxation administration. These powers and functions — except the power of delegation itself — may be delegated to taxation officers appointed by the commissioner. The commissioner is also empowered to engage contractors who may also exercise his functions.

Investigations

The investigation powers contained in the bill are consistent with existing Victorian tax statutes and are broadly common to the other jurisdictions. The powers recognise modern practices and include new safeguards for taxpayers against the exercise of coercive powers by the commissioner or officers.

The bill includes requirements for persons to provide information, either orally or in writing, or to attend before the commissioner and give evidence, or produce a document or thing as required in the notice. These replicate existing requirements under each of the taxing acts.

Authorised officers of the commissioner will continue to have the power to enter and remain on premises and inspect, copy or seize records without warrant. These powers will now be subject to the qualification that officers may not enter residential premises without the consent of the occupier. The powers of the commissioner in relation to entry now provide for access to computer stored information and the use of qualified assistants to assist in the retrieval of that information where necessary. A new provision protecting taxpayers requires that material produced to or seized by the commissioner can be

retained for only a limited period. The commissioner must apply to a magistrate if the period is to be extended. There is also provision for an authorised officer to obtain a warrant in accordance with the Magistrates Courts Act 1989 to enter and search premises and to seize records, information, equipment or evidence.

Secrecy

The bill includes secrecy provisions which are common to the jurisdictions. Any tax officer is prevented from disclosing any information received in the administration of the act, save for disclosures to specified parties. The commissioner may disclose general information, provided that it would not identify a taxpayer. A new provision affords further protection of information by means of secondary disclosure provisions. A person who receives information from the commissioner cannot disclose that information to any other person unless for the purposes of enforcement of a law and with the commissioner's consent.

Objections

The provisions of the bill related to objections broadly reproduce the schemes already existing in the taxing acts. A taxpayer who is dissatisfied with an assessment or a decision of the commissioner may lodge an objection in writing within 60 days. The bill includes two new provisions which enable the commissioner to permit an objection to be lodged outside the 60-day limit and allow a taxpayer to proceed directly with an appeal to the Supreme Court where the commissioner has not issued a notice of decision within 90 days. The 90-day limit is a new concept placing a stricter requirement on the commissioner to deal with objections expeditiously. However, the time limit can be suspended if the commissioner notifies the taxpayer that further information is required to determine the objection and that information is not provided.

In line with current provisions, where a taxpayer's objection results in a refund interest will be paid to the taxpayer from the date tax was paid.

Appeals

The appeals provisions in the bill also broadly replicate the existing provisions in the taxing acts. A taxpayer dissatisfied with a decision on an objection, may refer the matter to the Administrative Appeals Tribunal or the Supreme Court. The existing requirements as to onus of proof and the appeal

being limited to the grounds of the objection or disallowance are maintained. A new provision requires that the tax be paid before an appeal may be brought to prevent the process being used to avoid a legitimate tax liability. However, the commissioner may waive this requirement and the bill does not preclude any judicial review of his exercise of discretion.

As in the case of objections, the bill provides that amounts refunded as a result of a successful appeal will include interest to be paid to the taxpayer from the date the tax was paid.

Section 85 statement

I wish to make a statement under section 85(5) of the Constitution Act 1975 of the reasons for altering or varying that section by this bill. Sections 5, 12(4), 18(1), 96(2), 100(4) and 108(1) provide that it is the intention of those sections to alter or vary section 85 of the Constitution Act 1975. These provisions preclude the Supreme Court and the Administrative Appeals Tribunal from entertaining proceedings of a kind to which these sections apply, except as provided by those sections. Section 5 defines the meaning of non-reviewable in relation to this act.

The reasons for limiting the jurisdiction in relation to a compromise assessment under section 12 are that agreement has been reached between the commissioner and the taxpayer on the taxpayer's liability, and the purpose of the section would not be achieved if the decision was reviewable.

Section 18 of the legislation establishes a procedure, the adherence to which is a condition precedent to taking any further action for recovering refunds. The refund provisions replicate those existing in the current taxation acts. The purpose of the provisions is to give the commissioner the opportunity to consider a refund application before any collateral legal action can be taken. The purpose of these provisions would not be achieved if the commissioner's actions were subject to judicial review.

Section 96 of the legislation establishes an exclusive code for dealing with objections and appeals. This code establishes the rights of objectors in a statutory framework and preclude any collateral actions for judicial review. The objections and appeals provisions establish that review of assessments is only to be undertaken in accordance with an exclusive code identified in that division. The purpose of these provisions would not be achieved if

the commissioner's consideration of an objection were subject to judicial review.

A new power is provided to the commissioner under section 100 which provides the commissioner with discretion to allow an objection to be lodged even though out of time. This decision is non-reviewable to ensure the efficient administration of the act and to enable outstanding issues relating to assessments to be concluded expeditiously.

Section 108(1) of the bill prevents a taxpayer from lodging an appeal unless the tax owing has been paid. The jurisdiction of any court to hear the appeal is ousted unless the tax is paid or the commissioner agrees that the appeal may proceed. The purpose of this provision would not be achieved if taxpayers were able to use the appeal provisions as a means of unduly delaying payment of tax.

Service of documents

The bill updates the means by which documents may be served, including by facsimile or, where appropriate, other electronic means. The requirements on the commissioner with regard to the service of documents will be consistent with the service options available to taxpayers. These provisions are also common among the jurisdictions.

Evidence

The bill provides that a notice of assessment, or a copy signed by the commissioner, is conclusive evidence of the making of the assessment and that the amount and all particulars of the assessment are correct, except in objection, review or appeal proceedings where it will be *prima facie* evidence only.

The bill before the house introduces the most modern concepts of taxation administration. The bill simplifies and ensures consistency across tax lines and a majority of jurisdictions, with important benefits and cost savings to taxpayers and the community. The bill is an important step for the government in reforming its state taxes. The interjurisdictional rewrite of stamp duties legislation, one of the more complex of state taxes, is nearing completion and new legislation is expected this year. Further, all states except Queensland have recently announced their desire to implement major reforms of financial transaction taxes. These reforms all provide evidence of the government's strong commitment to state taxation reform.

I commend the bill to the house.

Debate adjourned for Hon. T. C. THEOPHANOUS (Jika Jika) on motion of Hon. M. M. Gould.

Debate adjourned until next day.

ROAD SAFETY (DISCLOSURE OF INFORMATION) BILL

Introduction and first reading

Received from Assembly.

Read first time for Hon. G. R. CRAIGE (Minister for Roads and Ports) on motion of Hon. R. I. Knowles.

ADJOURNMENT

Hon. R. I. KNOWLES (Minister for Health) — I move:

That the house do now adjourn.

Box Forest Secondary College

Hon. C. J. HOGG (Melbourne North) — I ask the Minister for Health to refer the Minister for Education to the loss of community infrastructure that is occurring because of the closure and sale of school sites. I have explained the situation to the minister previously. The Broadmeadows council and a community cooperative paid for the basketball gymnasium at the Oak Park campus of the Box Forest Secondary College in the City of Moreland. The community, not state taxpayers in general, paid for the facility. The car park was constructed by the council and the tennis court was built with a council grant.

At the Hadfield campus of the Box Forest Secondary College the community contributed 50 per cent of the cost of the gymnasium and \$5000 for the tennis court. From 1983 to 1994 the community raised a further \$200 000. In the light of the government's liquidation of these school assets, I ask the minister to find a way in which the non-state government equity is returned to the local community, either through handing over the assets to the council without charge or by building replacement facilities, if the council on behalf of the community deems that to be a better course of action.

The facilities in government schools in the City of Moreland have always offered social and

recreational opportunities in the community. It is essential that community life is not diminished by the closures. I ask the minister to ensure that the City of Moreland does not have reduced infrastructure because of the government's rationalisation of schools.

Health: immunisation

Hon. N. B. LUCAS (Eumemmerring) — Will the Minister for Health advise the house what the government is doing to create a widespread awareness of the need for immunisation against preventable diseases to prevent a situation where children and adults die needlessly from utterly preventable diseases?

In Australia last year there were 4000 cases of whooping cough and unfortunately four children died as a result of contracting the disease. I understand that although 85 per cent of children in Victoria receive the first three doses of triple antigen, only 70 per cent have the booster dose 18 months later. Complications that can be prevented occur with this whooping cough, as they do with measles and other diseases.

One in 25 of the children who contract measles will also develop pneumonia, one in 2000 will have inflammation of the brain, one in 2500 will have permanent brain damage and one in 20 000 will die, yet measles is preventable. Rubella, or German measles, is thought by many to be a trivial illness, but if a woman is infected with rubella in the first 20 weeks of a pregnancy the consequences for the child are dire and include the chance of deafness, blindness and mental retardation. Nearly a quarter of women of child-bearing age have no immunity against rubella. Although prior to 1969 there was no vaccination for rubella, since then vaccination has become simple and effective and has no side effects.

I also direct to the attention of the minister an ABS report of 1995 which indicates that only about half of the children in Australia are fully immunised against measles, mumps, polio, whooping cough, diphtheria, tetanus and rubella. Finally, I direct the attention of the minister to a letter published in the *Age*, in which a lady states:

But 4 days of mild discomfort spread over 18 months is a pretty small sacrifice compared with what my mother suffered during her early childhood. Racked by diphtheria and whooping cough, in addition to the routine mumps and measles, while watching her own

mother slowly dying of tuberculosis, my mum's childhood had little room for magic.

We do not want to return to those days. I ask the minister for his advice.

Workcover Update

Hon. T. C. THEOPHANOUS (Jika Jika) — I have a matter to raise with the Minister responsible for Workcover. I know the minister is ill, and I have spoken to the Minister for Health, who will take up the matter on the minister's behalf. During question time today I asked a question concerning *Workcover Update* and the issue of 200 000 copies of the six-monthly newsletter to employers around the state. The Minister for Small Business would know that there are about 200 000 employers in the state, so the figures correspond.

Reference is made in the publication to incident notification regulations. It states that the new notification regulations require that if there is an incident which results in death or serious injury the Victorian Workcover Authority must be notified. More importantly, it states that notification must occur if:

... there is a dangerous occurrence of 'near miss' where persons are exposed to immediate risk to their health and safety.

That is part of the new regulations and I would have thought it was important for employers to know about them. Fines of \$40 000 and \$10 000 respectively may be imposed on companies and individuals who fail to notify Workcover of such an incident or near miss.

Apparently these 200 000 copies of *Workcover Update* were shredded, but not every copy, because I have an original. I understand the reason for their being shredded was that concern was expressed by the chief executive officer about how employers would react to the new regulations. He did not want to upset employers unnecessarily by having the publication sent to them. I wish to establish whether that has occurred. One can never be certain about these things.

I had the parliamentary library ask the Workcover Authority for a copy of the publication. The library received a faxed response which states that the officer involved is sorry for the delay — I will not mention his name — but he has been informed that there has not been an update since August 1996 and

if the library could call him in regard to the requests he can provide the information. Will the Minister for Health ask the Minister responsible for Workcover whether this shredding has occurred?

The PRESIDENT — Order! Up to that last point, the Leader of the Opposition's question was in order. The last part was a repeat of what we heard earlier in the day, and the Leader of the Opposition cannot ask that now.

Black Rock sewage treatment plant

Hon. W. A. N. HARTIGAN (Geelong) — I direct a matter to the attention of the Minister for Roads and Ports as representative in this place of the Minister for Agriculture and Resources. About a fortnight ago all honourable members were grateful to be informed that the Deputy Premier opened the new Black Rock sewage treatment plant.

This will be a matter of some enthusiasm, concern and interest. One of the consequences of a substantial investment of some \$50 000 over the past four or five years in this project has been the provision of tertiary treatment of sewage. Water that flows through the treatment plant and the outfall to the sea is of a high quality and is capable of being used for agricultural and rural purposes. Given that we are going through one of the driest periods experienced in Victoria for many years, our attention is drawn to the fact that Australia is an extremely dry continent and that for a variety of reasons — environmental, water usage and so on — we should be seriously considering how we can conserve such a valuable resource, especially water that is treated to this level.

I would be most grateful if the minister would ask the Minister for Agriculture and Resources in another place to let me know what action is under consideration by him and his department to assist in achieving a better utilisation of the resource and at the same time starting to address the issue of elimination of sewage outfall on our coasts.

Apprentices: workplace abuse

Hon. S. M. NGUYEN (Melbourne West) — My question is directed to the Minister for Health, who represents the Minister for Tertiary Education and Training in another place. Last year the issue of workplace abuse of apprentices was raised. In particular the case of a Mr David McHugh was brought to the minister's attention. As a result, the

minister sounded a warning to all employers about their responsibilities in relation to apprentices.

Recently a 16-year-old teenager working at a Sunshine panel beater's shop was allegedly set alight by his fellow workers and suffered burns and shock. I ask the minister to ask the Minister for Tertiary Education and Training to investigate the case and make it clear to employers that any abuse of teenage employees in the workplace will not be tolerated.

Glen Eira: mayoral allowance

Hon. M. T. LUCKINS (Waverley) — I ask the Minister for Health to refer a matter to the Minister for Planning and Local Government in another place. My electorate office is located in Murrumbidgee, which is in the City of Glen Eira. There appears to be a degree of community concern about the allowance the council has voted to pay the mayor of Glen Eira and his outside interests. I ask the minister to investigate the concerns on behalf of the ratepayers of Glen Eira and my constituents.

Intergraph: performance

Hon. D. A. NARDELLA (Melbourne North) — I address an issue to the Minister for Health. In reply to a question without notice by me today the minister stated that he had not seen the *Four Corners* program on Intergraph and in reply to an interjection by Mr Theophanous said he could not have seen it because he was busy at a meeting on Monday night.

The issue raised by *Four Corners* was whether the service provided by Intergraph was effective and efficient and what were the contractual arrangements. The minister is responsible for those contractual arrangements, which are of paramount importance to the Victorian community.

I am sure the minister would have been made aware of details of the program and some of the claims arising from it, which were the subject of reports in newspapers and on news services on Tuesday and which were mentioned in question time yesterday and today. I am sure the government would have appreciated the need for the issues raised in the program to be dealt with by the minister and the government. The minister would also know that the library could quickly provide a copy of the audio tape for him.

I am aware that there was not even a branch meeting on Monday night. Even if the minister had not been able to watch the Monday night *Four Corners* program, it was rebroadcast yesterday, beginning at 1.00 p.m., during the lunch break. The minister's excuses for not having viewed that important program do not stand up. Will the minister now view the *Four Corners* program and deal with serious allegations, specifically that the software is faulty, and report back to the house on what action he will take?

Snow peas: export

Hon. I. J. COVER (Geelong) — I raise my inaugural matter on the adjournment debate with the Minister for Industry, Science and Technology. In doing so, I thank him for the briefing he gave to some honourable members yesterday, in which he outlined the excellent initiatives being undertaken by his department.

Hot on the heels of that briefing yesterday, I raise this issue to find out whether the minister is aware of the development of a lucrative international market for a South Gippsland snow pea cooperative and the assistance given to the cooperative by a local member of Parliament. I understand the operation has been described as unique in Victoria. The minister may even be able to enlighten us as to whether it is the biggest operation of its type in Australia.

Given that the Geelong region provides marvellous expanses of agricultural land, and the fact that people in the area are constantly on the lookout for ways to stimulate employment and investment, I ask whether there are opportunities for me and my colleague Mr Hartigan to emulate the aforesaid member. Finally, will the minister advise the house whether snow peas will become more significant than genetically engineered soya beans?

Eastern Freeway: extension

Hon. PAT POWER (Jika Jika) — Unfortunately the issue I raise is serious. I seek the assistance of the Minister for Roads and Ports on an issue concerning the Eastern Freeway extension. I have no doubt the minister is fully aware of the progress of the work on that extension. I visited that freeway extension in the North Box Hill and North Balwyn areas and walked over a great deal of construction work. I was struck by the advanced technology being used in some of the noise abatement management programs.

I ask the minister to report on the perspex walls that are to be utilised in the North Balwyn and North Box Hill areas for noise abatement. I understand the transparent walls will sit on a concrete base of some 1.5 metres and will be about 7 metres high. The people whose properties back on to the freeway at that point are concerned about the loss of amenity that these transparent noise abatement walls will provide. I should like to know whether it is possible for there to be reconsideration of the use of that material. Further, will the minister indicate the target date for the completion of the Eastern Freeway?

Responses

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — Mr Cover raised a very important matter about the development of a lucrative new international market for snow peas. The breakthrough has been drawn to my attention by Mr Cover. Fortunately, I also have on hand the *South Gippsland Sentinel Times*. Honourable members may not be aware that Mr Smith has been responsible for this market breakthrough. Indeed, as the article makes clear:

A South Gippsland snow pea cooperative is enjoying lucrative international markets, with the help of a local politician.

This is the advice Mr Cover needs. The article continues:

Mr Smith is drawing on valuable contacts gained from extensive travel, to set up new markets.

We need this type of outreach. I encourage other members to become personally involved in getting local businesses up and running. The article also indicates:

Mr Smith will also help in the move's financial aspects.

It is an important marketplace. I am not sure whether this will compete with Mrs McLean's genetically engineered soya beans in terms of growth. I thank Mr Smith for his initiative. He is actively involved in his area.

Hon. R. I. KNOWLES (Minister for Health) — Mrs Hogg raised for the attention of the Minister for Education the concern of the City of Moreland that the sale of school sites would reduce the overall social infrastructure within that city. I shall refer that matter to the minister.

Mr Lucas raised his concern about the relatively low rates of immunisation among Victorian children. This is a matter of concern to the state and commonwealth governments. The commonwealth government recently released a seven-point plan to try to increase immunisation rates. The Victorian government has been active in taking a number of steps to improve the situation.

An overwhelming majority of parents are not opposed to immunisation, but there is some indication that either through a lack of opportunity or forgetfulness they do not maintain the immunisation of their children at the level of the past. The issue is being tackled from a number of perspectives, the first being to encourage opportunistic immunisation when parents take their children to general practitioners. As a generalisation, children visit general practitioners on a number of occasions for different reasons and that would provide an opportunity for the GP to check with the parents about the child's immunisation.

Secondly, a few years ago the government introduced an initiative requiring students commencing primary school to lodge certificates of their current immunisation status. Last year approximately 13 per cent of schools did not follow up if parents did not lodge the certificates. As a result of discussions with my colleague the Minister for Education there is now an agreement that when a certificate is not lodged it will be followed up to establish whether the parent is a conscientious objector or whether it is simply a matter of the parent having forgotten to maintain the immunisation. I expect that to have made an impact.

Last year the government funded a mobile immunisation van in the western suburbs and it will be funding three more vans in this year's budget: one in the western suburbs, one in the Grampians region; and one in the Hume region. They will work with local government and move around the region to try to pick up those children whose parents are happy for them to have vaccinations but who have not got around to it.

There is no doubt that if the level of immunisations is increased epidemics of a number of diseases that previously plagued our community but which are now controllable will be prevented. I am confident the initiatives taken by both the state and commonwealth governments will lift the coverage significantly above the current level.

The one reservation I have is that we should not rely on the Australian Bureau of Statistics figures, which show that approximately 50 per cent of children are immunised, because the methodology it uses was rejected by the Americans a number of years ago. Our work has shown that something like 85 per cent of children who commence primary school have been immunised. That figure needs to be increased but it is not quite as grim as the ABS evidence suggests.

Mr Theophanous raised a matter for the Minister for Finance seeking an update on the reported editions of the April *Workcover Update* that have been destroyed. It was clear during question time that the Minister for Finance had no knowledge of the issue. I will certainly refer it to him to determine whether he has been able to obtain information subsequently.

Mr Nguyen raised with me an important matter for the Minister for Tertiary Education and Training. I believe all honourable members would be concerned about media reports of victimisation of young apprentices in the work place. There have been some horrific experiences. The government has expressed great concern about that and specifically the recent report of the mock hanging of a 15-year-old apprentice. This matter is not easily tackled because it is about human behaviour and people not understanding what most of us see as basic decent human behaviour. I will refer both his concern and his request to my colleague for action.

Mrs Luckins raised her concern about a suggested victimisation of the Mayor of the City of Glen Eira, Cr Alan Grossbard. I will refer the matter to the Minister for Planning and Local Government. My understanding is that contrary to the accusation that he is only a part-time mayor, Cr Grossbard has actually taken leave and will be a full-time mayor. That information would have been readily available if he had been contacted.

This occurred because of a claim by Mr Ari Suss, a candidate in the recent election. He did not receive

much local support because he attracted only 8 per cent of the vote, but he did not take the trouble of contacting Cr Alan Grossbard for the information. It is disappointing that his claims were repeated in this house by Mr Power without checking the facts.

I will refer the matter to the Minister for Planning and Local Government who, no doubt, will seek the opportunity of correcting the record in fairness to both the ratepayers of Glen Eira and Cr Grossbard.

As best I can understand Mr Nardella seeks a commitment from me that I will watch *Four Corners* in the future. I have no intention of doing that. The indications I gave the house earlier today were accurate. The advice, not only from the Metropolitan Ambulance Service but from all the emergency services, is that the computer dispatch system is operating very effectively. Victorians can have great confidence that their emergency services are operating effectively. There is no requirement for me to take further action on the issue at this time.

Hon. G. R. CRAIGE (Minister for Roads and Ports) — Mr Hartigan raised for the attention of the Minister for Agriculture and Resources water flowing from a treated sewage plant outflow which could be used for agricultural purposes because of its high quality. He asked the minister to consider the better utilisation of that resource. I shall pass on his inquiry to the minister.

Mr Power continues to show an interest in the Eastern Freeway extension by raising the issue of noise attenuation and the problem with houses backing onto the freeway. He asked that I further consider changing the structure of the perspex barriers to concrete barriers. I will not do that.

Motion agreed to.

House adjourned 11.03 p.m.

Thursday, 1 May 1997

The PRESIDENT (Hon. B. A. Chamberlain) took the chair at 10.02 a.m. and read the prayer.

PARLIAMENT HOUSE COMPLETION AUTHORITY

Hon. W. R. BAXTER (North Eastern) — By leave, I move:

That there be laid before this house a copy of the report from the Parliament House Completion Authority, together with appendices, following the winding up of the authority.

As honourable members will be aware from papers tabled earlier this week advising of proclamations of certain acts, the Parliament House Repeal Act came into operation on 22 April. It seemed to members of the Parliament House Completion Authority, which has just gone out of existence, that the immense amount of work done by the authority in its relatively short lifetime and the valuable material it assembled, all of which I trust and hope will have a future use, should be officially recorded in the records and papers of Parliament. Therefore, I am tabling a report which sets out the authority's activities from its constitution in the middle of 1996 until its demise last week. Attached to that report are nine appendices recording the work of the authority which will remain on the record for the future. Those appendices are:

1. Project Brief: Project and Functional Brief;
2. Project Brief: Space Data and Layout Sheets;
3. Project Brief: Existing Condition Reports;
4. Architect's Report (Robert Peck von Hartel Trethowan);
5. Structural Engineer's Report (Ove Arup);
6. Services Engineer's Report (Connell Wagner);
7. Quantity Surveyor's Report — Preliminary Estimate No. 1 (Rider Hunt Melbourne);
8. Project Manager's Report (Building Services Agency); and
9. Catering Consultant's Report (Foodservice Consultants).

Copies of the report will be made available in the papers office in due course — if the house carries the motion I propose to move — but limited copies will

be available immediately. I ask honourable members to be patient until the printed copies are available in a few days.

As well as the report, the nine appendices will be lodged with the library, the House Committee, the Building Services Agency, the Premier and the Public Records Office, so a record will be available to the public on an ongoing basis for research in the future.

A number of useful pieces of work were done in any event. Firstly, the exterior stonework of the building was cleaned, which the authority assumed the contracts for from the House Committee. Now that it is complete all honourable members would acknowledge that it is a magnificent job and that Parliament House is a much improved building from a visual point of view for anyone coming up Bourke Street, especially at night. It is a magnificent vista.

Secondly, as a result of the building condition investigations some asbestos was found in the building. That was removed at a cost of some \$66 000. Obviously the work that was executed was very useful.

Thirdly, an investigation of the stonework was under way at the time the decision was taken not to proceed with the project. Members of the authority believe it would be extremely useful if that investigation were completed so the House Committee and succeeding generations of parliamentarians might at least know the alternatives if either completion or maintenance of the stonework needs to be done in the future. Honourable members will note that the final paragraph of the authority's report recommends accordingly and that the stonework investigation be completed by the Department of Natural Resources and Environment, or whatever is deemed the suitable authority to do so.

I take this opportunity to thank a number of people, particularly the staff of the authority and especially its chief executive officer, Mr Barry Nicholls. A vast array of consultants were engaged, all of whom accepted their charter with gusto and contributed very well. I thank the architects, Robert Peck von Hartel Trethowan, including Yvonne von Hartel, Bruce Trethowan and their team of young and enthusiastic architects. I place on record the authority's appreciation of the work of Mr Jim Kennedy of the Building Services Agency, who devoted a great deal of his time and skills to the

project. I also thank my fellow authority members — Mr Speaker and the honourable members for Shepparton, Bennettswood and Werribee, Mr Kilgour, Mr Coleman and Ms Gillett respectively from another place, and, from this chamber, Mrs Hogg and Mr President — for the way they took up their positions on the authority. I believe the authority was a good team which worked by consensus. There are none more sorry than the members of the authority that, yet again, there was a false start in the completion of this magnificent building.

Whenever I approach the building now, especially when I come from the south, I see an incomplete building. That is really disappointing. I am sure all honourable members look forward to 1999 and hope the project can get under way again. I can say without being too immodest that the authority has laid a very good foundation for the building to be completed sometime in the future. I certainly hope it can be.

Hon. C. J. HOGG (Melbourne North) — I commend the remarks made by Mr Baxter. I have already had a good deal to say about the winding up of the Parliament House Completion Authority but I wish to say what a sad occasion it has been. I do not want this opportunity to go by without commending the final report of the authority to honourable members. On behalf of all members in this house and probably everyone who works in the building I thank yet again Mr Baxter for the enterprise, energy and sheer hard work and vision he showed right throughout the project.

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I look forward to reading the report and appendices tabled by Mr Baxter. I am sure all honourable members join with Mrs Hogg in thanking Mr Baxter for his outstanding work and the dignity he has brought to the last few months, which have been quite difficult for the authority and, I dare say, for him. He has done a job that is a credit to this house and to Parliament. It does not surprise those of us who know of his professional skills but I hope the investment that he personally put in, along with the other members of the authority, will bear fruit in a few years to come.

The PRESIDENT — Order! Obviously I endorse the remarks made by Mrs Hogg and the Minister for Industry, Science and Technology. The authority worked as a unit during the course of its operation. The three parties were as one with the objective of

working with the chairman, Mr Baxter to achieve a good outcome. Unlike previous work which has edged towards the completion of Parliament House, the work done this time is more likely to bear fruit in the sense of the preparatory work that has been done. For instance, one of the documents that has been prepared is a condition report of the existing building. That will be a great guide to the House Committee, which has the responsibility for the building. This year's budget includes funding for the reroofing of Queen's Hall. It is to be hoped that everything that is done in the future will be consistent with preparatory work of the completion authority.

The design principles which were almost adopted by the authority will be adhered to by those undertaking certain work in the meantime. For example, money was to have been spent on the lift on the Legislative Council side of the building. That will not happen now because under the design which was developed that lift was redundant because there were to be other lifts in another place. It makes sense to bear in mind the design principles that have been developed. A very useful set of documents has been developed.

I wholeheartedly support the recommendation of the authority that the issue of the stone for the cladding of the building be resolved because that will be a fairly lengthy process. Time is now available to work through that issue. It will require some funds from the Treasury to enable such an investigation to proceed but it will be money well spent. That will literally take months off the completion time when the rocket goes up to start again, perhaps in mid-1999. On behalf of all members I thank Mr Baxter for his leadership of the completion authority.

Motion agreed to.

Laid on table.

Ordered that report be printed.

PAPERS

Laid on table by Clerk:

Ballarat University — Report for the year 1996

Deakin University — Report for the year 1996

Monash University — Report for the year 1996

Swinburne University of Technology — Report for the year 1996

Victoria University of Technology — Report for the year 1996

Victorian College of Agriculture and Horticulture Ltd — Report for the year 1996 (two papers).

MELBOURNE LANDS (YARRA RIVER NORTH BANK) BILL

Second reading

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I move:

That this bill now be read a second time.

The bill provides for Melbourne City Council as committee of management to issue long-term leases for the purpose of constructing and operating an aquarium. The bill will thereby assist the City of Melbourne in its plans to enhance the land between Queensbridge, Flinders Street, King Street and the North Bank of the Yarra River.

The City of Melbourne is seeking to transform what has been a neglected and unattractive environment dominated by roads, car parks and railway viaducts into one of the most dramatic public spaces in Australia. The Lord Mayor of Melbourne recently celebrated the Yarra Bank turning basin improvements as another significant step in the process of transforming the Yarra into a popular icon.

The council saw the area as a major impediment to linking the city to the river on its northern banks. The government clearly signalled its support for improvement of the north bank of the Yarra River in the capital city policy and sees the council's initiatives as complementing Agenda 21 projects such as the restoration of Old Customs House and the construction of Federation Square.

Experience with Batman Park has taught the council that the creation of open space alone is not sufficient to generate activity and public interest. The council has been working to attract a commercial development to the western end of the turning basin precinct which would complement the turning basin and the river, and be an important tourist attraction for all Victorians and our visitors. The aquarium proposal by Melbourne Underwater World was

found by the council to offer the best overall opportunity.

The purpose of the legislation is to facilitate the development agreed between Melbourne City Council and the preferred developer. The council struck a development agreement with the preferred developer in December 1996, subject to the government agreeing to the terms and conditions of a lease. The government understands that the developer will make a significant up-front cash contribution and the council will use the contribution to further enhance the public amenity of the turning basin precinct.

The recent planning scheme amendment requires the developer to provide a minimum setback of five metres to enable continuation of the new turning basin promenade. The right-of-passage provisions in the bill grant the aquarium operator and visitors access to the premises but the council will be able to ensure 24-hour public access to and use of the promenade.

I turn now to the particulars of the bill. Clauses 1, 2 and 3 relate to the purposes of the bill, its commencement and relevant definitions. Clause 4 provides for the granting of long-term leases by the City of Melbourne as committee of management for an aquarium and associated retail, tourism and commercial purposes on the north bank of the Yarra River, subject to ministerial approval.

Clause 5 of the bill provides a right of passage to the leaseholder, subject to relevant conditions to be determined by the council. Clause 6 provides for a small portion of an adjacent municipal reserve to be excised and rereserved as part of the area to which the leasing provisions apply. Clause 7 protects rights under the Transport Act in relation to the Flinders Street railway viaduct.

I commend the bill to the house.

Debate adjourned on motion of Hon. PAT POWER (Jika Jika).

Debate adjourned until next day.

ROAD SAFETY (DISCLOSURE OF INFORMATION) BILL

Second reading

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I move:

That this bill be now read a second time

The main purpose of this bill is to amend the provisions of the Road Safety Act which deal with the disclosure of information from the records of Vicroads kept under that act. The records in question relate mainly to registered motor vehicles and their owners and to licensed drivers. The present provisions are in need of amendment as a result of a number of developments. These include the moves toward national uniformity in road transport matters, the increasing need to safeguard the privacy of the individual in the electronic age and the operational needs of agencies engaged in combating crime and law enforcement generally.

There are two main problems with the present provisions contained in section 92 of the Road Safety Act 1986 and in related provisions of the Crimes Act 1958. These provisions are seen as too restrictive when information is required for law enforcement purposes and not restrictive enough when information is passed on for legitimate purposes to third parties.

A few examples may assist in illustrating these problems. At present the Road Safety Act makes it an offence for Vicroads and its employees and contractors to divulge the contents of a record kept under the act unless the disclosure is made in connection with the administration of the act, legal proceedings under the act, or to the Transport Accident Commission.

Parking offences arise under the act and therefore a municipal council is able to receive information from Vicroads as to the name and address of the registered owner of a car in order to deal with a parking offence. However, if the car is not involved in an offence under the act but in, say, a bank robbery, information about the registered ownership of the car cannot be lawfully obtained by the police from Vicroads records unless the Minister for Roads and Ports gives a direction to Vicroads under the Crimes Act. This is an extremely cumbersome procedure and it has been found quite unsatisfactory in practice.

The bill overcomes this difficulty by providing that information may be disclosed to law enforcement agencies for the purposes of the investigation or prosecution of offences of any kind and the enforcement of judgments and orders in the criminal jurisdiction.

That is more in keeping with the laws in force in other states and territories. It also accords with principles adopted by the commonwealth in its Privacy Act 1988 which are being proposed as the basis for disclosure under national uniformity legislation such as the Road Transport Reform (Heavy Vehicles Registration) Act 1997 of the commonwealth.

The second main problem with the present provisions is the lack of any control over the use to which information is put once it has left Vicroads. In the parking example referred to, once the municipal council has received the information from Vicroads there is no provision in the Road Safety Act to ensure that it is used only for the purpose for which it was received. The bill overcomes this by providing that Vicroads must have in place a confidentiality agreement before it discloses the information. In some cases the agreement will be a continuing agreement, for example where there is an ongoing requirement for information, as in the case of the police and municipal councils. In other cases, where requests are infrequent, an agreement will be entered into at the time.

It is an offence under the proposed provisions for a person who obtains information under a confidentiality agreement to disclose or use the information other than for a purpose specified in the agreement. That is the case whether or not the person is a party to the agreement. The intention of this latter provision is that Vicroads will only be required to have a confidentiality agreement with the principal person or authority in a given situation. Other people who act under the control or direction of the principal will be bound by the terms of the agreement.

In regard to the Victoria Police, for example, it is expected that Vicroads will have a confidentiality agreement with the chief commissioner or his delegate and that agreement will govern the actions of other members of the police force. The bill requires that such an agreement must specify:

the purposes for which the information is required;

the means of providing it;

the means of protecting confidentiality; and

an undertaking that the information will only be used for the purposes specified.

The means of protecting confidentiality in the case of the police might include the giving of an instruction under the Police Regulation Act 1958 which would be enforceable under that act. Other means would include the keeping of audit trails and periodic monitoring of the procedures to ensure adherence.

Representations have been made to the government by the insurance industry and the legal profession asking that information as to registered ownership be disclosed to intending litigants in order to facilitate litigation. However, with one or two exceptions the bill does not deal with the civil jurisdiction. It is proposed that civil matters be considered in the context of the government's response to the recent report of the Data Protection Advisory Council (DPAC).

One exception to the proposition that civil matters are not dealt with in this bill is that the Sheriff may use the information to enforce judgments and orders of courts in their civil jurisdictions. It should also be noted that disclosure to or by a court in compliance with an order made by it is also one of the permitted exceptions to the need for a confidentiality agreement. In keeping with the DPAC report, Vicroads will develop a code of practice which includes procedures for monitoring compliance with confidentiality agreements.

The bill aims to provide an appropriate balance between the individual's right to privacy and the community expectation that effective law enforcement will not be frustrated by denying access to relevant information held by government agencies.

I commend the bill to the house.

Debate adjourned on motion of Hon. PAT POWER (Jika Jika).

Debate adjourned until next day.

LAND (REVOCATION OF MISCELLANEOUS RESERVATIONS) BILL

Second reading

Debate resumed from 24 April; motion of Hon. M. A. BIRRELL (Minister for Industry, Science and Technology).

Hon. PAT POWER (Jika Jika) — The Land (Revocation of Miscellaneous Reservations) Bill is a

simple piece of legislation which the opposition does not oppose and which will not require substantial debate. The bill seeks to revoke reservations on Crown grants and must be the subject of serious consideration, although at first reading the substance of the debate may not necessarily reflect that. The opposition is satisfied that the process the government used to reach its conclusions was appropriate and that the decisions that flow from the legislation will result in satisfactory outcomes at the local level.

The bill provides for the revocation of permanent reservations of lands described in the schedules to the bill to either facilitate sale of those lands or because the purposes of the reservations are no longer appropriate for the existing or proposed uses of the land.

Clause 3 of the bill deals with land at the corner of Nicholson and Riverine streets, Bairnsdale, which in 1877 was permanently reserved as the site for a shire hall. The fact that we are considering a piece of land that has been in public ownership for 120 years is of itself evidence that these decisions must be taken seriously. The property has not been used as municipal offices for a number of years, currently houses an art gallery, is frequently used by a variety of community groups for meetings and other purposes, and the Shire of East Gippsland proposes to convert it into an arts and cultural centre and has agreed that the site should be appropriately re-reserved.

Clause 4 deals with a small piece of land in one of the most beautiful parts of Victoria near Skenes Creek. It is on the north side of the Great Ocean Road and is part of an area that was permanently reserved for the protection of the coastline in 1981. It has been established that more than 50 years ago a house was constructed on the land. It is not generally accessible to the public and it is sensibly proposed to revoke the permanent reservation over the amount of land that is necessary to enable the sale of the land on which the house is located to the adjoining owners.

Clause 5 deals with 420 square metres of land adjacent to the junction of the Phillip Island Tourist Road and the Churchill Island access road in Mr Smith's electorate. An area of land which includes Churchill Island was previously permanently reserved as a site of natural beauty and of historic interest. As Mr Smith will no doubt inform the house if he has an opportunity of speaking, Phillip Island and Churchill Island are

situated in some of the most beautiful country in Victoria, and Churchill Island is of historic significance. Because of the dangerous nature of the current access road to Churchill Island and the amount of tourist traffic that uses it, Vicroads considers it is of the utmost importance to carry out work that will make the intersection safer.

I reiterate that the opposition will not oppose the bill, which it believes has been properly assessed by the government in consultation with the community.

Hon. B. W. BISHOP (North Western) — I have pleasure in speaking on the bill. Although Mr Power correctly referred to it as a relatively small bill, I am sure the house will appreciate that it is important. It is certainly important to the communities affected by the changes it will put in place.

I am pleased to be involved in the work of a government bills committee which responds to changed circumstances in local communities and provides appropriate scrutiny of proposals for the revocation of reservations of land that come up for consideration from time to time. The committee recognises changes that have occurred over time, especially in relation to government land.

An excellent example of a change in use of land concerns a block of land in Bairnsdale which is the subject of a Crown grant and has been under the control of the former Bairnsdale shire since 1877. Prior to amalgamation it was used as a site for municipal offices, but as the result of local initiative and support from the community the building is now a small art gallery and is used for community meetings and so on.

Following the successful completion of local government amalgamations, the Shire of East Gippsland is now the responsible municipal body. The community now wishes to extend the use of the building and make it a larger arts and cultural centre, at the same time adapting it to better accommodate meetings. I congratulate the community and the East Gippsland shire on this move, which will generate both local and tourist interest, and in that way will be good for Bairnsdale and for Victoria as a whole.

The bill also deals with a small portion of land at Skenes Creek on the Great Ocean Road. The road is one of Victoria's most spectacular tourist routes and provides some wonderful outlooks along the coast. Approximately 50 years ago a house was accidentally built on a reservation and the bill will

allow for the revocation of part of that area to make it possible for the neighbouring land-owners to purchase that land pursuant to under a Valuer-General's valuation, if they wish to do so. It is a practical and sensible result that will ensure flexibility for all parties. I hasten to add that there is no risk to the environment in that area because there is no public access to that house and over the years the surrounding vegetation has stabilised and regrown.

The last reservation dealt with in the bill involves a small area of land at Phillip Island, one of Victoria's leading tourist areas. The land is in the electorate of Mr Smith, who represents his area strongly, and I have no doubt he will say a few words on the bill. The land in question is at the junction of the Churchill Island access road and the Phillip Island Tourist Road. The area was purchased years ago by the Victorian Trust for Nature as a nature reserve, is therefore under the control of the Crown and will be preserved for its natural beauty and historic interest.

Most honourable members would know the Churchill Island homestead and farm, which attract many tourists to the island. No doubt earlier settlers would be staggered by the amount of traffic that now uses the access road and the area to be excised will facilitate roadworks designed to make the intersection safer for both locals and tourists.

The bill also includes technical provisions relating to land bills and provides the wherewithal for the process contained in the bill. It is an interesting, if small, bill that reflects the changing requirements of the community in respect of Crown land. I commend the bill to the house.

Hon. K. M. SMITH (South Eastern) — I am pleased to be involved in debate on this small but important bill. Clause 5 will revoke a reservation on the Phillip Island Tourist Road where it intersects with the Churchill Island access road involving a piece of land only 420 square metres in area. The bill shows the government's flexibility in introducing a measure to change what is considered to be a reasonably dangerous intersection to make it safer.

Phillip Island is becoming the real mecca of tourism in this state following the approval of the proposed development at the seal rocks at The Nobbies and the return of the motorcycle grand prix, initiatives put in place by the Kennett government. In addition, proposals have been put forward for the construction of hotel and convention facilities. Many tourists visit Churchill Island to enjoy its ecotourism

facilities. The island is reached from the Phillip Island Tourist Road via a small bridge and has on it an old homestead that for a long time has been looked after by the Friends of Churchill Island.

The Friends of Churchill Island group has done a fantastic job over the years, despite being starved of funds for a long period. I am not critical of the former Labor government in that regard, but the friends group has held the homestead together with the help of rangers and others who work there. It is necessary to visit the island, look over some of the old-style fences, gaze at the cattle — a special breed that has been there for more than 100 years — and look across the waters of Western Port bay to the mainland to appreciate its tranquillity and serenity. Although not enough people visit the island, an increase in numbers might detract from its tranquillity.

Shortly I will be moving into a beautiful new electorate office in Wonthaggi, which is closer to Churchill and Phillip islands. However, in my current office in Cranbourne I have some beautiful pictures of Churchill Island which show some of the cottages and the homestead, as well as the trees that have grown in a particular way because of the action of the wind. Those trees are special and the island setting is unique. I am pleased to be associated with the bill and to be a member of Parliament representing Churchill and Phillip islands, as well as the magnificent and exotic French Island.

Hon. Pat Power — I might take a run down there on Sunday instead of going to the May Day march! It sounds fantastic!

Hon. M. A. Birrell — There will probably be just as many people there!

Hon. K. M. Smith — They will all be having fun down at Churchill Island, I can tell you that! In conclusion, in about 1994 I was lucky to have the opportunity to visit Churchill Island with the then Minister for Conservation and Environment, who is now the Minister for Industry, Science and Technology. Our initial visit was to look at the island and at some of its problems, and the government made a significant contribution to its funding.

I was also lucky to visit there during the launch of the government's conservation plan, when the Premier also visited the island. The Premier was also taken by the beauty of Churchill Island, and the Leader of the Government and I were able to talk to him about making further contributions to help

make the island even more magnificent. The Premier, with the support of the Leader of the Government, made pledges in respect of Churchill Island. The government will maintain that wonderful facility for the people of Victoria for a very long time. It is a pleasure to be associated with the bill.

Motion agreed to.

Read second time.

Third reading

Hon. M. A. Birrell (Minister for Industry, Science and Technology) — By leave, I move:

That this bill be now read a third time.

I thank Mr Power for his contribution and I particularly thank Mr Bishop for his contribution. His interest in an area that is a long distance from his electorate shows his interest in Victoria extends well beyond the boundaries of that very large electorate. I also thank Mr Smith for his generous comments.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

EDUCATION (FURTHER AMENDMENT) BILL

Second reading

Debate resumed from 24 April; motion of Hon. R. I. Knowles (Minister for Health).

Hon. P. R. Hall (Gippsland) — I support the Education (Further Amendment) Bill. I also thank Miss Gould for allowing me to speak first, given that I have a commitment in a few minutes.

This is a simple bill which widens the scope of regulations that will be made under the Education Act by allowing the making of regulations that confer a discretionary authority on a person. Persons to whom an authority to make regulations may be delegated include the minister, who is the person who would normally make many of the regulations, the secretary of the Department of Education,

regional directors and school principals. Other officers of the education department may also be delegated the power to make regulations in appropriate circumstances.

This is a sensible administrative measure, given that the education department administers approximately 1700 state schools and that different circumstances apply in different schools. When regulations are made for one school or a group of schools it makes a great deal of sense for them to be made at a local level so that they better reflect local circumstances.

An example of a circumstance in which it may be better to delegate the regulation-making power is the situation of schools in my electorate in relation to Melbourne Cup Day. They have a holiday on Traralgon show day in lieu of the cup day holiday. Although there is a horserace known as the Traralgon Cup it would not be recognised as a major event for school children.

The closure of schools in emergency circumstances is another example of a circumstance that is suitable for the delegation of the power to make regulations. In his second-reading speech the minister spoke about the many instances in country areas of schools closing in emergencies such as bushfires and floods.

Hon. Andrew Brideson — Snow is another circumstance. A school in my electorate closed because of snow.

Hon. P. R. HALL — Certainly climatic conditions such as bushfires have closed schools on a temporary basis. Floods are another circumstance where there may be a risk of a school being isolated and children not being able to return home as the flood waters rise. Given those examples of circumstances where decisions need to be made at a local level the delegation by the minister or the regional director of the authority to make regulations at the local level is extremely important and appropriate.

Another example concerns transport services. Issues of eligibility to travel on school buses and the changing of school bus routes cause problems for country members of Parliament, who invariably receive many inquiries from constituents about those matters. There is a need to adjudicate on the eligibility of students to access school buses and from time to time to look at school bus routes. Once again it is appropriate that those sorts of decisions

should be taken at the local level by people who best understand the local circumstances.

The bill is a practical measure that is in line with the policies of governments of all persuasion to devolve greater authority and responsibility to schools. I add my strong support to this practical and sensible measure.

Hon. M. M. GOULD (Doutta Galla) — The opposition does not oppose the Education (Further Amendment) Bill which, as Mr Hall said, is essentially a housekeeping measure. The bill clarifies and widens the scope of the regulations under the Education Act by conferring discretionary authority on persons such as the Minister for Education, the secretary to the department the principal of a school.

Mr Hall outlined a number of instances in which it is appropriate that those discretionary powers be given to a principal. He mentioned bushfires, floods and other climatic conditions that may prevent children from either attending or leaving school. The amendments will allow a principal to act in the best interests of the school community without requiring authority from the education department.

The bill clarifies the powers set out in section 83 of the principal act. As I said, the amendments are minor and do not widen the scope of the powers expressed in the act. They will affect the election of school councils. The opposition believes the regulations applying to school councils should be examined, along with other issues that have arisen from time to time in the education system. I refer specifically to the removal of the protection of the Crown for actions taken by school councils. Initially the opposition was concerned about the possible widening of the minister's powers but was advised that they would be clarified rather than widened. The opposition supports the bill because it is a commonsense machinery measure that will remove the risk of regulations being declared unlawful.

The Scrutiny of Acts and Regulations Committee reviewed the bill and expressed concerns similar to those raised by the opposition. The committee wrote to the minister for clarification, but I understand that it has not met since the letter was written so the clarification is not available to the house. I look forward to the minister clarifying the issues raised by the committee. As I have said, the opposition supports the bill because the amendments will reduce the possibility of challenges to the regulation-making powers.

Hon. ANDREW BRIDESON (Waverley) — I support the amendments to the Education Act, the purpose of which is to amend the regulation-making powers. I welcome the opposition's support of the amendments. As Miss Gould said, this bill is a housekeeping measure. It is a pity that the press is not present to see the bipartisan support that many bills have.

The act contains no express powers to make regulations which confer a discretionary authority or propose a duty or leave any matter to be determined or approved by a specified person such as the minister, secretary to the department or principal of a school, to which powers can be delegated. The absence of such powers means the necessary regulations that confer a discretionary authority or impose a duty, or leave any matter to be determined or approved by a person, are at risk of being held to be ultra vires on the ground that they amount to an unlawful delegation of power from the Governor in Council to the recipient of the discretion of power. The amendments substitute new section 83, which reads:

Regulations made under this Act —

- (a) may be of general or limited application;
- (b) may differ according to differences in time, place or circumstances;
- (c) may confer a discretionary authority or impose a duty on, or leave any matter to be determined or approved by, a specified person or class of persons."

The amendments reflect the current practice in respect of regulations made under a number of acts as set out in the second-reading speech. The bill brings the Education Act into line with other acts and will promote efficient practices.

Because the current situation is governed by the Education Regulations 1988, which will expire in 1999, the amending legislation is all the more necessary to ensure the efficient administration of the schools system. The amendment is necessary because the current code of practice demands that new regulations be made annually to determine the dates of school terms, to approve of transport services for students, to grant scholarships and education allowances, to stipulate the appropriate times for school closures and public holidays, and, as the Honourable Peter Hall mentioned, to deal with emergencies.

The present requirement for a certificate under section 13 of the Subordinate Legislation Act is cumbersome in two respects. There is always a risk that such a certificate may not be granted for a variety of reasons or, if it is granted, it may be subject to challenge on the ground that it is not valid in the absence of express authorisation for the delegation of powers under the act. It is not conceivable that this or any other government could function adequately without such a provision as is proposed.

Regulations cannot function properly or efficiently if they are subject to challenge or there is uncertainty about their being subject to revocation or expiry without renewal. It is not only the question of efficiency that makes such an amendment necessary. Any democratically elected government and its ministers must be able to function without interference and without being burdened with the eternal possibility that their hands are tied in basic matters of administration.

If the existing regulations are challenged on the ground that they are beyond power, the amendment will enable new regulations to be made without disruption to the status quo in the education system. It will grant the power to make such delegation necessary for the administration and proper and efficient functioning of the education system.

Miss Gould and Mr Hall have given some examples of education regulations, and I will add to the list. The house is aware of regulations which have the capacity to close schools in emergency situations due to climatic extremes. The minister will also have power to approve the formation of school welfare clubs. The minister will have a duty to determine days on which schools are open for attendance, and honourable members have heard the classic example of what happens in country areas with substitute holidays for the Melbourne Cup. Another example is the duty of parents to sign admission forms when enrolling children. This is a simple housekeeping bill that will ensure the education system will continue to run smoothly. I have pleasure in supporting it.

Motion agreed to.

Read second time.

Third reading

Hon. R. I. KNOWLES (Minister for Health) — By leave, I move:

That this bill be now read a third time.

I thank Miss Gould, Mr Hall and Mr Brideson for their support for the measure.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

POLICE AND CORRECTIONS (AMENDMENT) BILL

Second reading

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I move:

That this bill be now read a second time.

The bill will make amendments to a number of acts, and I will deal with each main act in turn.

Control of Weapons Act 1990

The Australasian Police Ministers Council (APMC) on the advice of police commissioners from all jurisdictions has agreed to a common approach to the control of body armour. In essence the possession or sale of body armour is to be prohibited except where an exemption — general or individual — applies.

Underlying the approach is a concern that the unregulated sale or possession of body armour by persons who do not have a legitimate reason for their actions heightens fear of crime and hampers enforcement by police.

The Governor in Council may by order exempt any class of person from the exemption and there are agreed classes of persons recognised by the APMC. Any order may specify conditions or limitations on the exemption. The order of the Governor in Council must be published.

The bill provides for the Chief Commissioner of Police to be able to approve the exemption of any

person on an individual basis. Any decision to exempt must be considered in relation to general guidelines, if any, issued by the minister. Any guidelines issued by the minister need to be published in the *Government Gazette*. As part of the accountability process the chief commissioner must report to the minister on approvals granted by the chief commissioner.

Corrections Act 1986

The amendments to this act are designed to facilitate the contracting out of the escort and transportation functions the police currently undertake in relation to detained persons. By enabling the contracting out of these functions police resources can be better deployed to concentrate on core police functions. Highly trained police and their resources can be reallocated to duties more appropriate to their skills with a better outcome for the community safety in terms of crime prevention and detection.

The bill enables the chief commissioner to enter agreements in relation to the escort and transport of persons and to authorise the exercise of certain powers. The bill makes provision for a person authorised under an agreement to carry out the transport function which would otherwise be provided by a member of the police force.

To ensure accountability, in all cases where a person is being transported under the agreements the legal custody remains with chief commissioner, and provision is made for monitors for the agreements. Monitors are required to make an annual report to the chief commissioner for inclusion in the chief commissioner's annual report.

To facilitate the transport of juveniles, amendments made to the Children and Young Persons Act 1989 will allow searches to be completed prior to transportation by the staff at the relevant centre. Consequential amendments are made to the Children and Young Persons Act and the Crimes Act 1958 to recognise that the legal custody of persons being escorted or under transport will be deemed to be that of the chief commissioner and therefore escape will be deemed to be from the chief commissioner's custody.

Amendment is also made to the Sentencing Act 1991 to enable police to carry out the transport function of offenders to or from a psychiatric in-patient service unless a court otherwise specifically orders and for custody to be deemed to be that of the chief commissioner.

Firearms Act 1996

The Australasian Police Ministers Council agreed as part of the firearms national firearms agreement in relation to clay target shooting to ensure that junior licence-holders have access to category C firearms. The bill will provide for that. The remaining amendments to the act are to clarify the intent of or improve the operation of the act.

The bill amends the Firearms Act 1996 and the Magistrates' Court Act 1989 to clarify that certain serious offences are indictable offences but may be triable summarily. This amendment clarifies the intent of the act's penalty provisions and ensures that the significant penalties provided for under the act are able to be imposed.

A further amendment clarifies that the time period for surrender of firearms when a licence expires commences after any appeal decision is given or the licence expires, whichever occurs last. This amendment makes the time requirements for disposal of firearms for a licence-holder whose licence is not renewed consistent with a licence-holder whose licence is cancelled. The firearms must be disposed of within 28 days of the licence expiring or of any appeal, whichever is the latter. The amendment enhances consistency in the act.

The bill provides for notification, by the applicant, of police and the party in whose favour an intervention order was made, when an application for relief from prohibited person status is made and for the ability for the other party to appear. This amendment will ensure that the court in making a decision on any application for relief from a prohibited person status is fully informed.

The bill will also clarify the powers of police and protective service officers in relation to carrying firearms. The powers of fisheries and wildlife officers to enforce firearms related offences have also been detailed. The powers are similar to those they exercise under the Firearms Act 1958.

Police Regulation Act 1958

The amendments to the Police Regulation Act are designed to build on recent measures implemented by police command and further enhance the accountability and ethics of Victoria Police. Recent measures have included:

the establishment of Project Guardian to examine and make recommendations concerning options for addressing and safeguarding the ethical standards within Victoria Police;

the recent organisational moves within Victoria Police to establish an Ethical Standards Department to implement the ultimate recommendations of Project Guardian, including a revamp of internal investigation procedures;

development of a customer commitment strategy; and

specific investigations into serious misconduct such as Operation Bart.

To further advance these initiatives, amendments to the legislation are needed to streamline investigation processes and to enhance disciplinary processes. The bill will:

remove the barrier against members of the police force complaining to the Deputy Ombudsman (Police Complaints) about the conduct of another member;

maintain the requirement for misconduct to be investigated by the Chief Commissioner of Police with minor complaints to be dealt with at a management level;

formalise the protocols by which the Deputy Ombudsman (Police Complaints) is advised of all serious internal investigations;

extend the disciplinary system to cover reservists and protective services officers;

improve the capacity to deal with members unfit for duty as a police officer;

enhance the flexibility of sanctions against members found guilty of criminal offences; and

correct inappropriate references to repealed provisions.

Remove the barrier against members of the police force complaining to the Deputy Ombudsman (Police Complaints) about the conduct of another member

At present, the Police Regulation Act 1958 prevents a member of the police force from making a complaint to the Deputy Ombudsman (Police Complaints) about criminal conduct or serious misconduct of

another member. This prohibition reduces the effectiveness of the complaints mechanism and inhibits the ability of the Victoria Police to prevent corruption within the force.

The amendment will allow members of the police force to make a complaint to the Deputy Ombudsman (Police Complaints) about the criminal conduct or misconduct of another member. This measure will strengthen the accountability of the force, providing members with another formal avenue to act on misconduct by fellow members.

The definition of 'conduct' applicable to this amendment would be extended to include the off-duty conduct of members to ensure that members maintain ethical standards at a professional and personal level.

Maintain the requirement for misconduct to be investigated by the Chief Commissioner of Police with minor complaints to be dealt with at a management level

Under the act the chief commissioner must formally investigate all complaints made by a member of the public. This includes complaints of minor misconduct which do not amount to a breach of discipline or a criminal offence, such as that which may be made at station level and could be described as customer service issues. The requirement to mount a formal investigation into minor complaints is resource intensive and has the effect of moving accountability away from the appropriate level of management. Further, the chief commissioner must also report such minor matters to the Deputy Ombudsman (Police Complaints), which is a further resource burden for both offices.

It is more appropriate that minor complaints made by either the public or by a member of the Victoria Police be resolved as a component of responsible and accountable station level management. For similar reasons, the requirement for the chief commissioner to report such minor matters to the deputy ombudsman does not assist the effective resolution of these matters as a management issue.

The definition of 'conduct' applicable to this amendment would be extended to include the off-duty conduct of members to ensure that members maintain ethical standards at a professional and personal level.

Formalise the protocols by which the Deputy Ombudsman (Police Complaints) is advised of all internal investigations

The bill will legislate for the current informal arrangement whereby the Deputy Ombudsman (Police Complaints) investigates or reviews internal investigations regarding misconduct where advice of that misconduct has not arisen as a result of a complaint from a member of the public. This will provide a consistent approach to investigating misconduct, so that the Deputy Ombudsman (Police Complaints) is able to act regardless of the source of the reference.

Likewise, where the Chief Commissioner of Police initiates an investigation of serious misconduct there should also be a requirement to advise the Deputy Ombudsman (Police Complaints) of the commencement of all investigations. This will provide for consistency of approach. This measure would also apply to police reservists and protective services officers to ensure they are also subject to a disciplinary system consistent with the processes applying to police.

Improve the capacity to deal with members unfit for duty as a police officer

The bill extends the power for the chief commissioner to inquire into the fitness and capacity of individual members to perform their duties as a police officer. Currently the chief commissioner may inquire into the fitness or capacity of a police member to discharge his or her duties only at the member's request in terms of health reasons. In such cases if the member is found to be incapacitated by infirmity of mind or body the member may be retired on the grounds of ill health.

The chief commissioner may initiate an inquiry and subsequently dismiss a police member who is found to be incapable or inefficient in performing his or her duties, except where that condition is caused by infirmity of mind or body. To maintain the efficiency of and public confidence in the force an amendment is necessary to remove this anomaly.

Where the Chief Commissioner of Police is satisfied that the member is incapacitated he may discharge the member on medical grounds. It is intended that this measure be implemented as an act of last resort. Where possible other interventions will be made to remedy problems experienced by individual police officers.

Discharge by the chief commissioner will not automatically entitle a member to superannuation entitlements. This decision will continue to be made by the relevant superannuation authority.

Enhance the flexibility of sanctions against members found guilty of criminal offences

An amendment is to be made to further strengthen disciplinary powers where a member has been charged with a criminal offence punishable by imprisonment and the charge has been found proven. The current limitation on the chief commissioner whereby only one penalty from a range of sanctions may be made is to be removed to enable a combination of certain penalties — reprimand, reduction in rank and reduction of remuneration — or one of the other sanctions currently available. This amendment overcomes an unnecessary limitation.

Statements under section 85 of the Constitution Act 1975

I wish to make a statement under section 85(5) of the Constitution Act 1975 of the reasons why section 9CB of the Corrections Act 1986 — as amended by clause 14 of the bill — is to alter or vary section 85 of the Constitution Act 1975 in relation to the jurisdiction of the Supreme Court. Clause 16 inserts a new section 111A(2) into the Corrections Act 1986. Proposed section 111A(2) provides that it is the intention of section 9CB of the act (as amended by the bill) to alter or vary section 85 of the Constitution Act 1975.

Clause 14 of the Bill amends section 9CB(1) of the Corrections Act 1986 by inserting a reference to new section 9A(1B). Section 9CB, among other things, provides that a person who uses reasonable force in accordance with the section is not liable for injury caused by that use of force. The new reference means that persons authorised under the new section 9A(1B) will also have this immunity.

The reasons for limiting the jurisdiction of the Supreme Court are as follows. The provision of transport services under agreements with the Chief Commissioner of Police will require the movement of prisoners and detained persons to and from various institutions. At times it will be necessary for authorised persons under those agreements to use reasonable force to ensure the transport function is carried out.

The nature of the persons being transported and the need to ensure that transportation is carried out mean the amendment is desirable. Persons undertaking transport need to be confident that in acting in accordance with the section they will be protected from proceedings against them when acting properly.

I wish to make a statement under section 85(5) of the Constitution Act 1975 of the reasons why proposed section 361 of the Crimes Act 1958 (as amended by clause 51 of the bill) is to alter or vary section 85 of the Constitution Act 1975 in relation to the jurisdiction of the Supreme Court. Clause 53 of the bill inserts a new section 585 in the Crimes Act 1958 providing that it is the intention of section 361 of the act (as amended by the bill) to alter section 85 of the Constitution Act 1975.

Clause 51 of the bill amends section 361 of the Crimes Act 1958 by inserting a new subsection (4) to extend the application of the section to police gaols and other specified institutions. Section 361 of the Crimes Act 1958 enables the movement of persons in a prison to and from a prison for the purpose of court appearances. Section 361 also provides that a person who uses acts in accordance with the section is not liable by reason of any removal or detainee under that section. The new references means that persons acting in relation to police gaols and the specified institutions will also have this immunity.

The reasons for limiting the jurisdiction of the Supreme Court are as follows: this section is to be extended to apply to police gaols and other specified institutions. Historically police or other officers have undertaken this function as part of their traditional duties to assist court functions. The amendment clarifies the legislative base in a way that provides consistency with the process applicable to prisons. In addition the existing immunity provided to persons acting in accordance with the section is similarly applied. The amendment is desirable to ensure that persons required to carry out the function of ensuring a detained person's attendance to assist the proper functioning of a court are confident that they are protected from proceedings against them when acting properly.

The bill makes a number of diverse amendments to various acts which enhance the operation of police and corrections functions in this state.

I commend the bill to the house.

Debate adjourned for Hon. D. A. NARDELLA (Melbourne North) on motion of Hon. M. M. Gould.

Debate adjourned until next day.

OFFICE OF THE REGULATOR-GENERAL (AMENDMENT) BILL

Second reading

Debate resumed from 22 April; motion of Hon. R. M. HALLAM (Minister for Finance).

Hon. T. C. THEOPHANOUS (Jika Jika) — This is a small bill which is quite important. Essentially it deals with the flow of information to the Regulator-General in this state. The Regulator-General has a very important task to perform in the context of the newly privatised electricity industry. The bill is supposed to clarify the powers of the Regulator-General under the Office of the Regulator-General Act in relation to obtaining information and the extent of offences relating to unauthorised disclosure by employees of the office.

The bill has two simple provisions that have some far-reaching ramifications, the first of which clarifies that the power of the office to obtain information or documents extends to information or documents other than that provided to the office by a licence-holder in accordance with licence requirements. Essentially it allows the office to obtain more information. Clause 3 substitutes section 27AA of the Office of the Regulator-General Act, which currently provides that part 3A of the act does not apply to information or a document:

... relating to or provided by the holder of a licence issued by the office under this act or any relevant legislation;

The bill amends that so that part 3A of the act does not apply to information or a document:

that is provided to the office by the holder of a licence issued by the office under this act or any relevant legislation in accordance with the requirements of the licence;

That expands the powers of the office with regard to obtaining information by the office.

Clause 4, the second substantive clause, amends sections 39A(1) and 39A(3)(a) of the principal act. Section 39A(1) currently provides that:

A person must not disclose any confidential or commercially sensitive information obtained during the course of the person's duties under this act.

The bill amends that provision to read:

... or in connection with this act.

That expands and toughens the whistleblowing provisions. Offenders can be fined 100 penalty points or imprisoned for two years, which is significant, for disclosing information obtained during the course of employment not only under the act but now also in connection with the act. The opposition takes exception to that amendment.

The opposition has no difficulty with the rest of the legislation. In fact, the second change in clause 4 works in reverse. Section 39A(3)(a) currently provides that a person may disclose or use such information if:

... the disclosure or use is made in the performance of a duty under, or in connection with, this act;

The amendment adds the words:

or any relevant legislation.

That expands the escape clause for a whistleblower. On the one hand there is a tightening of the whistleblower provision in the change to section 39A(1), but on the other hand the change to section 39A(3)(a) allows disclosure even if it is not in connection with the act but relates to other relevant legislation. The opposition has no difficulty with the second part of the proposal. The bill has only two substantive amendments: the first is clause 3 and the second is clause 4. We agree with clause 3 and half of clause 4.

The other option open to the opposition was to oppose that portion of the clause in the committee stage. I have made our position clear now rather than going through that process. That is the reason why the opposition will oppose the second reading of the bill.

The central point is that although the bill is small it has significant ramifications. The subject with which the bill deals — information collected by the Regulator-General that may or may not be passed to

the community — is important because of accountability. For that reason the opposition is not convinced by the arguments of the government, certainly about whistleblowers.

Therefore, I move:

That all the words after 'That' be omitted with the view of inserting in place thereof 'this house refuses to read this bill a second time until the government demonstrates its commitment to providing appropriate and adequate information on its privatisation program to the Parliament and people of Victoria by —

- (a) bringing before the Parliament a set of guidelines relating to commercial in confidence, approved by the Auditor-General, that will ensure that this mechanism is no longer used as a major pretext for refusing information to the Parliament and the people of Victoria; and
- (b) introducing in Victoria a system of supplying summary contracts to Parliament prepared by the Auditor-General and containing all details of the contract other than those details determined by the Auditor-General to be commercial in confidence, similar to those operating in both South Australia and New South Wales'.

The PRESIDENT — Order! It is appropriate to comment on the proposed reasoned amendment to see whether it accords with the practices of the house. The Leader of the Opposition will recall that in 1995, at his request, I gave a ruling on reasoned amendments based on the precedents. The central precedent is spelt out at page 475 of *May*; there is no specific standing order dealing with this matter. We are entitled to look at past rulings, and I have spoken about the paucity of those. At that page *May* outlines that the principle of relevancy is the major issue:

The amendment must 'strictly relate to the bill which the house, by its order, has resolved upon considering' ...

The question is whether the proposals put by the Leader of the Opposition meet those parameters. The reasoned amendment is in three sections: the introduction, which talks about refusing to read the bill until 'the government demonstrates its commitment to providing appropriate information' to Parliament and the people of Victoria; then two subsets which are in greater detail and a broader setting.

My inclination at this stage is to say that at least paragraphs (a) and (b) are outside the scope of a

reasoned amendment, but I invite the Leader of the Opposition to suggest why I should perhaps rule otherwise.

Hon. T. C. THEOPHANOUS — Thank you, Mr President, for your guidance on these matters. I have carefully examined the ruling on reasoned amendments you made at my request some time ago. I agree that the central question is relevance. Another issue identified in *May* refers to the reasoned amendment being declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill. Clearly, the proposed reasoned amendment meets that part of *May*.

The central question then becomes whether it is relevant. The bill essentially deals with the flow of information. It deals, on the one hand, with the abilities of the Regulator-General to collect information and, on the other hand, with the ability of the Regulator-General to collect on behalf of the community information that is commercial in confidence. It expands the right of the Regulator-General on the collection of information. It also restricts the power of people working in the Regulator-General's office to disseminate that information, again on the basis of whether it is commercial in confidence.

Hon. R. M. Hallam — I am not sure it is based on that.

Hon. T. C. THEOPHANOUS — It is. The information cannot be provided by anybody from the Regulator-General's office if it is commercial in confidence. Paragraph (a) of the proposed reasoned amendment deals with the lack of guidelines. The government has not developed guidelines but a subcommittee of the Public Accounts and Estimates Committee is examining guidelines. The opposition is saying that the house should not pass the bill until the findings of that subcommittee have been announced and guidelines have been established. If the information is unnecessarily classified as commercial in confidence because of a lack of guidelines, the expansion of power the bill gives to the Regulator-General —

Hon. Bill Forwood — Who classifies it as commercial in confidence?

Hon. T. C. THEOPHANOUS — That is the whole point. It is classified presumably by the distribution companies, the generating companies or whoever wants to classify it. The Regulator-General does not make that decision. As Mr Forwood is aware, there

are no guidelines. That is part of the reason for the subcommittee's inquiry. 'Commercial in confidence' is a tag that nearly everybody uses when he or she feels like it. The bill expands the capacity to collect the commercial-in-confidence information but does not correspondingly allow the community to have access to it. On that basis I argue strongly that at least paragraph (a) ought to be allowed.

In relation to paragraph (b), many of the matters dealt with by the Regulator-General involve contracts that are made with various companies, particularly large providers or consumers of electricity, for the supply of electricity.

Paragraph (b) would require those contracts to be provided to the community in summary form. Again, this goes to the question of the flow of information. Although I understand your reluctance, Mr President, to allow the reasoned amendment on the basis that the bill is fairly narrow, nevertheless this goes to the central question of the flow of information going to the Regulator-General and, by definition, to the community.

Although we do not follow precedents in another place, the same amendment was allowed in that place based on advice from the Clerk. One of the major questions was a consideration of the conditions applying prior to the second-reading of the bill. The reasoned amendment simply says that the bill should not come into play until the conditions outlined in it are met — and in this instance they are practical conditions. It would mean the Public Accounts and Estimates Committee would be allowed to finish its inquiry, make its recommendations, and establish the guidelines. Then the house could go into the changes designed to expand the role of the Regulator-General.

Hon. C. A. STRONG (Higinbotham) — As you say, Mr President, it is a matter of relevance. The bill deals with the conduct and management of the Office of the Regulator-General. I suggest the amendment has nothing to do with that. It deals with the question of privatisation. The preamble to paragraphs (a) and (b) talks about the government demonstrating its commitment to providing appropriate and adequate information on its privatisation program to the Parliament and the people of Victoria.

The whole amendment talks about the government providing adequate information on the privatisation program to Parliament. Paragraphs (a) and (b) flow from that and say how that information should be

provided to the Parliament and the people of Victoria. However, the bill does not deal with the privatisation program at all; it deals, as I said, with the conduct and the management of the Office of the Regulator-General. It should also be pointed out that many of the functions of the Office of the Regulator-General involve utilities that are not privatised, so any attempt to link the office and the details of the privatisation program is also not valid.

The amendment is not relevant. It is a bit like saying we should not pass legislation until we send a rocket to Mars simply because we will get a different look at Earth from that planet. There is absolutely no link at all. I cannot see why the house should accept this amendment.

The PRESIDENT — Order! The bill before the house is very limited. The Leader of the Opposition admitted that in his preamble to his arguments in support of the reasoned amendment. Consequently, I think the house should restrict itself to looking at a reasoned amendment that relates strictly to the bill itself. It is true that the Regulator-General plays a key role in the privatisation process because of the ongoing obligations he has for a lot of issues, such as price setting. On the other hand, the bill does not really deal with that. Also, it deals in a limited way with the type of information that is available to the Regulator-General.

I have come to the conclusion that paragraphs (a) and (b) of the motion are much too broad and are clearly not amendments to the bill. They include matters which the Leader of the Opposition can bring before the house in another form. I have trouble in seeing how the words 'people of Victoria' in the general lead-in fit in with the guidelines. However, the house has always shown some flexibility in those matters, so I propose to allow the reasoned amendment up to the words 'people of Victoria'.

Ultimately, it is for the house to decide whether to have a wholesale debate on all of this. Perhaps the minister could indicate his attitude to that. Certainly, I am obliged to uphold the rulings of the house. My ruling is that paragraphs (a) and (b) are considerably beyond the scope of this bill and that allowing them to be part of the reasoned amendment would set an undesirable precedent.

Hon. R. M. HALLAM (Minister for Finance) — Without going into too much detail on the issues that have already been canvassed, I point out that at the start of his remarks Mr Theophanous said he had

something of a choice — to go to the issues that he wanted to oppose during the committee stage or to seek the leave of the house to canvass them in general terms during the second-reading debate. Given that sort of choice, I am relaxed about the honourable member being given the opportunity to canvass those issues, provided it is within the spirit of the ruling you have just given, Mr President.

The PRESIDENT — Order! On that basis I will allow the Leader of the Opposition to deal with the general proposition in the introduction, up to the words ‘people of Victoria’.

There is one other issue I should mention — that is, the relevance of the debate in the Assembly. As you know, Council members are not permitted to refer to debates in the Assembly other than by reference to what is reported in the newspapers. The mere fact that a ruling is made in the Assembly does not mean, as I have demonstrated in the past, that it is a ruling we should necessarily follow.

In passing, and I mean no disrespect to the Acting Speaker Mr Cole, I point out that the ruling was not made by the Speaker or his deputy. The other point to make is that, given the way the other place structures its business, it has limited opportunities for committee debates, whereas Council members have that opportunity on every bill.

Hon. T. C. THEOPHANOUS (Jika Jika) — Thank you, Mr President, for your clarification of those matters. By leave, I move:

That all the words after ‘that’ be omitted with the view of inserting in place thereof ‘this house refuses to read this bill a second time until the government demonstrates its commitment to providing appropriate and adequate information on its privatisation program to the Parliament and people of Victoria’.

I also thank the minister for his indulgence. Let me begin by saying that the opposition is vehemently opposed to the changes in clause 4, which in our view represent an extension of the provisions already in place to gag whistleblowers.

Hon. R. M. Hallam — You might explain how you get to that, because that has government members absolutely mystified.

Hon. T. C. THEOPHANOUS — I went through the process of explaining it to Mr Strong and he accepted the argument, but I am happy to explain it to you, Minister. I will go through the argument

again; it relates to the amendment of section 39A inserted by clause 4(1) of the bill. Currently section 39A(1) reads:

A person must not disclose any confidential or commercially-sensitive information obtained during the course of the person’s duties under this act.

This expands the ambit. The effect of the legislation will now no longer be just ‘under this act’ but also ‘in connection with this act’, which means that if there is a piece of information that comes to the Regulator-General — which does not strictly speaking come under the act but which he has obtained in some way — it is connected to the act. In other words, there may not have been an obligation to provide the information. An example is a distribution company that may be providing information to the Regulator-General, as it is required to do under the act. However, that distribution company might decide voluntarily to provide some information to the Regulator-General which it is not really required to do under the act; it certainly may not have come to the Regulator-General at his request. The same situation applies to any other piece of information that has come into the hands of the Regulator-General and has not strictly been requested under the provisions of the act but is in some way connected to the general operation of the office. That means that if people provided information of that sort they would be subject to these provisions as well. It expands the coverage of what constitutes the disclosure of commercial-in-confidence or commercially sensitive information, as the subclause says.

Hon. R. M. Hallam — I understand that bit. I do not understand why you see that as a danger.

Hon. T. C. THEOPHANOUS — Minister, the opposition has a problem with the way your government operates: you crush anyone who in any way criticises the government — a whistleblower or anyone else. In the past whistleblowers have done a tremendous public service to the community because in all good conscience they could not take it any longer; they could not take the cover-ups, the lies or the deceit so they made information publicly available. This has happened in the health and ambulance services and a range of other areas. Instead of trying to fix the problem the government goes after the whistleblower.

Hon. R. M. Hallam — This issue is not about going after the whistleblower. The move comes as a direct recommendation of the Regulator-General to

strengthen the rules under which the system operates.

Hon. T. C. THEOPHANOUS — It may well come from a recommendation of the Regulator-General, which concerns me even more. The opposition would be concerned if the Regulator-General were so secretive about the operations of his office.

The opposition accepts that there is a need for a Regulator-General — which was the purpose behind what the opposition was trying to achieve, and what the Public Accounts and Estimates Committee is trying to achieve. The purpose is to establish some guidelines for commercial-in-confidence issues. Victoria is one of the places where these guidelines do not seem to exist. The opposition is concerned about the lack of guidelines for what can be made available on the one hand and on the other the strong whistleblower-type clause, which means that people can go to gaol for two years if they make information available.

Hon. R. M. Hallam — Commercially sensitive information, perhaps.

Hon. T. C. THEOPHANOUS — I venture to say, Minister, that the Regulator-General would himself make a distinction between persons who may provide commercial-in-confidence information — for instance to a competitor — with a view to obtaining some financial gain themselves. As you know, that could happen. If somebody working in the Regulator-General's office were to provide information provided by one distributor to another distributor and were to be paid for that information, it would be a serious offence.

In that situation the Regulator-General is right to seek to ensure that that does not occur, or that if it does occur the person is punished, which is not quite the same thing. The problem here is that with this kind of clause you finish up catching the person working in the Regulator-General's office who comes across information that should be made known in the public interest. That may not be information that the government wants to hear, but it may be important from the community's point of view. For example, the information may be about a malpractice committed by one of the distribution companies, and the information may never see the light of day. However, I would not want to send a whistleblower who one way or another made information about malpractice or collusion or some other serious issue publicly available go to gaol for two years.

The problem with the legislation is that the clause covers both examples. It covers the example where there is clear criminal intent as well as the example where the intent of the whistleblower is to provide a public service. That is why at the end of the day we have to look at the question of commercial in confidence in a more reasoned way. The chairman of the subcommittee looking into the matter, Mr Forwood, is keen to try to develop a set of guidelines and to clarify these matters if possible.

The other problem is that because we no longer have a publicly owned electricity industry the role of the Regulator-General becomes crucial in information dissemination. Previously, when we had public organisations, they had to report to Parliament; they were subject to the Auditor-General's auditing and to further information provisions as well. Publicly owned organisations were subject to a range of public accountability measures that ensured that the community was confident about what was happening.

Now the utilities have been privatised they no longer have to report to Parliament, they are no longer subject to audit by the Auditor-General and they are no longer subject to the Freedom of Information Act. That is one of the reasons we have an Office of the Regulator-General.

Everybody needs essential services such as electricity. It is also a reason that we have a Regulator-General: to ensure consumers are not ripped off and that there is genuine competition and a whole range of other things. So the mechanism becomes the Regulator-General as opposed to the other mechanisms that were in place when the service utilities were publicly owned enterprises. It is in that context that the opposition is concerned about how the Regulator-General operates. I have gone through the changes to the act so I do not intend doing that again.

While the bill clarifies the powers of the Office of the Regulator-General to obtain information, in the same clause it also increases the ambit of the whistleblower and people who may be involved in illegal practices. The government should find a way of ensuring that those two different examples are not caught in the one provision. Again, it is an example of the government's lack of openness and preparedness to look carefully at the implications of its legislation.

Although it is desirable to have a whistleblower provision to catch those people who, for their own

personal gain, divulge commercial-in-confidence information to other distributors, it is also necessary to ensure that such a provision does not also catch people who provide information in the public interest.

There has been example after example of the way this government operates. The Minister for Finance does not take the necessary care, as shown by his record in Workcover. He has introduced provisions designed to catch people abusing the system, but those same provisions catch innocent people seeking to make claims. The opposition is concerned about the government's record of withholding information from Parliament and the people. We do not believe these provisions address that problem in any form.

Recently there has been a problem of power surges developing in the system. I am sure Mr Strong is aware of the record number of power surges that have occurred. The level of service is no longer as high as it was when Mr Strong worked for the SECV. I am not suggesting this would have anything to do with Mr Strong being there, I might say! Nevertheless, I heard on the news today an item about a ruling on power surges which indicated that the responsibility for them might fall back on the distribution companies, which have tried to get around this question by arguing that power surges are not their responsibility. I hope the legal position will hold on this matter. The opposition would like to see a similar strengthening of consumer protection here rather than this piece of legislation.

For example, I am sure the community would be pleased to see the government legislate to acknowledge the responsibility of the distribution companies so that consumers are not subjected to power surges. At the moment the only redress for consumers is to install, at their own expense, devices to protect their electrical appliances. If their appliances are damaged as a result of power surges they have to seek compensation. Such issues are important from the point of view of the Regulator-General and the way he carries out his important task.

The best example of the government's secrecy is what happened with the sale of United Energy. The Victorian people could get no information about it anywhere. No-one could find out how much money was involved. Where did people eventually obtain information that was classified as commercial in confidence? On the Internet!

Under United States law, the information must be publicly available and has consequently been placed on the Internet; the same information is not required to be publicly available in Victoria. The absurd situation exists where the government says the information is commercial in confidence. Neither it nor the Regulator-General can make it available, and anybody from the Office of the Regulator-General leaking the information will be subject to two years in gaol, yet at the same time the information is on the Internet. That is the extent of the stupidity surrounding the secrecy of this government. A large number of electricity assets have been sold off and that has created the need for a strong and independent regulator to ensure the public interest is looked after.

South Australia and New South Wales have managed to deal with the commercial-in-confidence problem and to find ways to limit the amount of information which might be classified as commercial in confidence. I am sure your subcommittee, Mr Acting President, will consider those models during the course of your examination of this important issue. For example, in New South Wales summaries of privatisation contracts are provided by the Auditor-General, are made public and are tabled in Parliament within 90 days of becoming effective. The summaries are quite extensive. A document prepared by the New South Wales government indicates how disclosure of contracts of this nature occurs. Victoria does not have such a provision. The disclosures include:

- ... the full identity of the successful proponents, including details of cross ownership of relevant companies;

- the duration of the contract, including details of future transfers of assets of significant value to government or nominal cost and details of the right to receive the asset and the date of the future transfer;

- the identification and timing of any assets transferred to the contractor by the public sector;

- all maintenance provisions in the contract;

- the price payable by the public and the basis for future changes in the price payable by the public;

- provisions for renegotiation;

- the results of cross-benefit analyses;

the risk sharing in the construction and operational phases;

significant guarantees or undertakings, including loans, entered into or agreed to be entered into; and

to the extent not covered above, the remaining key elements of the contractual arrangements;

Yesterday, during debate on the Loy Yang B bill, after members of the opposition asked about obtaining briefings and detailed information, Mr Hartigan said to us — and it extends to the rest of the Victorian community — ‘Trust me’. That would not occur in New South Wales where within 90 days of such a contract being entered into the Auditor-General would provide a summary of that contract.

I know you, Mr Acting President, are very interested in this issue, as you should be as the Chairman of the Public Accounts and Estimates Committee. It goes to the heart of making available to the public and to Parliament information which is understandable and in summary form so an objective assessment can be made while still preserving commercial in confidence.

Hon. C. A. Strong — On a point of order, Mr Acting President, Mr Theophanous is now debating paragraph (a) of the original amendment which Mr President struck out. He is now dealing with the question of the Auditor-General’s involvement, commercial-in-confidence guidelines and how the Auditor-General should operate. I suggest he should be brought back to the bill.

Hon. T. C. THEOPHANOUS — On the point of order, Mr Acting President, I will make two points: firstly, I understand the minister has provided some leeway in this debate; and, secondly, I am referring to what commercial-in-confidence information is provided to the Regulator-General. I have used the example of United Energy and its contract being available on the Internet and the fact that anybody working in the Office of the Regulator-General making that information available is liable to imprisonment for two years. I made the similar point that if such guidelines are publicly available in Victoria — that is, summaries of contracts entered into — people in the Regulator-General’s office should be protected and not be subject to the two-year gaol term.

The ACTING PRESIDENT (Hon. Bill Forwood) — Order! Mr Strong has raised a very

valid point. However, as Mr Theophanous is reaching the end of his contribution, I do not propose to take it any further.

Hon. T. C. THEOPHANOUS — Thank you, Mr Acting President. I have made the point in relation to New South Wales, and I wish to make a few more points. I urge you, Mr Acting President, to pursue the provision of guidelines through the inquiry being conducted by the subcommittee of the Public Accounts and Estimates Committee. As you know, a paper has been distributed by that subcommittee designed to elicit responses from the public on this issue. From talking to committee members, I understand that more than 60 submissions have been made by various agencies and the public on this issue. There is obviously quite a lot of interest in the issue.

Were a set of guidelines to be established, obviously it would affect the operation of the Regulator-General’s office and the act because, although the act would not change, the material which is provided and which is said to be commercial in confidence may not be the same material. If a set of guidelines is established, the Regulator-General, like everybody else, would be subject to those guidelines and would have to apply that test in identifying whether something is commercial in confidence.

Potentially a person who has given out information on a document could spend two years in gaol but if, as a consequence of the guidelines, the information is no longer classified as commercial in confidence the two-year gaol term would not apply. That illustrates that this is an extremely important issue for the community and for the Public Accounts and Estimates Committee. It highlights the huge ramifications that can result from the decisions of that committee.

Finally, guidelines have been established in other states, particularly South Australia and New South Wales. In South Australia the process is one where:

... parliamentary select or standing committees will have access to an authentic summary of the relevant contract;

the summary will exclude matters which are commercially sensitive;

the summary will be prepared without delay;

the Auditor-General, an independent statutory officer responsible to the Parliament, will have access to all information; and

the Auditor-General will certify the summary once he is satisfied that relevant details are being disclosed and that the matters claimed to be commercially sensitive are so.

That is one of a number of models I am sure the Public Accounts and Estimates Committee will examine. There is an urgent need for that, and it extends to the activity of the Office of the Regulator-General, particularly since significant penalties can be imposed on individuals for making available information which might be classified as commercially sensitive.

Problems will be created if people are to be punished for disclosing commercially sensitive information, because the responsibility of classifying what is commercially sensitive is not up to an independent body. It simply occurs, as Mr Strong knows, because a distribution company says, 'All this is commercial in confidence. I am giving it to the Regulator-General on that basis'. The circumstance is then created where somebody can be found guilty of an offence and can be sent to gaol because a distribution company decides a particular item is commercial in confidence. As I have said, the opposition is not opposed to the key parts of the legislation but it is opposed to that provision.

The opposition believes there will be no credibility in this area until a set of guidelines has been established in relation to commercial-in-confidence information and there is a capacity within that for contracts entered into by the government to be scrutinised in some way with summaries and adequate information provided to the community and to individuals. I urge the house to support the reasoned amendment.

Hon. C. A. STRONG (Higinbotham) — In speaking against the amendment which in essence says that no further action be taken on this bill until appropriate information is made available to the Parliament and the people of Victoria on the privatisation process, I draw to the attention of the house the fact that this information is well and truly available. One has only to look at the current budget papers which clearly set out the appropriate information on the electricity privatisation sales and show the proceeds of each sale which totals almost \$18 billion.

Hon. T. C. Theophanous — But nothing about the contract.

Hon. C. A. STRONG — That is where Mr Theophanous confuses matters. The various New South Wales and South Australian examples he quoted involve BOOT schemes where there is some intention on the part of those governments to take over the assets. In such cases it is important for the governments and the people to know that the assets in question have been maintained and managed properly because ultimately they will return to the people. The type of information required in such cases is different.

In this case we are talking about the sale of an asset. How the new owner of that asset chooses to manage and operate the asset and what internal arrangements the new owner decides to set in place is up to the owner because that will have no effect on Victorians or Parliament.

Hon. T. C. Theophanous — What about the clauses dealing with taxes?

Hon. C. A. STRONG — I shall finish my statement: all we should be interested in is ensuring what the new owner produces comes up to appropriate standards and that the owner conforms with the law. The amendment is clearly a nonsense. Over the years close to \$18 million has been raised through privatisations. The most remarkable figure, which is shown at page 131 of budget paper no. 3, is that this state is currently more than \$700 million a year better off as a result of this process. I emphasise that this state is more than \$700 million better off every year as a result of this program, which has not finished. Despite that, Mr Theophanous shouts 'Wolf!' and says it will all be a disaster.

With regard to the bill, there is an element of bipartisanship on both sides of the house as to its importance. I am pleased all honourable members can see the importance of the Regulator-General. It is also worth highlighting the fact that the opposition supports two of the three amendments that this bill proposes to the present act. The differences of opinion on this bill are quite small, and that is a healthy thing for the process.

I shall spend some time talking about this difference. The bill extends and clarifies the powers of the Office of the Regulator-General to obtain information. All honourable members appreciate the importance of the office, which fundamentally set outs to regulate private businesses. Mr Theophanous

did not seem to be saying anything about entities that are not yet privatised, but if honourable members look at the entities that are privatised, to which I shall restrict my comments, the Office of the Regulator-General Act allows the Regulator-General to go into private businesses and extract all sorts of information about their commercial and operational arrangements, a power that one could say does not exist in most other businesses. This special situation in which the Regulator-General is allowed to reach into a private business and get to its inner workings has been created to protect the citizens of Victoria from any featherbedding, overcharging, abuse of monopoly powers or any other possible abuses.

If the organisations into which the Regulator-General reaches into to provide this information puts up barriers or smokescreens, perhaps to pass on information that is not 100 per cent correct or gild the lily and so on, the power and effectiveness of the Office of the Regulator-General will be significantly diminished. It is essential to the operation of the office that the people who provide it with information are confident that that information will not find its way to competitors. If they even suspect that the information they give to the Office of the Regulator-General will be leaked or made available then clearly they will hold back and the effectiveness of the office will be diminished.

Hon. T. C. Theophanous — It is a bit like the Auditor-General asking for the Intergraph material, I suppose.

Hon. C. A. STRONG — In the real world corporations are mindful of commercially sensitive information and must make sure that that information will not go past the Office of the Regulator-General. I am surprised that Mr Theophanous and the Labor Party would want to do anything to diminish the effectiveness and the power of the Office of the Regulator-General because it is the institution that has been set up to protect the consumers that Mr Theophanous is forever carping about and saying are most important to him.

The government set up the office and wants to give it the maximum power possible to protect consumers. If there is any fear that information provided to the Office of the Regulator-General by organisations could be released by whistleblowers, leaked, published in newspapers or made available to competitors in any way there would be great reticence by those organisations to providing information.

As I have said previously, there is a trade-off in all these things, and unfortunately in the political debate there is a tendency to take one side of that trade-off and overplay it. There is a trade-off between the whistleblower — Mr Theophanous's term — and the security of confidentiality that will allow organisations to provide the information to the Office of the Regulator-General. There is definitely a trade-off involved, and it is my judgment, and the judgment of the Office of the Regulator-General, that the trade-off requires that government to do everything possible to secure the confidentiality of the information provided to the office to ensure its effective operation.

Another of the many broader issues Mr Theophanous said must be considered by the Office of the Regulator-General is power surges. The Office of the Regulator-General and the Australian Competition and Consumer Commission have set the rules under which private power companies should meet their obligations in respect of power surges, and that is why it is important that independent officers such as the Regulator-General should be allowed to reach in and examine the operations of private companies to establish whether they should be held responsible for such surges. For that to work effectively the private companies must be confident that the information they provide will go nowhere else.

I am pleased that there is agreement on two of the clauses in the bill. In respect of a third there is disagreement on an element of trade-off. I believe, as clearly does the Office of the Regulator-General, that the trade-off comes down in favour of their being a requirement for greater security and confidentiality of information.

In conclusion, I express my support for the Office of the Regulator-General and for the important things it has done in the three or four years it has been in existence. It has put in place regulations and a regime of customer contracts which are groundbreaking in every way and which afford the consumers of utility services in Victoria greater protection and understanding of their rights and the procedures under which the utilities work than are available in any other state.

It is an outstanding office, and the government believes it should do everything it can to give the office the power it needs as the key institution that protects the utility customers in this state, rather than allowing it to disclose information on internal contracts that relate only to the internal operations of

private companies. For the reasons I have given, I urge honourable members to reject the amendment and support the bill.

Hon. R. H. BOWDEN (South Eastern) — I support the bill and reject the reasoned amendment. The Office of the Regulator-General was instituted three years ago to fulfil the important community role of maintaining confidence in the economic performance of large businesses that participate in the privatisation process and to ensure that community confidence is demonstrated and maintained following the large-scale changes that have been necessary with the economic reform program, for instance, in the electricity industry.

The Office of the Regulator-General has worked well and has been accepted by the community. It has an excellent reputation for maintaining confidence. The bill improves in a minor way a number of aspects of the operation of the office. Because of the sensitive nature of large-scale economic changes both within the industry and during the changeover, the Office of the Regulator-General has had access to appropriate information to enable it to carry out its important community function in an objective and well-informed way.

Clause 3 clarifies that the Office of the Regulator-General can obtain information or documentation from people who are not holders of licences issued by the office, so ensuring that the office can carry out its important task. That clause was given a lot of consideration because it is important in a society such as ours that there are checks and balances and that consideration is given to requests for information and to the confidentiality of the information provided.

The Office of the Regulator-General has given an incredible performance. The effect of clause 3 will be to further assist the office to gather the relevant data it needs to meet the challenges and opportunities that will arise as we approach 2000.

Clause 4 puts in place a prohibition of the disclosure of information that is provided to the Regulator-General by a person performing duties connected with the act, such as a consultant or an outside accounting or legal firm. That is important because of the commercial sensitivity and the competitive nature of privatisation, and the advice given to the Regulator-General is extremely important not only for private investors but for the people of Victoria. The clause makes clear that the prohibition on disclosure extends to

industry-specific legislation that confers on the Regulator-General the power to regulate an industry.

Much has been said about the need to accommodate a whistleblowing situation, where information is required about the appropriateness of actions by people in the economic system, by the Regulator-General's office or by the consultants who are providing information. In addition to the state and commonwealth laws that apply at all times, the Office of the Regulator-General Act will further assure the citizens of Victoria that any concerns about illegality can properly be brought to the attention of the appropriate authorities. It is important, especially in a sensitive operation such as the Office of the Regulator-General, that the public should eventually find out the things it should under the appropriate laws of the state. The legislation will further help that important office provide service to Victorians.

The bill makes it clear that the Regulator-General has a valuable role to play and that the office needs to be of high quality. Safeguards are needed so that private investors who have already made large investments in industry in Victoria and who will make further investments in the future can have the same confidence in the Office of the Regulator-General as have the people of Victoria. It is with pleasure I support the bill and reject the amendment proposed by the opposition.

House divided on omission (members in favour vote no):

Ayes, 29

Asher, Ms	Forwood, Mr
Ashman, Mr	Furletti, Mr (<i>Teller</i>)
Atkinson, Mr	Hall, Mr
Baxter, Mr	Hallam, Mr
Best, Mr	Knowles, Mr
Birrell, Mr	Lucas, Mr
Bishop, Mr	Luckins, Mrs
Boardman, Mr	Powell, Mrs (<i>Teller</i>)
Bowden, Mr	Ross, Dr
Bridson, Mr	Smith, Mr
Cover, Mr	Smith, Ms
Craige, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Wilding, Mrs
de Fegely, Mr	

Hogg, Mrs
McLean, Mrs
Nardella, Mr
Nguyen, Mr (*Teller*)

Noes, 8
Power, Mr
Pullen, Mr
Theophanous, Mr
Walpole, Mr (*Teller*)

Hartigan, Mr
Katsambanis, Mr

Pairs
Gould, Miss
Eren, Mr

Amendment negatived.

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

Sitting suspended 12.58 p.m. until 2.03 p.m.

BUDGET PAPERS, 1997-98

For **Hon. R. M. HALLAM** (Minister for Finance),
Hon. R. I. Knowles (Minister for Health) — I move:

That the Council take note of the budget papers,
1997-98.

Hon. N. B. LUCAS (Eumemmerring) — I have great pleasure in supporting the motion. The central theme of my contribution is the poor record of financial management of the socialist Labor government compared with the excellent record of the Kennett government, which has put Victoria in an excellent position to further improve on the positive turnaround in the state's finances.

In setting the scene I remind the house where Victoria has come from. The community should never forget the legacy left by the former Cain-Kirner governments. Some of those Guilty Party members are still in our midst and are the ones to whom the public purse would be handed if ever there were a change of government.

I compare the record of the disgraced former Labor government with the successes of the Kennett government. Regrettably, people are starting to forget what happened under the former Labor government. They should continually be reminded that the rabble who made up the Labor Party almost brought this state to its knees. I shall remind the house of Labor's financial management record. In doing so I refer to a statement by former Treasurer

Sheehan, the honourable member for Northcote in the other place, who said in 1992:

The state has no financial problems. Our revenue is just a bit down.

The state Treasury had to cope with Labor government policies that were sending Victoria down the drain. In 1992 Treasurer Sheehan said:

We are going to take \$600 million from TAC.

He did not say one word about the fact that the state government was at the time accumulating a debt of \$30 billion. Approximately 16 per cent of the total outlays in the last Labor government budget were needed to pay the interest on the debt. I have some definitions of Labor Party mismanagement. A socialist is a person who has no concept of financial responsibility. A socialist government is a government that spends all its available funds, borrows until it can borrow no more and then hopes to lose the next election so someone else can sort out the mess. A socialist minister is someone who spends all the department's available funds as soon as possible in the hope that another department will pay the salaries of his staff for the rest of the year. A socialist Treasurer is someone who assures the public that state finances are under control while simultaneously signing cheques with both hands and knowing there are insufficient funds to cover the government's commitments.

I have a new definition of a socialist shadow Treasurer. He does not believe that any of the previous problems ever occurred. He believes mistakenly that a Labor socialist government could maintain the finances of the state more efficiently than a coalition government. He begrudgingly acknowledges to himself that the Kennett government has brought Victoria back from financial ruin; reduced the state's debt by half in just four years; brought its current account into balance; increased capital works; encouraged and achieved private funding of infrastructure; and addressed the Workcover black hole.

I refer honourable members to the government's record, which can be compared with the litany of disasters wrought on the community by the former Labor government. An article in the *Age* of 14 April by Paul Chamberlain, the economics correspondent, states:

Victoria now has the nation's best economic record ...

... Victoria did well in moving from last four years ago to third in 1995-96, according to a Victorian Employers Chamber of Commerce and Industry survey.

That independent source is saying that Victoria's economy is going well. An article on page 5 of the *Business Forum* of 11 April states:

February represents the third consecutive month in which Victorian retail trade turnover has trended upwards.

This highlights an increasingly positive sign in consumer confidence in the Victorian economy, in part attributable to shop trading hours deregulation.

Recent Australian Bureau of Statistics figures released by the Minister for Industry, Science and Technology indicate that over the past 12 months Victoria has had the highest jobs growth in Australia. The minister has said employment had increased by 26 700 between March 1996 and March 1997 while Victoria's trend unemployment rate remained steady at 9 per cent in March. Victoria is leading the nation in employment growth. New South Wales, which has a larger population, achieved employment growth of 20 100 over the same period. One need look only at the various government initiatives to understand why employment has increased.

A couple of weeks ago a small business summit attended by small business operators from around the state provided them with the opportunity of consulting with state government officers and heads of peak business organisations. They heard from a range of experts and were able to contribute to draft plan documents that will be discussed at the national small business summit.

The small business area has come up with a number of successful initiatives. As today is 1 May it is appropriate that I refer the house to the excellent Small Business May program established by the Minister for Small Business and Small Business Victoria, which has a number of initiatives to support business. The Red Tape Hotline will be in operation for a couple of days this month to give small business the opportunity of providing suggestions and comments on how to improve any situation that is restricting it. Over the past four years there has been a 60 per cent reduction in the business regulations and barriers Labor put into place during its term in office. There has been a 40 per cent reduction in the number of regulations being introduced by the department. So government

is getting out of the way of small business. The government is saying, 'You have a go at running your business. We are getting out of your way'. That has the effect of creating jobs and of encouraging business. The government's policies have certainly worked in that area.

The multicultural small business initiative in the Small Business May program encourages people from multicultural backgrounds who are involved in business in Victoria. About 90 000 small business owners or operators who were born overseas are now conducting business in this state — 26 per cent of all small business owners and operators. A recent survey of business skills among migrants reveals that 56 per cent of those businesses employ an average of five staff; 53 per cent have export earnings; and 36 per cent have an annual turnover of at least \$1 million. A range of initiatives under the heading of multiculturalism will certainly assist those people.

The micro business initiative encourages small businesses with fewer than five employees to grow. In 1994-95 it was estimated that 666 000 micro businesses operate in Australia. Some 12 per cent of households now operate home-based businesses, and the government has certainly set out to encourage those people.

Another growth area is women in small business, and the coalition government certainly supports them. The number of women working in their own businesses has risen by almost 40 per cent in the past decade. Worldwide trends confirm that women are the business opportunists of the 1990s, and the coalition is very pleased to support them.

Multimedia in small business is another initiative of the Small Business May program. Computer industry analysts estimate that less than 20 per cent of Australian small businesses use networking technology. Small businesses using the Internet have grown from 5 per cent to 9 per cent over the past 12 months, and 74 per cent of small businesses now have desktop computers. Victoria has appointed the world's first Minister for Multimedia, the Honourable Alan Stockdale, to encourage people to get involved in the multimedia area. This program provides small businesses with a single point of access by using Internet and electronic text communications to encourage them to use electronic multimedia to help their businesses grow.

I also draw to the attention of the house a range of programs under the auspices of the Department of

State Development that have the effect of improving the state's economy. The first is the Strategic Industry Research Foundation program, which initiates and manages industry-led collaborative research and innovation programs. A number of interesting programs have been set up under SIRF. One is the development of ceramic or solid oxide fuel cells. Solid oxide fuel cells represent the most efficient way known of converting fossil fuels to electricity and heat while producing low levels of pollutants. The SIRF program has encouraged this development, which will certainly provide not only a growth industry for Victoria but also tremendous potential for export.

Another of the diverse range of initiatives is a new variety of malting barley. Over the past five years \$9.4 million has been spent on research involving two new breeds of barley that have superior yield and malting characteristics. That offers tremendous potential there for the improvement of business in this country and also for export.

Another initiative that has the effect of growing business, of creating jobs and of improving the economic development of the state is the Industrial Supplies Office. ISO tries to put businesses in touch with manufacturers and other industries in Victoria that have the ability to provide products and lessen the need for imports. SIO works out where industries can provide product of an equal standard and appropriate price. One of the companies involved, Baron Rubber Pty Ltd of Coburg, was able to produce a high quality, reasonable cost item for the organisation Powerlance. Previously Powerlance had bought the product from overseas, so an import has been replaced by a locally produced product. ISO should be congratulated on the work it has done in this area.

The Partnerships for Growth program is geared to assist rural communities by working with them to identify and market new industries to strengthen what they are doing in the bush. The programs under this heading include Rural Victoria 2001 and Investing in Country Victoria, which have had some great successes. Some \$50 million has been spent during the term of this government to assist rural economies. That has attracted new investment and strengthened businesses already established in rural communities, creating new infrastructure for those communities. Business has been helped by the reduction of regulations that affect people adversely in the bush.

The Street Life program encourages vitality in commercial centres. Commercial activity is enormously important to this state. The program should be commended for its encouragement of the vitality of commercial centres. Finally, we have the Investment Ready program, which also comes under the Industry, Science and Technology portfolio and which looks at the possibility of growing businesses that have the potential for growth and the potential to get into the export area. Businesses need capital input to grow. I also commend that program.

This is a good news budget. Good news budgets are very popular with the coalition and the whole Victorian community. This budget reflects the success of the government's financial policies. It confirms that the hard decisions that had to be made to reconstruct this state's finances have borne fruit. Victoria is no longer described as a rust bucket; it is no longer the butt of jokes. In fact, Victoria is now looked up to right around Australia as being a place in which to invest. Victoria is on the move. It is being successful and Victorians know what a rabble the opposition in this house and in another place is.

I refer to a number of highlights in the budget documents. In the area of taxation reform, the budget allows for a return of some \$211 million to the community through reduced taxes. One of the main areas where that is being achieved is payroll tax, which has reduced from 7 per cent to 6.25 per cent.

Hon. T. C. Theophanous interjected.

Hon. N. B. LUCAS — I haven't got time for that. The reduction in payroll tax amounts to some \$103 million. Petroleum franchise fees will be reduced by more than \$100 million. I have heard people ask whether the community will actually get that back. The answer is that the government is encouraging two mechanisms to be put in place to ensure the return goes to the community as petroleum prices are reduced. The first is the Australian Competition and Consumer Commission and the other is Victoria's Office of Fair Trading, and Business Affairs, which will be able to monitor prices. I trust that will occur and that the full benefits of the reductions will be achieved for those who need encouragement, particularly those in rural areas. In fact, I understand that in the order of \$1600 million is being returned to our communities each year now as a result of state government initiatives in reducing taxes and costs.

Hon. T. C. Theophanous — That's a lie.

Hon. N. B. LUCAS — You add it up. The reduction in Workcover premiums amounts to \$580 million and the reduction in taxes across the board, including local government taxes of \$263 million. Reductions have occurred in the areas of gas, water and electricity charges. There are cuts right across the board for which the customers, the people out there in the community, are paying credit to the coalition government. I am so pleased the government has been able to turn the state around from being a complete shambles to one that now has balanced books — and the government is well appreciated for that.

There has been a reduction in debt from \$32 billion to some \$14 billion. There are just so many successes in this budget that one could go on for a long time. There has been an extraordinary turnaround in our fortunes. Victoria has now moved to within one notch of an AAA credit rating. What a great success!

A key strategy the government wishes to put in place is a sustained budget balance. At page 39 Budget Paper No. 2 mentions how easy it is to have a surplus that is a little bit higher because of energy-related revenues, one-off transactions or debt restructuring, but the important figure we must look at is the one relating to the sustainable position. This budget is looking at a sustainable surplus of around \$200 million, and that is achievable for the next few years. That is a wonderful success.

I have the great pleasure of representing six councils. Certainly the Greater Dandenong council has a great role to play in providing employment for the rapidly growing south-eastern growth corridor. The City of Casey is the second largest municipality in Victoria and it would certainly contain some 300 000 people in the next decade and a half. Those areas have certainly been well looked after in this budget. For instance, \$12 million will be spent on refurbishing the Dandenong hospital. Money is also being spent on schools throughout my electorate, such as Southern Cross, Mossgiel Park, Albany Rise, Chalcot Lodge and Fountain Gate. No doubt announcements will be made in due course about road funding that will provide further support for the area. I look forward to that occurring.

There are other challenges in the future, including having the Berwick hospital built before this government's term is finished and the Berwick railway station upgrade. That has been supported by Mrs Marg Phillips and Cr Norma McCausland, representing the Edrington ward. Another challenge is the completion of the Hallam bypass, which is a

strong priority that Minister Craigie has already supported by seeking funds from the federal government.

There is a whole lot of good news about the budget and about what will occur in the next few years. Labor could not have done that. The coalition has been able to do it. If the rabble of an opposition had won or continued in government it would have continued to bankrupt the state. I commend Treasurer Stockdale on this budget and on making available the opportunities for Victoria in the coming year. Importantly, I underline the feelings of certainty and satisfaction that all Victorians have in knowing that the state's finances are in good hands. I support the motion.

Debate interrupted pursuant to sessional orders.

QUESTIONS WITHOUT NOTICE

Workcover Update

Hon. T. C. THEOPHANOUS (Jika Jika) — I refer the Minister for Finance, in his capacity as the minister responsible for Workcover, to earlier questions I raised with him about the pulping of 200 000 copies of *Workcover Update*. Is the minister aware that a television advertisement, which also dealt with the new employer notification regulations, has also been scrapped? Will he indicate who authorised the scrapping of *Workcover Update* and the television commercial, for what reason, and the cost of those actions?

Hon. R. M. HALLAM (Minister for Finance) — I am not sure about the background to the television commercial; I do not know about that. But given that Mr Theophanous raised the issue with me a couple of days ago, I took time out to catch up with the background to the story. It is true that something like 200 000 individual information sheets were not circulated after they had been prepared in anticipation of circulation to individual employers. By way of background I remind the house that I have already reported that there has been a change in regulations requiring that employers notify the Victorian Workcover Authority where a workplace incident occurs which results in either a death or serious injury or constitutes a dangerous occurrence and then creates immediate serious risk to safety.

I am advised by the authorities that in anticipation of the passage of that regulation and to ensure that

Victorian employers were aware of the changes an update was prepared for circulation. However, senior management of the authority deemed it more appropriate to get that information out by way of direct publicity.

Rather than send individual notices to each of the employers a decision was taken to conduct a substantial advertising campaign. Major advertisements appeared in the major daily newspapers, including the *Age* of 14 April, which I have with me, together with a great deal of background information. The advertisement explained that this was a very important change in the laws of the land and invited employers to take up the offer of the circulation of an occupational health and safety guide, which I also happen to have with me.

I make the point again that the change in the rules is very substantial and complex and the decision was simply taken that it was more appropriate for the brochures to be made available for circulation rather than trying to get the entire story across on a single page.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — The bit that intrigues me is the inference that the honourable member insists on putting on this that it is somehow a nefarious occurrence. All the authority was trying to do was to ensure that employers knew about the new rules and that the information was made available to them in the most appropriate way.

Hospitals: elective surgery

Hon. J. W. G. ROSS (Higinbotham) — Will the Minister for Health advise the house of initiatives to improve elective surgery in Victoria's public hospitals?

Hon. R. I. KNOWLES (Minister for Health) — The government has put a lot of effort into ensuring timely access to the public hospital system by those Victorians who need and seek it, the number of which has increased substantially and rapidly. The government and the department in conjunction with the advisory committee on elective surgery has developed an Elective Surgery Information System, known as ESIS, to be progressively introduced from 1 July. Through a process of reporting to be put in place it will provide hospitals, the department and the community, a lot more information about the characteristics of waiting lists of patients, including

average waiting time, differences in waiting time between specialties and hospitals, maximum waiting times and the types of procedures with the longest waiting times. All of that information is important. It will help this government to better utilise the additional resources that are provided.

The department has provided \$5 million this year to enable the infrastructure to be put in place in the hospitals to enable the program to commence on 1 July. As announced in the budget, the government has provided an additional \$10 million for waiting list incentives and a further \$10 million for emergency departments to be used for treatment of a significant number of Victorians. This is an important initiative.

An Opposition Member — Will the booking list come under this program?

Hon. R. I. KNOWLES — That is what it is about. The department publishes these figures on a quarterly basis so the information is available to enable better planning to occur. It also helps to direct resources in a way that optimises access to the hospital system. I have no doubt this system will provide an additional and important tool for management in this critically important area.

Intergraph: ambulance contract

Hon. M. M. GOULD (Doutta Galla) — I refer the Minister for Health to the payment by Intergraph of \$729 975 to GT Performance Marketing, a company set up by Mr Grant Griffiths and Mr Shane Tyrrell while Mr Griffiths was working for the ambulance service, and the various explanations for this payment by Intergraph, including that it was a spotter's fee for getting Intergraph the contract, a performance bonus for Mr Griffiths or a sales commission earned by Mr Tyrrell, and I ask: is it not a fact that the only reason the government has failed to call a royal commission into the Intergraph scandal is that it does not want secret payments such as the one I have outlined to be publicly investigated with witnesses required to testify under oath?

Hon. R. I. KNOWLES (Minister for Health) — The answer to the latter part of the question is no. In fact, the government has initiated inquiries. As to the arrangements, they are the responsibility of my colleague the Minister for Police and Emergency Services in another place.

Manufacturing industry: Japanese investment

Hon. N. B. LUCAS (Eumemmerring) — Will the Minister for Industry, Science and Technology inform the house of Victoria's latest success in attracting Japanese manufacturing investment to this state?

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I am delighted to inform the house of the expansion plans and the development of those plans in Melbourne by the Shimadzu Corporation, which opened its second manufacturing plant yesterday in Mr Lucas's electorate. The Premier officially opened that facility in the presence of the Japanese ambassador, and I was also pleased to attend.

For those honourable members who do not know, Shimadzu is one of the world's leading manufacturers of medical and analytical instruments and currently has an annual global turnover in excess of \$1 billion. This government is extremely pleased that when that group had to make a decision about where it was to establish its offshore advanced manufacturing capacity it chose Melbourne, in particular, Dandenong. As a result of the overtures from the Kennett government Shimadzu established its first plant two years ago and in a solid show of confidence it has now built and opened its second plant.

The decision of Shimadzu Australia to locate its manufacturing operations in Victoria was predicated on our natural strength and advantages in world-class infrastructure, a highly skilled work force, our critical mass of scientific know-how and expertise and our undisputed reputation as a centre of excellence in research and development.

Shimadzu Australia's competitive edge and export focus is winning new markets for the company in Europe, Asia and the United States for its high-tech products. I am very pleased that more than 90 per cent of Shimadzu Australia's production is being exported to Australia's major trading partners. It is exactly the type of outcome Australia wants.

Shimadzu Australia's investment decision is an important anchor for Australia's domestic, scientific and manufacturing industries and enhances Melbourne's position as a recognised centre for scientific and medical research and manufacturing in the Asia Pacific region. The Dandenong facility is Shimadzu's largest manufacturing facility outside

Japan and it is a giant credit to Victoria's attractiveness as an investment destination.

Shimadzu's new plant will supply the global market place with medical diagnostic X-ray systems, automatic chemistry analysers and chromatograph mass spectrometers. Shimadzu's investment is also delivering real jobs for Victorians and, in particular, for Dandenong.

By the end of the year 160 Victorians will be employed in the plant, which is great news for Dandenong and a solid reflection of the effort put in by the Kennett government to attract industry and create jobs.

Shimadzu's strategy of building its future in Victoria provides a good sign for other overseas companies. We look forward to working with them and getting similar positive results.

Youth unemployment

Hon. T. C. THEOPHANOUS (Jika Jika) — My question is to the Minister for Industry, Science and Technology, and I look forward to an equally comprehensive response.

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — He hasn't got too good a track record. The statistical summary issued today by the parliamentary library documents that 84 400 young Victorians are unemployed. Will the minister advise of specific government programs that will result in a significant reduction in unemployment rates for young Victorians? Will the minister indicate what the unemployment rates for young Victorians will be as a consequence of the implementation of those government programs?

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I thank Mr Theophanous for his question. Again he has caught me out, so I will see how long I can speak — whatever length of answer he likes. I usually have to repeat myself because he doesn't like the answer.

In setting the context for the answer to that question, it is worth while reflecting on the absolute treachery of the Labor government in dealing with youth unemployment during its term of office. That set the base for what we had to solve.

At the end of 1992 — after the glory years of the Kirner government when we were led by people

with such authority as Mr Theophanous — the level of unemployment for 20 to 24-year-olds was 18.1 per cent. That was the unemployment your Labor leaders left us with, Mr Theophanous — the great outcome! What was the level of unemployment in that category at the end of December 1996?

Hon. T. C. Theophanous interjected.

Hon. M. A. BIRRELL — It was 12.4 per cent. Frankly, any level of unemployment among young people is of concern, but let us have it squarely on the record: the outcome we have obtained is a solid reflection of how we have ensured that unemployment falls, particularly by comparison with the Kirner years. Mr Theophanous interjects, as he has done and as the honourable member for Williamstown and the Leader of the Opposition in the other place have done — at least until the Leader of the Opposition in the other house had to apologise for misleading the house. They said unemployment was 50 per cent in some areas, but if you compile the statistics and deem people who want to have or have part-time jobs as being unemployed, the unemployment figure will be higher. That is what the Leader of the Opposition in the other place did.

If anyone wants to look at how credible those figures are, look at the personal apology the Leader of the Opposition in the other place made when he was caught short on those dodgy statistics. As a result he had to correct them in that house. We stand by our achievements in youth employment.

Hon. T. C. Theophanous — On a point of order, Mr President, the question I asked of the minister was about what specific government programs will be implemented by the government that will result in a significant reduction in unemployment rates. It was a specific question. Now we have had 3 minutes of diatribe about what the unemployment rates were.

Honourable members interjecting.

The PRESIDENT — Order! There is no point of order.

Hon. T. C. Theophanous — Tell us about the programs.

Hon. M. A. BIRRELL — I deeply regret that you interrupted the flow of my answer, Mr Theophanous. I will have to start again. You started your question by asking for a long answer, but as soon as you get one you interrupt because

you do not like it. Unfortunately, you have to cop it. You are worried because your only technique, presumably born out of your branch-stacking ability, is to — —

Hon. T. C. Theophanous — Shut your stupid face.

Honourable members interjecting.

Hon. M. A. BIRRELL — Mr Theophanous is a lasting public legacy as the person who stacked most branches — —

Hon. T. C. Theophanous — On a point of order, Mr President, either this house is going to operate in a way that allows members to ask questions and expect answers to them or you, Sir, will continue to say it does not matter what the answer is or whether it has any relevance whatsoever to the question, and we will have a farce every time.

Honourable members interjecting.

Hon. T. C. Theophanous — The question I asked has absolutely nothing to do with branch stacking. It is to do with 84 000 unemployed young people. The minister should answer it.

The PRESIDENT — Order! Any ruling I give about what should constitute an answer is according to rulings given by my predecessors, both Labor and Liberal. When he was a minister, Mr Theophanous abided by the same set of rules.

Hon. T. C. Theophanous — We had a different President then.

The PRESIDENT — You had a different President, but you got the same answer.

Hon. T. C. Theophanous — In your opinion.

Hon. M. A. BIRRELL — I regret that Mr Theophanous is concerned about my reference to branch stacking, but he did not deny it.

If Mr Theophanous wants to be remembered for his ministerial achievements we should bear in mind that he is the man who brought in fees for credit cards — that is your policy achievement, Mr Theophanous!

Hon. T. C. Theophanous — What are you talking about?

Hon. M. A. BIRRELL — It is true. You led the charge. That is why Brian Mier and you had a violent altercation in this chamber, because you brought in fees for credit cards.

Hon. T. C. Theophanous — When are you going to answer the question?

Hon. M. A. BIRRELL — I am happy to. If you want us to compare employment outcomes, we are happy to do so. How did we get that outcome? Because the Kennett government has created a business environment matched by a string of government programs that has seen particularly young people being employed in a pro-active way and getting the jobs they are seeking — full-time or part-time — or being in tertiary education.

The community business employment program is one example. If Mr Theophanous is not aware of it, I suggest he read any of the dozens of documents that have been made available over the past five years and perhaps brief himself on his portfolio before he asks a question. He would then know that the outcome is that we have ensured increased employment among young people, using not dodgy figures but figures put out by the ABS. We are happy to have them on the record, although I know from his constant interruptions that Mr Theophanous is not happy with the ABS results.

Small Business May

Hon. W. I. SMITH (Silvan) — Will the Minister for Small Business advise the house of the launch today of Small Business May?

Hon. LOUISE ASHER (Minister for Small Business) — I thank Ms Smith for her ongoing interest in this area. Earlier this morning the Premier launched Small Business May, which is designed to be a month of celebrations for small businesses around Victoria. The first theme of the month is to recognise the achievements of small business, and that is being done by way of a series of awards.

We have decided to single out a special month to recognise the achievements of small business in Victoria; they are leading the way in employment creation. On the last available figures, small business increased employment in the state by 7.7 per cent, which is well in excess of the national average.

The second component of Small Business May, in my opinion a particularly significant component, is the issue of information. I recently held a small

business summit. One of the key messages coming from small business is the desire for information from government. More than 60 seminars will be conducted throughout Victoria, a third of which will be in country Victoria. They will provide a range of information for small business owners.

There will be four theme weeks in Small Business May. There will be a Multicultural Small Business Week, a particularly interesting part of which will be one of the first public appearances of His Excellency, Sir James Gobbo. He will speak next Wednesday at a dinner on export strength through multiculturalism.

There will also be a Micro-business Week, which will provide a range of assistance and advice for people who are starting very small businesses. We will also have a Women in Small Business week and a Multimedia in Small Business Week. The aim of that week will be to demystify a lot of the information technology available to small business. Today we launched a red-tape hotline, which will operate for the next two days from 8.30 a.m. to 8.00 p.m. The number is 1800 550 097. The objective of the hotline is to enable small business owners to phone in and alert the government to any impediments in the way of their businesses. We will see what we can do about overcoming them.

I encourage all members of Parliament to get involved in Small Business May. It is a good month for celebrating and informing small business which is, after all, the most important component of the Victorian economy.

Yarra Ranges: roadworks

Hon. D. T. WALPOLE (Melbourne) — Will the Minister for Roads and Ports advise the house of the details of new roadworks projects which will be undertaken in the Yarra Ranges municipality following the recently announced state budget?

Hon. G. R. CRAIGE (Minister for Roads and Ports) — I appreciate Mr Walpole's genuine concern for my electorate and for the electorate of Mrs Varty and Ms Smith. I doubt whether this affects Mr Walpole's electorate. However, let me inform the house of the government's recent announcement involving the allocation of significant road funding for Victoria.

The Kennett government has allocated the sum of \$41 million — a record amount in the history of the state — for the outer metropolitan road network. It is aimed at overcoming the legacy left after 10 years

of absolute neglect. On many occasions I have reminded the Labor Party of its abysmal and pathetic contribution to the state's road infrastructure.

This year the state is also contributing extra money to rural roads. Some \$196 million is being allocated from Better Roads Victoria, \$95 million of which is for rural roads, a record 48 per cent of the Better Roads levy. That funding will be allocated to 214 different road projects, and I look forward to announcing the projects to the local members concerned.

Linking Victoria strategy

Hon. B. W. BISHOP (North Western) — Will the Minister for Roads and Ports inform the house of the recent launch of the Linking Victoria strategy.

Hon. G. R. CRAIGE (Minister for Roads and Ports) — The Victorian rural road network will be transformed over the next decade. Recently, I launched the Linking Victoria strategy, which is a comprehensive plan to construct new roads, improve road safety and introduce a better road signing system for our highways, tourist roads and regional roads. The strategy covers some 19 000 kilometres of road network in Victoria. It will clearly boost rural development and also make driving easier and safer for local residents, tourists and the drivers of commercial and freight vehicles.

Over the next four years, new route signing will be introduced across country Victoria to help motorists acquaint themselves with road conditions. A statewide route numbering system will be introduced with M, A, B and C routes, which will reflect the quality of our roads to make travel easier and safer. This will particularly benefit tourists or visitors in unfamiliar areas and will help them plan and prepare their trips with greater confidence.

The signing will be integrated with Victoria's regional tourism districts and will help promote attractions in the area. Road freight connections with our ports at both Geelong and Portland will be improved throughout the state. We will also be improving substandard bridges, upgrade them to cope with B-double truck access.

A further move in Linking Victoria will involve our working with industry and rail authorities to improve roads and bridges in servicing our intermodal transport hubs. The Linking Victoria strategy spells out a clear and achievable plan for

our statewide regional road network over the next decade. It will meet the needs of the community and support our tourism, farming and rural industries. The actions and priorities have been developed in consultation with municipalities, industry groups and road user groups and will clearly give Victoria a quality rural road network.

Employment: north-eastern suburbs

Hon. PAT POWER (Jika Jika) — I direct my question to the Minister for Industry, Science and Technology and in doing so make further reference to the statistical summary provided by the parliamentary library. The summary indicates that there are 3500 Victorians unemployed in the north-eastern region, which covers my province of Jika Jika.

Hon. M. A. Birrell — The north-eastern metropolitan area?

Hon. PAT POWER — Correct — Diamond Valley, Eltham, Heidelberg, Northcote, Preston and Whittlesea. I ask the minister to advise of any specific government programs to deal with unemployment in the region and to say what the level of unemployment might be following the implementation of those programs.

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — I thank the honourable member for his question, particularly the reasonable tone in which he has put it. The answer will be along similar lines, but it is worth trying it that way!

I have the break-up of the country Victorian regions, which is why I asked Mr Power which part of the north-east he was talking about. I am more than happy to get the information on the employment trends in the metropolitan areas. I know that for the year ending December 1996, the last full-year figures we have, unemployment in the metropolitan areas was 9 per cent. That can be compared with unemployment of 11 per cent for the year ending December 1992. I will be more than happy to get the information on unemployment levels in the north-east metropolitan area and give it to the honourable member, along with the number of CBE programs being provided discretely within the region.

Crown Casino: opening

Hon. B. N. ATKINSON (Koonung) — I understand the Victorian Casino and Gaming

Authority has made an important decision about the opening arrangements of the new Crown Casino entertainment complex next week. Will the Minister for Gaming inform the house of the details of that decision and relevant aspects of the opening of the complex?

Hon. R. M. HALLAM (Minister for Gaming) — The Victorian Casino and Gaming Authority has approved two days of soft opening at the Southbank casino on Monday and Tuesday next — 5 and 6 May — prior to the official opening on 8 May. The rules that will apply include that entry to the soft openings will be by invitation only; there will be a \$5 maximum bet limit on all the table games. The government will continue to collect gaming taxes and the community benefit level as usual. However, Crown has undertaken to donate its gaming profits earned over those two days to charity.

Crown will be required to continue to pay the liquidated damages of \$50 000 a day for late completion of the casino complex until the official opening next Thursday. That represents damages to this stage amounting to something like \$13.2 million. The soft openings are designed to give the casino operator and the authority the opportunity to test casino operations in an operational environment. The arrangement will provide some real benefits to Crown and the authority. For example, the state-of-the-art security and surveillance monitoring systems can be tested and adjusted if necessary over those two days. The operator and the authority will get to test and assess the crowd-control and security arrangements. All of the plant and equipment can be tested in a practical environment, and the new gaming staff can also familiarise themselves with that environment. It is important that the casino operational procedures be tested and finetuned across the board.

As honourable members would imagine, this is an important time for the staff of the authority — perhaps the most crucial since the original licence was awarded in August 1993. The size of the undertaking is extraordinary. The authority has been required to approve all table games and has had the rules published in its *Special Gazette*. It has been required to approve something in excess of 2100 gaming machines, Keno, Sportsbetting and other electronic equipment; authorise the Vicpol casino crime unit to access the back-of-house areas; finalise the casino and liquor-licensing boundaries, and issue something in excess of 2000 additional special-employee licences.

I had the good fortune to travel to Las Vegas last year and saw the latest surveillance systems in operation at both the World Gaming Congress and Expo. I was astounded at the extraordinary level of technical sophistication that is now available. It is on that basis that I can say to the chamber that we in Victoria can be confident that the new casino at Southbank will be one of the most secure in world. Crown's own system is at the cutting edge of international developments, and the authority has in place its own equipment and procedures to ensure that the operations are absolutely squeaky clean. I commend the authority — in particular chairman John Richards and the director of casino surveillance Ian Manning — for their determination to ensure that in terms of fundamental surveillance, security and probity the casino authority of this state is at the leading edge of the world-best practice. I, like other members, look forward to the opening of this brand new facility on Southbank — it is world class. Melburnians and Victorians will grow to become very proud of it because it will represent a world-best practice facility.

BUDGET PAPERS, 1997-98

Debate resumed.

Hon. W. I. SMITH (Silvan) — It is with pride as a member of the Kennett government that I support this budget. It is a budget of measured, sensible fiscal management and moves Victoria towards an AAA rating and towards restoring business growth, employment and competence in Victoria. The legacy of the 1980s under a Labor government saw Victoria's credit rating with Moody's Investors Service downgraded four notches from AAA to A1 between 1990 and 1992.

Public sector net debt reached more than 30 per cent of gross state product. Economic output declined more than 5 per cent between 1990 and 1992. Unemployment was higher than 12 per cent during 1992. New South Wales overtook Victoria in private sector expenditure on research and development. Public sector net debt had grown from \$11.3 billion in 1982 to \$30.6 billion in 1992 — 10 years — and Victoria's liabilities for superannuation and workers compensation had ballooned from \$4.5 billion to more than \$23 billion.

The Kennett government inherited a financial disaster. The Cain-Kirner governments borrowed money just to pay interest and other day-to-day operating costs. Labor did not pay off debt — it just incurred it. We all know the serious financial

mismanagement that led to the collapse of the State Bank, the Pyramid scandal, the VEDC scandal and many more. Labor made promises it could never deliver. One example was the promise to develop Bayside. It ended up developing a \$70-million dust bowl and dividing the community.

I went back through some old press releases from before 1992 to look at some of the other promises on which Labor said it would deliver. I quote from a press release dated 9 December 1988 headed 'Victoria to have Omnimax theatre' stating:

Victoria will have a new Omnimax theatre following the signing of a contract by the state government this week to build a theatre in the new Museum of Victoria.

Not delivered! Another news release headed 'Albert Park's showpiece in \$2 billion games facilities' states:

Melbourne will get a new \$250 million Albert Park sporting complex ... cater for swimming, diving, basketball, badminton, volleyball and table tennis ...

Not delivered!

Hon. W. R. Baxter — But delivered by this government now.

Hon. W. I. SMITH — But delivered by this government, indeed. The former Labor government also promised to deliver a rapid transit link. It even announced a short list — again, that was not delivered. The former Labor government released a strategy for redevelopment of the Docklands — again, not delivered. It talked about bringing the city to the sea and issued a press release headed 'Government to extend Collins Street to Docklands'. Not delivered!

The most interesting one I found, which was the one I went looking for originally, was the announcement of a Southbank museum. When the Minister for Major Projects at the time, Mr Kennan, issued a press release saying the government would build a new museum at Southbank, he also called for investors to help build the new museum because it did not have enough money. That was the biggest con of all. The former government actually spent \$6 million on the entrance to the new museum because that is all it had.

Hon. G. R. Craigie — The entrance?

Hon. W. I. SMITH — The entrance, the front area. Again, not delivered — but delivered by the

Kennett government. The Kennett team came into government with a commitment to manage and govern responsibly for all Victorians and with strong leadership, a vision and well-defined and analysed policies, particularly in regard to the economic management of the state. This and the ability to make and take the tough decisions has turned Victoria around.

What has the government done? The workers compensation deficit of \$2.1 billion has been eliminated. Local government rates have been cut by approximately 20 per cent, saving Victoria \$263 million in 1995-96. That is an estimated average saving of approximately \$159 per household.

Public sector net debt of more than \$30 billion has been significantly reduced. The state's interest bill is down from \$2.36 billion to \$1.659 billion in the 1996-97 financial year and it is projected to fall a further \$538 million to \$1.121 billion in the budget for 1997-98. This outcome reflects the reduction of the public sector net debt from \$30.6 billion at the time the Kennett team won government to the projected \$14.3 billion as at June 1997. Victoria's credit rating is climbing back towards AAA rating after being downgraded to the lowest level of all states.

Although the government is pro-business and actively supports and facilitates new investment, it is also important to understand what is happening to business. Recently a survey done by government elicited data that will be useful for future government decisions. Jobs East initiated a business survey on employment issues and opportunities in the Melbourne eastern region: 20 000 businesses were surveyed between May and August 1996; businesses were selected at random by geographic area and industry sector. The data from the survey identified trends in skill needs and employment opportunities.

The major findings were that 71 per cent of businesses in Melbourne's east employ fewer than five people and that the changes that have a significant impact on business are new technology, new products, levels of exports and, importantly, government legislation. Projected work force changes in the next 12 months are that 64 per cent of businesses will stay the same; 33 per cent will increase and 3 per cent will decrease. At the same time the survey identified 538 job vacancies.

In regard to employment in the outer east, during the December quarter of 1996 the employment rate

in the outer east increased by 1.1 per cent over the previous month and 3.2 per cent over the previous year. In fact, growth rates in employment exceeded both the Victorian and the Melbourne metropolitan averages. The outer eastern region's employment rate for December 1996 quarter was 5.2 per cent — the lowest of any region in Victoria and down from 6.3 per cent at the same time a year before.

Small business is a major contributor to the economy, providing 50 per cent of all private sector employment. Small business is dynamic and entrepreneurial and often leads the way in technology and innovation. The government recognises the importance of small business and is committed to assisting its growth by removing impediments. Unnecessary red tape has been cut and some business expenses reduced.

Some of the new initiatives already introduced include the abolition of stamp duty on refinancing of business loans. Business is now able to change financial institutions and renegotiate loans. Also, as identified in the earlier survey, the number of regulations for small business has been substantially reduced. Under Labor the total number of regulations affecting business soared to 1241 in 1987. In 1996 this number had been reduced to 494. I repeat: 1241 down to 494. That is a 60 per cent reduction in the total number of regulations in the system.

From 1993 the number of new regulations introduced has fallen by 40 per cent over the 1989-1992 period. The Kennett government has further demonstrated its commitment to business by establishing a Business East shop in the outer east. This is a one-stop shop offering business support and ready access to a wide range of information and referral services across a range of government agencies. Business East is extremely active in the business community and highly regarded for its role as a support service and for initiating new ideas and linking the businesses in that area.

While business confidence has increased in Victoria, we cannot afford to be complacent. We need to listen to the concerns of business and assist by promoting an environment enabling business to prosper and grow. Business in Victoria has been calling for tax cuts and this budget has started to respond. It is important to remember that even though the state debt has been halved, there is still a state debt that needs to be carefully and sensibly managed. This budget allows for moderate tax relief to assist business through the reduction of the payroll tax

rate from 7 per cent to 6.25 per cent; the lowering of petroleum franchise fees and the abolition of deed duty, at a cost of \$1 million annually. These tax cuts will help to make Victoria a more attractive place to do business.

The era of Labor government debt and fiscal mismanagement has been replaced by a responsible government committed to creating an environment that fosters business growth and employment opportunities and recognises, acknowledges and supports women and men involved in business. Again, it is with pride I support this budget.

Hon. R. H. BOWDEN (South Eastern) — This is the sixth budget of the Kennett government and one of which we can all be proud. It meets the challenges for the current circumstances and the future years and charts the way for a forward-looking approach to the responsible fiscal management of the state.

One very important aspect of this budget is its acknowledgment of the need to share resources, economic development and understanding of the underlying needs of both the country and the city. The opposition often incorrectly says that this government is metrocentric, but that is not so. This budget recognises and emphasises the need for sharing and for balanced development right across the state.

Another feature of the budget is its substantial reduction in state debt. I do not want to dwell at length on the disaster that this government inherited in October 1992, but I will return to it later. The progress this government has made in reducing debt is commendable and translates directly into its enhanced ability to provide resources and services to Victorians through substantial interest savings. The debt is down, the interest required to service that debt is down and that releases resources for the government to provide extra facilities for Victorians.

One important point about the budget is that underlying the complex mechanisms that go to put the budget together is the crucial philosophy for the correct fiscal management of the state — that is, an understanding of and a commitment to maintaining a sustainable surplus. The budget is finely managed and finely balanced. The sustainable surplus is a key indice of our ability to make progress and be predictable in those vital areas in which we have to supply services. I will return to that later, because surplus and sustainable surplus are worthy of note in the context of this excellent budget.

The budget delivers a \$211 million reduction in state taxation. That substantial reduction announced by the Treasurer has a number of components and relates to reductions in the fuel tax percentage and payroll tax. It also relates to mortgage refinancing provisions where stamp duty on the purchase of homes and on deeds is no longer required. Both those measures are each worth approximately \$1 million to Victorians and they are valuable and commendable initiatives. The \$211 million real reduction in state taxes builds upon the already accumulating saving of approximately \$1600 million each year which flows from the noted and well-recorded lowering of Workcover premiums, council rates and the cost of gas, water and electricity charges. As a result, approximately \$1600 million is injected every year into the state's economic profile. The entire budget is heading towards completing a picture which, in contrast to the Labor government, shows that the coalition is building a strong, predictable and excellent competitive economic base for Victoria to enable people to invest, provide jobs and base exports.

I turn to employment. From the time of election of this coalition government until now 175 000 new jobs have been created. Until March this year 26 700 new jobs were created. Another important aspect of the budget brings further credit on this government and its management of the state — that is, as advised by the parliamentary library, exports are currently running at more than \$15 billion as opposed to when the Labor Party left office at the end of 1992 when the figure was \$9.05 billion. Not only has there been domestic state growth and a growth in GSP, but there has also been a substantial growth in exports. That translates into a high level of confidence, broad economic activity and the creation of jobs. It also further enhances the progress the government has made.

It is again worth mentioning the state debt to record the figure. In 1992 when the coalition came to office it was \$32.9 billion, or 30.7 per cent of gross state product. That is what was required to service the disaster the state was landed with. In the 1997-98 budget that figure of \$32.9 billion is now down to \$14.3 billion, or only 10.6 per cent of gross state product. That is a fantastic achievement. It is a credit to the cabinet, it is a credit to the coalition and it is a fine performance by any measure.

Public infrastructure has been maintained in previous budgets and will be maintained in this budget. It is tempting to simplistically say, 'We will save money. We will make cuts', but in an economy

such as ours it is important to maintain investment in public infrastructure. The infrastructure has been locked in and carried forward as a commitment from past statements and is kept at 1.25 per cent of gross state product amounting to well in excess of \$1 billion. It is new, fresh and extremely important because it meets the government's commitment in two ways: it provides the state with necessary and important infrastructure programs and resources; it encourages a wide-ranging series of infrastructure projects at that level; and it provides employment for our professionals and people in the employment base of the state.

The initiative to create new roads in country areas should be given huge praise. An additional \$34 million will go towards the new roads, which will be much appreciated by the people in rural Victoria. Some \$5 million will be spent on special rural roads projects.

Earlier I mentioned job growth. I would also like to talk about economic activity. Since 1992 there has been more than a 20 per cent increase in economic activity of the GSP. That is a fine achievement, especially when one considers the OECD average and the sophistication, difficulty and size of the Victorian economy. Rural Victoria makes up 29 per cent of the total population of the state. However, the budget maintains the allocation of 38 per cent of investment dollars to rural Victoria. That is an excellent figure. We hear criticism that the government does not care or is negative. However, I want it recorded that although the rural population of Victoria makes up 29 per cent of the total population, 38 per cent of investment dollars go to rural Victoria.

The real growth estimate for 1997-98 is 3 per cent and that is a very respectable figure for an economy such as ours. Given the challenges that have been met are still to be met that 3 per cent figure is entirely respectable. Some major projects are under way and major economic adjustments have been undertaken and are still flowing through the budget program. The privatisation of electricity, the restructuring of the gas industry, the promotion of investment, the provision of investment in the port of Melbourne and the privatisation of the public transport are examples. They are large, complex but necessary investments and adjustments to the economy because essentially Victoria competes with all other states for economic activity.

Each state competes with the other in the macro economy of the nation and the country also

competes internationally. Australia is competing with countries in this part of the world and with countries around the globe. It is absolutely vital for a developed and First World economy such as this to make certain that it is efficient and productive so it can attract the necessary financing, investments and economic programs I mentioned a few minutes ago to keep the state moving forward.

I shall mention a few highlights of the government's achievements. There was a 50 per cent increase in 1995-96 from 1991-92 in the number of patients going through the hospital system in Victoria. That is an excellent result and shows that a great amount of professional management, care and supervision has been given to this very large area of public responsibility. In education the Schools of the Future program is working very well indeed. I travel widely and often to schools in my large electorate and I have not heard one complaint about the concept or the application of that program. The further investment in that exciting program is worthwhile, and both the previous and current Ministers for Education deserve a great amount of credit for the program and the assets it will bring to our community through an excellent educational outcome for students in those schools. Preschool participation in 1997 is up 4 per cent to 92 per cent, the highest of any state in our great nation.

Public transport has unquestionably improved. From time to time I use public transport — I use it a lot in the city. Trams and trains are now much cleaner, they run to better timetables and patronage has definitely increased. The government deserves full credit and praise for the improvements made to the public transport system. The privatisation of the public transport network will proceed and will add to the economic strengths of the state. It is good to know that this and previous budgets have put the public transport system in a very good position, which will help in the privatisation program. Everyone in this chamber knows the privatisation program of electricity has been under way for some years. As recently as this week this house passed a bill continuing that program by selling 49 per cent of Loy Yang B power generation station. To date electricity costs are down a reported 39 per cent.

Progress is being made. This government is providing services at the least possible practical cost. It has a sustained balanced budget, a sustained current account surplus and has introduced the concept of accrual accounting. Accrual accounting is absolutely vital in credibly comparing the accounts of this state with other large and complex intuitions.

I fully support that concept. The government's goal in this budget is to further equip Victoria to compete interstate and around the world. This government has seen an increase of 9 per cent in the fixed capital allocation, which was more than \$1 billion in the 1995-96 fiscal year. Stringent cost controls and high productivity requirements will be maintained by all government departments. Substantial productivity increases have been seen in all government departments over recent years. That will continue and has been conceptually locked in in the construction of this excellent budget.

I will mention some aggregate numbers. The budget has a sustainable planning surplus of \$126.1 million with an overall surplus of \$443.7 million. The revenue for the state, including expected receipts from taxation and grants, is \$15 580.8 million and the outlays are expected to be \$15 137.1 million. Interestingly, this budget sees a reduction in the interest-paid component of \$538.2 million — in other words, more \$500 million has been saved in interest through the reduction of state debt. That is very exciting and it means a lot for the taxpayers of Victoria.

I shall briefly mention the tax relief component. It is responsibly limited by the underlying budget outcome which I mentioned earlier of a \$120 million surplus. Tax cuts amounting to \$211 million include a reduction in payroll tax from the present 7 per cent down to 6.25 per cent, bringing Victoria into line with most other states. The reductions result in a net gain to businesses of approximately a \$103 million with the inclusion of the employer superannuation fund contributions in the payroll tax base.

The lowering of the petroleum franchise was very well received in my electorate, which has metropolitan, outer suburban and rural elements in it. The lowering of petroleum franchise fees is extremely valuable. It is the government's intention, as stated by the Treasurer, to ensure that those savings are passed on to consumers. They are not meant to be kept by the distribution system; they must be passed on to consumers, and that will be monitored carefully.

The exemption from mortgage duty on the refinancing of non-business loans is an excellent \$1 million initiative. The people who need to refinance their non-business loans are now able to seek efficient and productive capital. That is a welcome and very valuable feature of the budget. The abolition of deed duty of approximately \$1 million is appreciated. The total cost to revenue

for 1997-98 is estimated to be \$202 million and in a full year \$211 million.

I turn briefly to the current outlays initiatives for 1997-98 of \$81 million, which includes \$49.4 million for education. I have spoken about Schools of the Future. As a member for South Eastern Province I appreciate the support given by ministers both past and present to the schools in my province for such items as the refurbishment program, new schools, funding and other support from the department.

Victoria's tourism initiatives have been important. The state has benefited from enhanced recognition of the importance of tourism promotion, which has created employment and further investment opportunities. The Minister for Tourism deserves to be congratulated on taking extra initiatives and providing further funding for the marketing of Victorian tourism internationally. Tourism has received a substantial allocation of \$4.5 million for that purpose. I have the privilege of having Phillip Island in my province which is an important tourist destination in this state and which plays a vital role in the total economy and tourism promotion. The allocation of \$6.6 million for the docklands development is an excellent investment that will benefit Victoria's image and standing internationally.

An amount of \$41.2 million is to be provided for human services, including \$18.2 million so that hospitals can increase their ability to meet the growing demand for more complex acute care. Victoria's ageing population requires more sophisticated servicing and care, and needs it quickly with the newer technologies that are emerging. It is pleasing that the \$18.2 million has been allocated in anticipation of the need that will certainly come.

The total appropriation approved by Parliament is \$13 379.186 million, of which \$11 902.436 million is for current use and \$1476.750 million for capital purposes. The budget invests more than \$1 billion in infrastructure and new projects. The budget presents a concept of stability as well as development. The people of Victoria can be confident that the budget displays firm, fair, honest and transparent economic management. This is a pro-business government. It has proven that by encouraging private investment. It is exciting that the government has attracted willing investors to the state. The privatisation of Loy Yang A and other privatisation projects has meant \$4000 million for the state. If the government did not have the confidence of the financial community and the community at large it would

have no hope of attracting large sophisticated investors. That in itself is a credit to the performance of the Treasurer and the government. The government is committed to debt reduction. It is aware of the benefits that will flow to the people of Victoria; it will enable more funds to be released to spend on the citizens of the state. Infrastructure investment has continued and will continue.

Some weeks ago I attended a small business forum conducted by the Minister for Small Business. From the various presentations made by a number of important small business spokespersons I heard first hand about their needs. I know the government and the minister are aware of those needs and the improved communication arising from the forum will be valuable in ensuring that the state government, through its budget, will assist small business, a vital employer. The forum also positioned the minister and the government to consider further initiatives for future budgets. That is important, exciting and valuable.

The budget moves forward from the concept first enunciated in this chamber in 1992-93. This government is responsible. The cabinet and the Treasurer have proven that through past budgets. An article in the *Herald Sun* of 30 April headed '\$100m tax boost for business in Vic Budget' displays a graph that shows the budget is in balance; the budget balance and sustainable budget balance graph is close to zero.

Many legitimate and responsible demands are made on the limited funds available. Although funds will be received from the privatisation program they will be used for the debt reduction program. More importantly, the government is concentrating on the sustainable budget balance because it will enable it to bring about the new initiatives.

The contribution made by the South Eastern Province to the Victorian economy is substantial. The province consists essentially of the Mornington Peninsula, which is made up of the state seats of Dromana, Mornington, Cranbourne and Gippsland West. Those four seats are diverse, complex and have a wonderful ability to contribute to the economy of the state.

As I look back over the past 12 months and look forward to the 12 months ahead, I am excited that the Treasurer has taken a balanced and responsible approach towards appropriately funding government departments. The government must make further investments in education and health. It

is well known that the environmental requirements along the Mornington Peninsula, that precious part of Victoria, need to be maintained and protected. We also need good roads, and I am pleased to see that the rural road initiatives forecast substantial spending in part of my province.

I am very excited that tourism plays a great part in the Mornington Peninsula with the wineries and so on. As I said, Phillip Island contributes to the state's economy. The investments made there and in the other areas of my province can only benefit Victoria.

The budget is responsible, and it is transparent that the Treasurer is doing an excellent job in a balanced way. I emphasise that it is a budget for metropolitan and country Victorians alike. For that and other reasons, I am pleased to support it.

Hon. R. A. BEST (North Western) — It gives me pleasure and pride to support the 1997-98 budget because more than any previous budget it rewards country Victorians for their understanding and patience while the government was restoring the state's finances and restructuring and rebuilding many of its services. This budget demonstrates, as have previous budgets he has handed down, the Treasurer's outstanding financial management and the quality and fiscal responsibility that have been his hallmarks. All Victorians have confidence in the government's ability to handle their money.

The budget continues the government's agenda of reforming, revitalising and rebuilding, and this year, rewarding Victorians. Victorians now enjoy a feeling of confidence they did not have under the previous Labor government. Since 1992 that confidence has continued to build, especially following the overwhelming endorsement of the government by the voters of Victoria in the 1996 election.

The budget outlines a deliberate strategy that has five key objectives. The first is the delivery of high quality services at the least cost to taxpayers. The second is a good, balanced budget with an account surplus. The third objective is a reduction of state debt and the return of Victoria's AAA credit rating, which was lost under the previous administration. The fourth objective is the deliberate emphasis on infrastructure and the support of a more productive economy. That is happening right across country Victoria through the rationalisation of water boards and the delivery of water of World Health Organisation quality to small towns, many of which have also been sewered for the first time. The fifth key objective is tax levels that will provide Victoria

with a greater opportunity to compete more effectively for markets, both in Australia and overseas.

As the Treasurer said in his statement, the budget delivers the dividends from the improved state finances that all Victorians have worked over the past five years to secure. That is a telling statement because it has been hard work. I would be dishonest if as a country member of Parliament I said that there have not been difficult issues to overcome. However, it is important that we keep reinforcing to the community as a whole the problems that the government faced when it first came to power and the situation Victoria finds itself in now.

When the government came to power in 1992 Victoria had a state debt of \$32 billion. It is estimated that by 1 July this year that debt will be reduced to \$14.3 billion, an outstanding result. The budget deficit in 1992 was \$2.5 billion, and this year the state will have a surplus in the vicinity of \$126 million. Today Mr Theophanous tried to deflect away from the government credit for its performance in creating new jobs. When Labor was last in power the unemployment rate was 13 per cent. Since coming to power the government has created more than 175 000 jobs. In 1992 business confidence was rock bottom. Today it is excellent. Although business investment was minimal in 1992, the increase in investment in the food industry since then has been extraordinary, and \$4195.2 million has been invested across Victoria since 1992 — an outstanding effort by the government.

Finally, as honourable members will recall, Victoria was the joke of Australia, the butt of all the jokes. A common joke one often heard was, 'What is the capital of Victoria? Twenty cents!' I am proud to say that Victoria is now the envy of the other states. All credit for that outstanding result must go to the leadership team and other ministers.

In previous budgets the government concentrated mainly on reducing the debt, improving services, obtaining public sector investment and producing budget surpluses. This year for the first time that effort is being rewarded through a reduction in state taxes of some \$211 million. Payroll tax is coming down, country Victoria in particular will benefit from a reduction in petrol and diesel taxes and exemptions will be granted in relation to mortgage refinancing. Those initiatives follow on from last year's budget when similar taxation relief was granted to the small business sector.

There is a real emphasis on country Victoria in the budget. As I said earlier, times have been tough throughout country Victoria and on many occasions it has been difficult to explain why changes were so vital. The government has restructured local government, which has meant lower rates for most ratepayers. It has increased the focus in local government on investment and development and has restructured water boards in many small towns that opposition members would never have heard of, such as Laanecoorie, Tarnagulla, Bealiba, Wedderburn, Korong Vale and Dunolly. For the first time, those small towns are receiving water of world-standard quality.

The government has also restructured education and transport. One of the most significant reasons for Victoria being in such a comfortable financial position is the restructure of the electricity industry. I would not for one moment try to convince the house that everything is a bed of roses and that what the government has provided meets all the expectations of people in the bush. The bush is doing it hard. Country Victoria, including the electorate I represent, is faced with a number of difficulties, including the current prolonged dry period. There has also been a dramatic reduction in commodity prices. Those problems are compounded by the restructuring that has occurred and many small towns have not had the capacity to cushion the changes the government has introduced as well as city people.

This budget is the start of payback time for country Victoria. It really is the budget for the bush. However, I reinforce that the hard work is not over and there is a need to continue stringent financial management. All Victorians have been patient, particularly those of us who live in the bush. The budget is a welcome sign that the government has been listening to us and has responded favourably to our needs.

One of the major infrastructure problems that we in the country face is the road network. It is delightful to hear that this year we will receive \$95 million in funding for rural roads. Our road networks are vital because they take produce to market and they are a major form of communication. We must continue to ensure that major highways such as the Calder Highway, which connects Mildura with Melbourne, remain under the scrutiny of the government to ensure that adequate funding is delivered.

I again congratulate the Minister for Roads and Ports for his commitment to the Calder Highway

and for the submission he made to the federal government to make it a road of national importance, which will trigger federal funding. He also made a submission to the federal review of road funding seeking additional funding for the duplication of the highway between Bendigo and Melbourne, which is essential. I look forward to the minister visiting North Western Province at some time during the coming weeks and making a number of announcements about road projects in the electorate.

The budget also includes a reduction in the fuel excise at a cost to the government of \$106 million. The cost of diesel fuel will be reduced by 4 cents a litre and petrol by 1.6 cents a litre. The reduction will either bring Victorian prices into line with those in New South Wales or give us lower prices, and will mean cheaper transport costs. As a result farmers will be more competitive because it will be cheaper for them to get their stock to market and, it is hoped, provide them with greater returns.

Funding is also provided in the budget for not only big hospitals in major regional centres but also for some of the smaller hospitals in my electorate. It is delightful to be able to announce funding of \$12 million for the Bendigo health service. The government has committed almost \$35 million for funding of the health service over the next few years and the \$12 million provided this year is a fantastic response to the health needs of people in the Bendigo area.

There are two hospitals in my electorate that will receive \$3 million each. The Wycheproof District Hospital has received the go ahead for a \$3 million rejuvenation of its health services through a much-needed upgrade. It is thrilling news for the community. The \$3 million allocation will result in a more functional and comfortable new facility for the community. The current hospital building is old and does not meet today's functional demands for health service delivery. One of the most important aspects of its upgrade will be the enabling of it to meet the demand for aged care services.

Honourable members who represent country Victoria are very aware that one of the pressing issues that requires continued representations to government is primary care services. I am glad, together with you, Mr Acting President, and our colleague the honourable member for Swan Hill in another place, to be able to announce a \$3 million boost for the redevelopment of the Robinvale hospital campus to better suit the health needs of the

community. For example, at present the acute care section is in poor shape and the nursing home accommodation is isolated, which means there are significant operating difficulties. The \$3 million in funding will mean that by 1999 Robinvale will be the proud owner of a newly developed multipurpose health facility. That is fantastic news.

All people in our small communities will welcome the news that many small hospitals are receiving from the government because it demonstrates the importance of aged care facilities in those communities. Victoria's population is ageing and the types of services that will be delivered by these health care centres is changing.

It is disappointing to continually hear the carping in the background of the Labor Party that the government is closing hospitals throughout country Victoria. The honourable member for Bendigo West in another place, Mr Bob Cameron, continually carps about what the government is doing to country hospitals. It is particularly disappointing that from the way he presents his facts he appears to have attended the Theophanous school of ethics.

Hon. D. A. Nardella — Especially at Dunolly, where you wouldn't even turn up!

Hon. R. A. BEST — I am delighted to take the opportunity to discuss the interjection by Mr Nardella. I will tell him something about Dunolly: it was not the current government that made the decision to close Dunolly hospital, yet that is the line being peddled by Mr Cameron and the Labor Party.

Hon. W. R. Baxter — Wrongly!

Hon. R. A. BEST — Yes, very wrongly! The fact is that the Maryborough District Health Service made a decision to close the Dunolly campus because it was subsidising it to the tune of about \$80 000 per year. One of the things that concerns me — —

Hon. D. A. Nardella interjected.

Hon. R. A. BEST — It engaged the consultants KPMG to undertake a study that demonstrated that the hospital was not viable. Based on that information the board decided it could no longer support the Dunolly campus and that it should close it. A number of things then occurred. The most disappointing thing was that the Maryborough District Health Service did not do me the courtesy of advising me of what it was doing. I did not know

about the decision until I read about it in the local media, and it upset me to such an extent that I spoke to people from the regional health office to ascertain what was happening.

I must praise the professional attitude of Ms Jan Snell in providing assistance to me from the first day I received notification. It was arranged for me to meet the advisory board at Dunolly with Jan Snell to investigate the basis on which the Maryborough board had made its decision. Dunolly hospital is not dissimilar to a number of other hospitals around Victoria with the same number of beds, except that it was operating at a loss while many of those other hospitals, which were operating on different models, were in surplus. I told the Minister for Health there was a shortage of age-care beds in the Central Goldfields shire and requested assistance in having Dunolly hospital compared with other country hospitals of the same size within Victoria and interstate.

The minister agreed to my request in February, and Coopers and Lybrand were engaged to undertake the consultancy. The preliminary finding released just two or three weeks ago showed that the administration costs apportioned by the Maryborough District Health Service board to the Dunolly campus were exorbitant compared with the administration costs of other hospitals of a similar size throughout Victoria. Armed with that information we went back to the minister. He approached the members of the Maryborough District Health Service board, showed them the figures and asked whether they would like to rescind their decision to close the Dunolly campus.

Hon. I. J. Cover interjected.

Hon. R. A. BEST — Yes, he is a caring and sharing minister. I am delighted to inform the house that based on the information at its disposal — —

Hon. D. A. Nardella — It was the campaign.

Hon. R. A. BEST — It had nothing to do with the campaign. I point out that I have a report card on the activities of the honourable member for Bendigo West which I shall read to the house. He is the same as Mr Nardella and Mr Theophanous — he does not care about the facts or about doing hard work. They are interested only in making as much noise as they can because they do not rely on the truth.

Members of the Dunolly community were upset that they were losing the hospital, and from day one they

were advised of the Healthstreams model. The honourable member for Bendigo West waved his arms around but did not know what the issues were about. He did not take the time to contact the regional office to find out the facts. He could not have cared less about them. The issue was resolved because the government had never made a decision to close Dunolly hospital; but the information in the second report encouraged the Maryborough board to rescind its motion to close the hospital. The other issue I wish to raise relates to extra nursing home beds.

Hon. W. R. Baxter interjected.

Hon. R. A. BEST — I would be very concerned, Mr Baxter, if Mr Nardella gave me any credit. I have given him the facts, but he is not interested in them.

Hon. D. A. Nardella interjected.

Hon. R. A. BEST — I am comfortable within myself. The professionals and the other thinking people within the town who know what happened have expressed confidence in me. I was pleased to receive a letter from Alistair Gray, the chairman of the Save Dunolly Hospital committee, who thanked me for helping the community save the hospital.

Hon. D. A. Nardella — Is this after you blasted him on the telephone?

Hon. R. A. BEST — I do not remember blasting him or anyone else on the telephone. I am a gentle person. The health stream model will be of great assistance. For the first time a new system of flexible funding will be introduced for small rural hospitals that have been unable to operate effectively under case mix.

I am delighted that schools at Spring Gully, Strathfieldsaye, Swan Hill North and Swan Hill will benefit from the substantial funding allocations in the budget. I am disappointed that funding has not yet been found for a school in the Mildura area that is of special interest to me, but I am hopeful it will be forthcoming under another program. The government is maintaining its commitment to spending \$1 billion on education over the next four years.

The government has allocated capital works funding of \$1.29 million to replace inadequate court facilities in Bendigo. The new court facilities will help reduce the growing waiting list. Mr Acting President, you, John Forrest, the federal member for Mallee, the

President, the Honourable Bruce Chamberlain, Mr de Fegely and other honourable members who represent north-west Victoria have for some time been passionate about obtaining funding for the Wimmera-Mallee pipeline. I do not know if many members remember my predecessor, Mr Bernie Dunn, but when I entered Parliament he advised me that if I could arrange funding for the pipeline I would never have to worry about being voted in at future elections. I do not know if his advice would be accurate in the current climate!

Hon. D. A. Nardella — I will tell Russell Savage about this.

Hon. R. A. BEST — You can tell him anything you like. I do not mind if you are an advocate of mine. During the next four years budget funding will enable stages 4 to 7 of the pipeline to be completed. The extension will provide services to the Wimmera and will include a new pump station at Wemen, on the River Murray, and a rising main to Ouyen followed by the piped reticulation of 240 000 hectares of land west of Underbool and east towards Kulwin, Mittyack and Nandaly. It is fantastic news for the community.

The project will replace all the open-water channels in the northern-most 20 per cent of the Wimmera-Mallee water supply system with a network of pipelines. It will result in greater efficiency, significantly improved water quality and a reliable, year-round supply of water to farms. The completed work will allow 50 000 megalitres of the water conveyed up to 300 kilometres from the Grampians each year into the northern Mallee to be replaced by a 5000-megalitre year supply from the River Murray. It is wonderful news and will help conservation efforts.

Hon. D. A. Nardella interjected.

Hon. R. A. BEST — That is not my claim. This is what riles me about many members of the Labor Party — they talk rubbish! They do not care about the facts, only what they perceive to be facts. They believe that if they continue to tell a lie long enough some people will believe it.

Again, not only is the government providing money through this budget for specific projects and works, but it is also creating an environment that will seek business investment and job creation in country Victoria. Many people have misunderstood that in order to attract investment to smaller country towns throughout Victoria the government must ensure

those towns have quality water supplies, adequate roads and the support of municipalities and people within the area. The government has been about building that environment, putting the infrastructure in place and providing that confidence to invest. A government must always provide support to business should those owners have inquiries.

A wonderful initiative of the government has been to open the First Place shops, business facilities that can be visited by any small business operator or intended business operators as a one-stop shop to find out what licences are required, what assistance is available and what programs are on offer. Not only is there a First Place shop in Bendigo but there is also a First Place shop in Mildura, so at both ends of my electorate the government has provided business advice centres for small business operators or intending small business operators to make inquiries.

Since 1992 the government through Business Victoria has been able to attract investment totalling \$4195 million. Although country Victoria makes up only 28.5 per cent of the population it has attracted 37.5 per cent of that investment and that has flowed through to employment. Employment growth is 60 per cent faster in country Victoria than in the metropolitan area and unemployment is declining 70 per cent faster than in the metropolitan area. Also through Business Victoria we are seeing additional funding to support both councils and industry expand in country Victoria.

Through changes introduced by the Minister for Rural Development through the Partnerships for Growth program the government has a four-pronged strategy to attract businesses to country Victoria. The first is investment attraction; the second is expanding local industries; the third is priority projects; and the fourth is the rural development schemes. Those new programs are part of the Rural Victoria 2001 policy that has been a long-term government program and one which recognises the economic importance and social community needs of rural Victoria.

Under the investment attraction strategy assistance is both facilitative and financial and it is offered to attract investment to rural Victoria. Emphasis is placed on industry in which Victoria has a competitive advantage such as food processing, forest products and the processing of natural fibres. The program is flexible and provides financial assistance to be assessed on a case-by-case basis

taking into account the level of investment, the number of jobs created and the exports. Some of the recipients of that have been companies such as National Dairies Victoria in Morwell, in the electorate of my colleague Mr Hall. That company approached the Victorian government seeking assistance to establish a \$60 million greenfields milk processing plant and a \$25 million UHT plant in Victoria. The two projects representing a total investment of \$85 million involved the creation of more than 170 new jobs in regional Victoria. The government provided assistance through the ministerial industry council to secure these developments which are now under way in Morwell.

The Moira Shire Council in the Cobram area is also a recipient of a Victorian government grant. It received \$225 000 on a dollar-for-dollar basis to upgrade road infrastructure and drainage to enable the development of a new industrial estate. The Department of Social Security telecentre at Ballarat was also the recipient of government assistance which resulted in the creation of 100 new jobs. Two years ago the Victorian government established an Amcor task force under the auspices of Business Victoria to coordinate all government inputs which could influence and cause investment decisions. The result of this initiative has seen Victoria win \$350 million of investment in a paper machine and upgrade by Amcor at its Maryvale plant which again will provide 100 new jobs.

Under the second strategy, which is expanding local business, the government is committed to helping existing businesses in rural Victoria to grow to their full potential. The grants are aimed at assisting businesses which may not be exporters but which are able to provide expansion and job creation opportunities within their local communities.

There are a number of examples within this program, but the one I shall refer to is a firm within my home town at Bendigo, Aerocom Lighting. That company manufactures a unique solar charged, pilot activated aerodrome lighting system, which has been designed as a low cost alternative to the more traditional in-ground reticulated electric lighting systems. The company has looked at export potential in Indonesia and Malaysia, which share 17 500 islands. Many have air strips that are inoperable at night because they do not have and cannot afford the traditional forms of lighting. Closer to home the Shire of Buloke at Charlton recently purchased this system with financial assistance from Business Victoria.

The third program is priority projects. This program replaces the previous BARA program that was operating throughout country Victoria and basically provided the salaries for economic development officers. Under this program the Victorian government will in partnership with rural communities identify projects that will improve local infrastructure and enhance the attractiveness of rural areas as investment locations. That will be done basically on a dollar-for-dollar basis with local municipalities. Although the BARA program has served us well in the past, with the restructuring of local government there needed to be a re-emphasis of development within those small municipalities. The government is acting in partnership to assist them in providing the infrastructure and facilities within their towns. I will provide the house with a couple of examples so honourable members are aware of the benefits the program can provide.

The government provided to Moira Shire Council at Yarrowonga \$49 000 because it was keen to attract Douglas Aviation's aircraft refurbishment and maintenance business from New South Wales to Yarrowonga. That move, which would increase employment in the town by 25, was dependent on a \$49 000 upgrade of the aerodrome to allow the servicing of larger aircraft.

The Glenelg Shire Council at Portland was keen to promote the great benefits of the deep water port. The government provided \$20 000, which was matched by the shire's money to assist in putting together a brochure that would demonstrate the competitive strength of that port.

Probably one of the lovely stories of this program relates to the money provided to Harrow in the West Wimmera shire. It is a community of only 150 people, but they have embarked on a community-driven program to revitalise economic activity in their town through participation in Active Tourism. They are using an innovative living township concept. The community is in the process of further developing this concept. The government was able to give it \$20 000 through Business Victoria. That is one of those programs where the government, in partnership with the community through a program like this, can deliver great benefits to even the smallest of communities.

The fourth strategy is the Rural Economic Development scheme. The new scheme reflects the government's recognition that the quality of community facilities and assets often influences the decisions made by companies to invest. The scheme

offers financial assistance to build or improve community assets which are critical to revitalising local areas and enhancing their civic and commercial appeal. This is funded through the Community Support Fund. I am delighted to say a number of small towns and facilities have been able to access this scheme and benefit from the funding that has been provided. Some of the beneficiaries have been the Skipton Mechanics Institute Hall, the Maryborough Civic Precinct and the North West Business Centre at Warracknabeal. A number of other applications have been received and all local members are very conscious of the need to encourage their councils to make sure they apply for funding from that program because, again, it assists in upgrading many community assets that are vitally important. There are other programs through which the government is assisting regional and rural development. The Export Managers Program has been an outstanding success and continues to go from strength to strength.

But these are some of the good news stories. I accept that not all areas of country Victoria have enjoyed the same success as others. I wish a lot of this good news was far more widespread, but one of the problems the government faces is the level of misinformation the Labor Party continues to provide to many of our communities. The distortion of facts by opposition members is very disappointing. My concern comes, I suppose, because of first-hand experience of the activities of the honourable member for Bendigo West in another place, Mr Bob Cameron. Not only is he being very loose with the facts but he is being very careless in the way he is playing on the emotions of many small towns. I direct the house's attention to a press statement by Mr Cameron in the *Bendigo Advertiser*, which states:

The Wycheproof and Donald public hospitals were the latest to become caught up in the bed battle yesterday.

He is peddling the rumour that these small hospitals will close. It is absolute rubbish, but when information like that is spread through the community, the community obviously reacts with great distress and concern. I think it has escaped Mr Cameron's notice — although I will no doubt remind him over the next few days through the media — that the government has actually just provided \$3 million to the Wycheproof hospital for an upgrade. Yet, a fortnight ago Mr Cameron was reported in the press as saying the hospital was on the government's hit list. It is totally irresponsible of him to play on the emotions of country people. Unfortunately, many of them are under stress, and it

is a disgrace that Mr Cameron has chosen to do that. In fact, in the article Mr Cameron challenges me to reject the moves to cut nursing home and acute beds. I say to Mr Cameron: let the facts speak for themselves.

Hon. I. J. Cover — You answered the challenge.

Hon. R. A. BEST — Yes, I answered the challenge. There is a consultancy taking place in the Buloke shire.

Hon. G. R. Craig — I have been there.

Hon. R. A. BEST — Yes, we took you there. A consultancy is taking place and a preliminary report has been produced, but a final report of the needs analysis and the service plan for the Buloke shire will be tabled only when a mutually developed and agreed model has been costed and endorsed by all parties involved.

I have demonstrated how Mr Cameron is continuing to distort the facts. But that is not the only time he has done so. He has been very loose with the facts relating to the Dunolly hospital as well. It was not the government closing that hospital; it was a decision made by the Maryborough District Health Services Board and we needed to provide it with sufficient information to change its mind and rescind the resolution it had on its books.

Mr Cameron has been untruthful and has distorted the facts relating to the Wycheproof hospital. He has been very untruthful in the way he has continued to promote employment figures, and he has been less than factual in his comments about the spending analysis in the 1996-97 state budget. One of the things he did, instead of doing his homework and investigating, was to rely on Mr Theophanous's figures — which were proved to be absolutely shonky. In fact, it was suggested according to those figures that some 74 per cent of funding was being spent in the metropolitan area compared with only 25 per cent in the country. But when you include non-budget authorities, the percentage of spending for the metropolitan area was actually 50.3 per cent and 49.7 per cent for country areas. We have a continual distortion of the facts by Mr Cameron.

The other point I make is that Mr Cameron was also very loose with the facts in regard to rail services. He suggested there was no service between Kyneton and Bendigo, when in fact every morning we provide a bus that leaves Kyneton's railway station and goes to Bendigo via a number of schools. When

he was challenged about continually getting his facts wrong, his defence was to say, 'I am the only member north of the Divide, and I have to say things to keep the government honest' — forget your community, forget your credibility as a member of Parliament and forget the standing that members of Parliament have!

I thought it was only fair to do a report card on Mr Cameron to monitor his representations over the past year. The name of the candidate is Robert Cameron. His grade is first-year trainee and his address is Bendigo West. This is for the period March 1996 to March 1997. On the subject of the number of deputations arranged to ministers, the answer is nil and the score is D. On the number of meetings arranged with ministers, the answer is nil and the score is D. On the number of grants secured for community groups or organisations, the answer is nil and the score is D. On the number of economic development initiatives for his electorate, the answer is nil and the score is D.

On the number of social cultural initiatives secured in the electorate the answer is nil and the score is D. On the number of successful amendments to state legislation the answer is nil. On the number of government programs secured for electorate the answer is nil and the score is D. On the number of private members bills introduced the answer is nil and the score is D. On the number of changes to government policies secured the answer is nil. For being anti-business the score is A. I refer to recent headlines in the *Bendigo Advertiser* including 'Let us open: "shop owners"', and 'Mayor welcomes Sunday trading debate'. Regardless of public opinion, the opinion of business owners within Bendigo and the wishes of the mayor, the honourable member for Bendigo West in the other place wants to close down shops on Sundays, so for that he gets an A. For accuracy he gets an F because he relies on Mr Theophanous's statistics — the ones he provides from budget papers, made up unemployment figures, and a range of other pieces of misinformation. So overall Mr Cameron's first term has not been outstanding.

It is disappointing that members of Parliament can be so negative. It has not been an easy task for the coalition since coming to government to try to rectify the financial mismanagement with which it was faced. It is important to recognise the difficulties being experienced in the bush, but I am concerned at the level of misinformation and inaccuracy which attacks the credibility of all members of Parliament. It is very important for members to ensure the

accuracy of the statements they make to this house and the community.

I welcome the statements attributed to the Treasurer of the inability of the bush to adequately push some of the changes that this government has attempted to introduce. Country Victoria is doing it tough and it is important that this government continues to reform, revitalise, rebuild and reward country Victoria for supporting this government as it has done and will continue to do. I urge country Victorians to work with this government for the benefit of all Victoria.

It is important for the government to continue with its fiscal policy and financial management, restore the AAA credit rating, introduce substantial tax reductions for business in future, encourage continued business growth and ensure that Victoria is positioned as a major supplier of communications and increases its exports ahead of the rest of Australia. This government has created more than 150 000 jobs since its election in 1992 and the leadership of the Treasurer and the Premier with regard to financial management must be applauded. This budget rewards those of us in country Victoria who support what the government is doing, and I have much pleasure in supporting the Treasurer's statement and the 1997-98 budget.

Hon. W. A. N. HARTIGAN (Geelong) — I have great pleasure in supporting the 1997-98 budget. Last week my colleagues and I talked to representatives of the Geelong Performing Arts Centre about the \$2 million allocated for expenditure over the next two years to replenish and redevelop that location. That is the first major expenditure on Victoria's premier professional entertainment centre! The \$2 million will bring this facility up to scratch with a new box office, new foyer and new reception areas. It will enable the upgrading of the airconditioning in the theatres and will respond to the very satisfactory growth in demands for cultural activity. It matches the opportunities made available through the great hall at the wool store which has materially expanded Geelong's capacity to attract the best entertainment in that part of the world.

The government has allocated \$5 million towards the expansion of facilities at Geelong Hospital. That is not merely an investment in bricks and mortar investment; it matches expenditure which the hospital has taken out of its reserves. It will materially improve the hospital's capacity to provide better service for the new technology needed for the region and, in particular, will

upgrade the region's capacity to handle some of the more complex and demanding surgical procedures that have hitherto required patients travelling to Melbourne. Obviously that will benefit not only patients but their families when visiting patients.

I have been very pleased to participate in the material expansion of major capital works, both reconstruction and maintenance, that has taken place in the region's schools across the province I represent from Lara through to Grovedale. Substantial expenditure has improved the physical fabric of those schools. In the year that has just passed almost \$1 million has been spent on Lara and Lara Lake primary schools. I had the honour of opening the new gymnasium, which is also a valuable additional asset for the Lara community. I congratulate the City of Greater Geelong for making a sizeable contribution to that facility, together general grants from the Department of Education and a grant from the Minister for Rural Development. As a consequence both the community and school have an outstanding facility that will benefit pupils and the wider community. That is to be followed up this financial year by the reconstruction of the library, which will provide improved facilities to a go-ahead school community and which will match developments already taking place at Lara Primary School.

A significant amount of money has already been spent at Oberon High School on the other side of my electorate replacing an antiquated gymnasium, and a further \$300 000 to \$400 000 is to be spent there this year. Substantial capital refurbishments will take place at Grovedale Secondary School and Belmont High School, which is one of the best schools in the region and has an outstanding academic record.

Hon. I. J. Cover — That is my old school.

Hon. W. A. N. HARTIGAN — I acknowledge Mr Cover's interjection. He is characteristic of the quality of person that school has produced. The school is fairly deserving of an upgrade, and everyone will be pleased to see that happen.

Things are moving. It is even happening with private development in the area. It is delightful to see the improvement in the waterfront at Corio. My electorate office has a good view of it and it looks better every month as we tidy up some of the gaps in the landscape left by 15 years of inaction. Now we start to see the private and public sectors working together to return that part of Geelong to being an attractive area.

It adds to the other attractions in that part of the world, including the Eastern Beach development, which the community has pursued with great enthusiasm. Other developments starting to come into play include the Deakin wool stores and the transport interchange involving the federal, state and local governments. All are transforming the waterfront area in Geelong and it is now starting to attract new business.

It is an extremely attractive place to visit, as is reflected in the success of Smorgy's restaurant, which is literally continuously booked out. That restaurant is a tremendous attraction on the end of the pier, with water on all sides. It is starting to make an enormous difference to recreational tourism in Geelong.

They are important issues and they continue the important work in rural and provincial areas of Victoria of spending money on asset maintenance and development, providing physical infrastructure and making the place more pleasant to live in as well as enhancing our capacity to train our children as well as possible. Geelong is already a nice place to live; these developments are making it even more attractive. I have no doubt we will see more personal and private investment in that part of the world because of the work undertaken by the government.

In Geelong we need to diversify our economic and social bases. The area is under some threat from the restructuring of the economy, which seems to be taking place without much regard to what it does to local communities. I regret to say the BHP rod mill is about to close, cutting employment for 50 to 80 people. I understand why it had to happen, but these sorts of things mean Geelong has to take a wide variety of actions to broaden its economic base.

I am pleased the action the government is taking will materially assist it. Despite the closure of the BHP facility, Ford is continuing to invest in activities in Geelong. Its new model has significant implications for activity at the You Yangs, where the most advanced technological activity in Australia is taking place and a great deal of capital investment in new equipment is being made. Next week I will be visiting that site with the Minister for Industry, Science and Technology. Those industries are responding favourably to the environment the government has created because they can see we are committed to make this a more competitive place in which to operate.

I will not read through every page of the budget documents because I have no doubt my colleagues will address particularly the important issues, but I shall refer to a number of matters that are important to the background of the 1997-98 budget.

The opposition likes to argue in the press, which has given it lots of coverage, about relative expenditure on services in this state compared with other states. The budget papers contain a report and an analysis based on the Commonwealth Grants Commission assessments of appropriate levels of spending activity on a state-by-state basis. Notwithstanding the attempt by people in education and health unions to distort the material, the Commonwealth Grants Commission advises that given this state's density of population, and therefore its lower costs of providing services in health and education, Victoria's adjusted expenditure on those areas is just about equal to the average of all states. I must say that five years ago it was 8 to 10 per cent higher, but that does not necessarily mean Victorians were getting 8 to 10 per cent better services. We were merely spending 8 to 10 per cent more on the services.

The work we have undertaken to reform education and health is starting to bear dividends in the cost and quality of the services delivered. The Commonwealth Grants Commission observes that its adjustments are based purely on geographic and demographic issues. The commission makes no attempt to assess the different qualities that a wise expenditure of moneys on health, education and other services might provide. I continue to hear the unions and the opposition say we are spending some percentage less on education than New South Wales does. We are interested in outcomes rather than the cost.

You should not be able to or want to measure the quality of the services you provide by cost. It was clear that the former Labor government attempted to do something like that. It had 40 000 more people than it needed to deliver the services. If we justify service by the number of people we employ and fail to pay attention to the way we deliver services, good management of the resources and good organisation, we fail to do our duty to the citizens and taxpayers of Victoria.

The position we have taken in reforming the administration of health, education and other services will be reflected in action by other states who benchmark their performances on the standards established in Victoria. A bit of

competitive federalism is a great thing. The fact that we have been able to improve the quality of health and education services while reducing the cost will have a significant bearing on other states, particularly New South Wales, which has got itself into serious financial difficulties because it cannot control the power of the unions or the way money is spent. Other states will take cognisance of the programs Victoria has adopted to the benefit of the state and all Victorians.

Privatisation may have achieved a number of benefits, not the least of which is a reduction in the likely price of electricity in the future. That demonstrates how poorly the investment made by successive governments in the SEC was being rewarded because of ineffective utilisation. Yesterday we debated the Loy Yang B legislation. It was clear that the price paid for Loy Yang B and other areas of activity was based more on the expected revenue yield than the cost of putting those facilities in place. The government has been able to get such good asset sale prices because the public sector was running itself appallingly and the opportunity for the private sector to make efficiencies, thus increasing the value of the assets, was demonstrable.

Table F1 at pages 164 to 166 of the budget statement, for those who may be interested in these things, deals with certain financial data for 1985-86 through to projections for 2001. Page 164 shows that for the nine years from 1984-85 to 1992-93 the current account was in deficit, in millions of dollars, to the tune of \$204.9, \$440.3, \$512.5, \$302.5, \$517.2, \$776.1, \$811.7, \$941.1 and \$1042.4. That deficit was in the current account, where expenditure, mainly on salaries, wages and interest rates, exceeded revenue.

If you look only at the current account data for that period you see that the Labor government racked up \$5 billion worth of debt that did not have one dollar in asset backing behind it. It did not get one thing for that \$5 billion of debt. It is interesting to observe that of the current account deficit of \$5 billion Labor racked up, something like \$1.5 billion to \$2 billion was spent on interest on the debt — or interest on the interest. One has only to look through the figures to understand the primrose path of dalliance through which Labor proceeded so merrily and so irresponsibly.

I refer to the last year of Labor, 1992-93, when taxes, fees and fines represented 55 per cent of total revenue. In 1997-98 the ration is exactly the same. I want to remind honourable members that the

coalition government acted immediately to attack the \$2.2 billion deficit it was left with in 1992-93. Approximately \$1 billion of the deficit was attacked by reducing costs, and \$1.1 billion by higher taxes. Borrowing money for which there is no recovery program is merely taxing future generations. Consequently, from the very beginning of the recovery period the government built into the revenue base about \$1 billion of taxes to recover the excessive debt.

I am pleased to see that this year the Treasurer has been able to offer some modest tax reductions, particularly on payroll tax. I am pleased the Treasurer has widened the tax base by including superannuation in the assessment. I know it involves an extra 600 small businesses; but perhaps more importantly, payroll tax has been reduced by 0.75 per cent. It is not much, but it is a move in the right direction. It shows once again that the government continues to be concerned about the effect of the burden of these not very satisfactory taxes on our capacity to compete and attract investment and employment.

It is interesting that departmental costs have been stabilised. In the 10 years when the opposition was in government departmental costs increased by 66 per cent. The government is looking at something less than a 30 per cent increase over the same length of time, so there is no question that it is running a tight ship. I look forward to further surpluses and hope that there will be a modest capacity to progressively reduce debt.

I remind honourable members that in terms of per capita debt and debt to state domestic product, Victoria is still some way off the Australian average. The difference in the average tax burden has been reduced by \$300 million over the last couple of years. There is still a \$500 million excess tax problem that has to be addressed, but only in the context of a sustainable financial position. I am pleased to note that the Treasurer identifies that as one of his objectives. The government has to establish a prudent financial regime of income and expenditure while ensuring that Victoria is as competitive as possible with the other states. I look forward to our tax levels becoming more competitive in future years, which will again contribute to our ability to attract investment and employment.

I also agree with the Treasurer's decision to use asset sales for debt reduction — as well as what you might call extraordinary income receipts that are unlikely to be repeated. It is wise to always exclude

them from the surplus for tax reductions or other expenditure. It is also wise to use those amounts to reduce debt so that the advantages of the one-time extraordinary gains are spread over future interest rate reductions.

All in all, this is a very good budget. The government has spent the last five years managing the disaster left by the Labor government after its decade of deprivations. No sooner is that out of the way than there is a change of federal government and we are faced with the same old problem. We now have to contribute to the resurrection of the federal government's budget by helping to finance the \$10 billion black hole left by the federal Labor government. More importantly — this is what really annoys me — in the process of doing that some downward pressure will be placed on the level of economic activity throughout Australia and, obviously, throughout the state. Once again, we are having to pay for a Labor government which attempted to camouflage its appalling performance by borrowing on the future. We are the future, so we have to deal with it.

Given the background to and the history of the government's performance, this is a very good budget. It will be seen by every responsible person in this state as being exactly the right response to sustain growth. Victoria continues to be a place in which you can invest with confidence in the expectation that circumstances will not change radically. This is a budget on which the state can continue to expand, improve standards of living and create higher employment. The sooner our friends in the federal government are able to get their problems under control, the sooner we will see a higher rate of growth in this state and in this nation.

Finally, the budget documents refer to state-federal financial relationships. It deals with both horizontal and vertical fiscal matters, and notes the imbalances that exist. The need for the material reform of the financial relationships and tax structures is irrefutable, because the tax system is holding the country back. All thoughtful people understand that, but governments at the state and federal levels need all the people that make the decisions to agree before they can act. Regrettably, we have to deal with the Senate, where some people make decisions, some people are incapable of making them and some people, with the benefit of proportional representation, are holding everyone else back.

When proportional representation brings the government to a stop, you have to wonder about the

benefits. We are not making as much progress as we should because of the obstructionism in the Senate, including the bloody-minded obstructionism of the Labor Party, which has had enough time to understand the defects in the tax structure, the industrial relations structure, the interest rate structure and the debt structure. I only wish we were dealing with those problems more quickly. Despite our best endeavours, our inability to move as quickly as we need to at the commonwealth level will continue to have a dampening effect on the otherwise attractive propositions that sound government in this state has delivered.

**Debate adjourned on motion of
Hon. R. J. H. WELLS (Eumemmerring).**

Debate adjourned until next day.

ADJOURNMENT

Hon. R. I. KNOWLES (Minister for Health) — I move:

That the Council, at its rising, adjourn until Tuesday, 13 May.

Motion agreed to.

Hon. R. I. KNOWLES (Minister for Health) — I move:

That the house do now adjourn.

Darebin: mayoral allowance

Hon. T. C. THEOPHANOUS (Jika Jika) — I wish to raise a complaint with the Minister for Planning and Local Government and to also ask a question. On 30 April an article appeared in the *Preston Post Times* under the heading 'Minister alleges mayoral package paying membership fees'. The article claims that the Minister for Planning and Local Government, Mr Robert Maclellan, had alleged in Parliament that Jika Jika Labor MP, Theo Theophanous, intended using \$18 000 of the Darebin council mayoral package to fund branch stacking in the area.

The article goes on to quote Mr Maclellan's comments in Parliament in support of his claim. I do not believe the quote is entirely accurate about what Mr Maclellan said. Nevertheless the article also refers to Mr Ron Best and others being given a document supporting the claims.

I wish to make it clear to the house that the allegations of this article and those of the minister are totally untrue and, in my view, defame me.

I believe the information the minister and Mr Best have relied upon is an unsigned, unsubstantiated document that has been deliberately and maliciously produced by individuals who are opposed to me politically. Obviously there are people in politics who are prepared to resort to these sorts of tactics. They should not be encouraged by members of Parliament to promote their cowardly, unsigned attacks on members.

The mayor of Darebin has also denied these malicious accusations in a letter which has already been drawn to the attention of the house, including the totally untrue allegation that he would be receiving his allowance up front.

I also totally and completely deny these cowardly, malicious allegations. I invite the minister or Mr Best to either repeat them outside Parliament or to issue a full apology.

Rail: Melbourne-Geelong line

Hon. W. A. N. HARTIGAN (Geelong) — I ask the minister representing the Minister for Transport to seek advice on the following matter of concern to the people in Geelong. As the minister would know — but if he does not, I will advise him — the Melbourne-Geelong rail service is essentially provincial. The electrification of the line finishes at Werribee and the integration of the rail service into the metropolitan system is truncated at North Melbourne.

Will the minister inform me what would be involved in extending the electrification of the line and integrating the Melbourne-Geelong rail service into the metropolitan system to materially improve both speed and convenience to the travelling public?

Wiseman Youth Services

Hon. C. J. HOGG (Melbourne North) — I raise a matter for the attention of the minister representing the Minister for Youth and Community Services. I draw to the minister's attention Wiseman Youth Services in Glenroy, part of the Mission to Streets and Lanes, which offers a family mediation service to help young people between the ages of 12 and 25 and their families when they are unable to resolve the conflicts that can lead to family breakdown.

Mediation, as the minister would know, can assist in preventing youth homelessness by providing a safe and neutral environment where all parties involved can discuss their concerns. When the young person has already left home, mediation can be used to open up communication between family members.

The service has been funded by what was the Office of Youth Affairs from July 1994 to 30 June 1997. In other words, the funding is about to run out. Currently, a review of family mediation services is being conducted but it is unlikely to be finished and considered before the funding runs out.

I support family mediation: it is an excellent, practical service that really works for families. It would be a tragedy if these services, of which Wiseman is one, were not to have continued funding for a further three years. In the meantime, I ask the minister to guarantee funding at least until the end of the calendar year to enable the review to be completed, assessed and acted upon. I commend family mediation as a program that works and urge that the program continue.

Rail: Anzac Day concessions

Hon. I. J. COVER (Geelong) — I raise an issue with the Minister for Roads and Ports representing the Minister for Transport in another place. I do so with the memory of last Friday's Anzac Day commemorations still fresh in my mind. At Geelong, in company with my colleague Mr Hartigan, I attended the dawn service at Johnstone Park at 4.15 before moving on to Torquay with the honourable member for South Barwon in another place for an extremely well attended and well presented service complete with a flyover by Tiger Moths. Later we attended the Geelong RSL for a wreath-laying ceremony before going to Johnstone Park for the march past.

Against that background, I wish to point out the public transport arrangements for ex-servicemen and women on the day. As I understand it, the ex-servicemen and women travel at 30 per cent off normal fares on Anzac Day. A constituent, who travelled from Geelong to Melbourne by train to join his regiment for the march to the Shrine, although expressing his gratitude for the discounted rate, believes public transport should be free of charge on Anzac Day. The Minister for Roads and Ports, in bringing this matter to the attention of the Minister for Transport, will no doubt see some merit in this suggestion as he is himself an ex-serviceman.

Ambulance officers: training

Hon. S. M. NGUYEN (Melbourne West) — I raise a matter for the attention of the Minister for Health. The matter relates to an inquiry by a constituent of my province, Mr David Dandy, an ambulance officer who lives in Wyndham Vale. This matter has some history. Mr Dandy made his representations in February this year concerning a review he understood was being conducted by the minister, with the assistance of his parliamentary secretary, the honourable member for Malvern in another place, Mr Robert Doyle. The review, as Mr Dandy understood it, related to the proper training and education of the state's ambulance officers.

Mr Dandy, being typical of the committed and dedicated members of the profession, was anxious to find what had been the outcome of the review, given the enormous pressures that the inadequate Intergraph system places on the ambulance service. Unfortunately, inquiries of the department were less than helpful. As the department could offer little assistance in this matter, I turned to the union for advice. As usual, the union was well aware of the issues affecting its members and was very informative about the review. The review is now well past its reporting date and has not been tabled in this place or released to the public.

I ask the minister to table the report immediately or to explain to Mr Dandy, the ambulance officers union and the Victorian people why the report cannot be produced. The ambulance system is in crisis. This government seeks to apportion blame for this situation to groups and individuals themselves who are struggling with the incompetent system corruptly forced upon them by this government. The minister must table this report so that the community can be aware of the pressing need to keep the skills and knowledge of the members of this vital service at world-class standard. Nothing less is good enough for the Victorian community.

European wasps

Hon. R. S. de FEGELY (Ballarat) — It is a delight to rise and join my colleague Mr Hartigan in speaking on the adjournment debate. I cannot quite recall how long it has been since I last spoke on an adjournment debate, but if honourable members read the *Age* they will see it was a damn long time ago.

I raise for the attention of the Leader of the Government, who represents the Minister for

Conservation and Land Management in another place, the problem of European wasps, which seems to be increasing. A recent edition of the *Ararat Advertiser*, which is a great little paper, contains an article headed, 'Wasp problem out of control'. Recently the parks and gardens superintendent in Ararat, David Clark, mounted a campaign to destroy wasps nests around the city of Ararat. There has been a great increase in the number of nests in recent years, and in the past two years Mr Clark has destroyed more than 220, mostly in his own time.

The main concern is that Ararat is in the centre of a significant agricultural area and probably the best wine growing area in Australia. A couple of attacks by wasps have occurred in the city of Ararat. An elderly woman wrote to me recently about being badly bitten by wasps, and when I pulled up in Daylesford to get petrol the other day they were everywhere and attacked the windscreen of my car.

I gather the problem is not confined to Victoria. I understand some work on the problem has been done both in South Australia and at the Keith Turnbull Institute in Victoria, but apparently any form of biological control is a fair way off.

I ask that the Minister for Conservation and Land Management approach her federal colleague Senator Robert Hill, the Minister for the Environment, to see whether the problem can be approached nationally and research undertaken to instigate some biological control to get rid of these pests.

Rail: Werribee line

Hon. JEAN McLEAN (Melbourne West) — I raise for the attention of the Minister for Roads and Ports as the representative of the Minister for Transport in another place an issue raised by a constituent of mine from Hoppers Crossing concerning the extremely poor standard of train services to the Werribee-Hoppers Crossing area.

As a daily user of the trains, he claims that the train service has become increasingly unreliable and that there is graffiti and an awful stench of urine in the waiting areas of Hoppers Crossing station. He believes that is because the station is unmanned most of the time.

My constituent gave some examples of the problems he has had with trains. He said that on Monday, 10 February 1997 the 5.23 p.m. train from Flagstaff station was cancelled, and that on Wednesday, 12 February 1997 trains were forced to stop at

Laverton due to overhead wires coming down at Hoppers Crossing. He said that a bus shuttle service was arranged, but that the buses came infrequently and that because the pick-ups were not supervised there was a risk that elderly people or children would be trampled on by the many people who were rushing to clamber on the few buses that did arrive. He said he finally got home at 7.30 p.m.

My constituent says that cancelled and late-running trains are occurring much more frequently on his line. Why could arrangements not be made for the V/Line diesel trains to Geelong to shuttle passengers from Hoppers Crossing to Werribee? My constituent also feels that police or PTC staff should have been called to ensure that the bus shuttle, when it had to be used, operated in an orderly manner. He also asked when train timetables for the Werribee service will be reviewed to take into account the increasing population of the Hoppers Crossing area?

Whittlesea: status audit

Hon. BILL FORWOOD (Templestowe) — The matter I raise is for the Minister for Finance as the representative of the Minister for Planning and Local Government in another place.

As honourable members are aware, I have a fax machine in my office. I do not know why bits of paper keep coming down my fax machine; I never know where they come from. All I can ever do is presume that the documents that arrive are accurate, although sometimes they are not signed.

Hon. T. C. Theophanous — Is this one signed?

Hon. BILL FORWOOD — No, this one is not signed, either.

Hon. T. C. Theophanous — You are bringing the place into disrepute.

Honourable members interjecting.

Hon. T. C. Theophanous — You might think it is funny, but when 10 people in a row do it —

Hon. G. R. Craigie — You started it!

The PRESIDENT — Order! I ask the house to settle down. I also remind Mr Forwood, and all other honourable members, that if they receive material that is unsourced and unsigned they should use it with some discretion.

Hon. BILL FORWOOD — This document, which purports to be the minutes of a council meeting of the Whittlesea City Council held on 22 April, is headed 'Notice of Motion No. 713' and has at the bottom 'page 208'.

An honourable member interjected.

Hon. BILL FORWOOD — No, it is further north than Darebin. The document has the further heading 'Council Resolution' and discusses an organisational status audit that was moved by Cr Merlino and seconded by Cr Fry. In my view it is based on the local government association's demand that organisational status reviews be done of various councils. The document states:

That council resolve that an organisational status audit for the Whittlesea City Council be conducted for the period December 1994 to March 1997 within the scope of the Local Government Act ... the audit is to include the impact of the municipal boundary changes and council restructure.

That is to be done according to some terms of reference, which I will go into briefly. The document further states:

... that four expressions of interest be considered, namely:

McCahon and Parker

Terry Bramham

Neil Pope and Associates

Hayes Glynn and Associates

that the report be completed within six to eight weeks of the selection of the audit provider.

that council provide all necessary documentation to the audit provider.

... that a maximum of \$48 000 be set aside for the audit.

According to the unsigned fax that came through — I do not know where it came from — under the terms of reference of the organisational status audit —

Hon. T. C. Theophanous — Will you table it?

Hon. BILL FORWOOD — I am happy to table it.

The PRESIDENT — Order! You can make it available.

Hon. BILL FORWOOD — I will make it available — here it is. The terms of reference of the organisation status audit — I will not read them all, but I think some really need to be placed on the record — under the heading 'Community Development and Democracy' are to examine changes in service levels, including the economy, efficiency, effectiveness and equity of services; methods used to establish service levels and service design; status and scope of strategic plan[s] for development of municipality; and community consultation and community partnership practices and levels. Under 'Financial Management', the terms of reference include examination of the summary of all the assets, liabilities and potential liabilities and claims to which the council may be exposed; significant movements in funds; significant changes to the capital works program; significant variations from budgets — —

The PRESIDENT — Order! Mr Forwood's time is up and I invite him to conclude his question.

Hon. BILL FORWOOD — This is an extraordinarily complicated document, which, according to the council resolution, will result in asking what these people do for \$48 000. One would have thought there should have been some proper tendering process, that terms of reference should have been drawn up and that the contract should have been open for tender or a proper process followed under CCT guidelines for an extraordinary audit like this to be undertaken. I ask the minister whether the tendering requirements are being followed in letting this most extraordinary contract.

Melton: wave pool

Hon. PAT POWER (Jika Jika) — I raise with the Minister for Finance, who is the representative in this place of the Minister for Planning and Local Government, a matter involving the Shire of Melton. In that shire there is a very successful aquatic recreational and community facility known as the wave pool. It is quite an innovative centre and has been very strongly supported and patronised by the local community, especially young people. It contains indoor and outdoor swimming areas and it is called the wave pool as a consequence of a wave machine that creates waves in a particular area that is set aside. There are recreational and gymnasium facilities and also community meeting rooms.

In the context of the Melton shire being managed by commissioners, there is a need for the municipality to address the ongoing management of this facility.

Without canvassing the issue too deeply I am sure the minister would acknowledge that, at least on the part of some people, there is a view that the interaction between commissioners and the community is not necessarily that which exists between elected councillors and the community.

One of the issues that has been discussed in the community regarding the future management of this facility is whether the installation of poker machines at the facility might contribute to its viability. It has been put to me that, given the family orientation of the use of this centre and particularly the number of young people who patronise the centre, it may well be inappropriate that poker machines be installed, notwithstanding that they may make an economic contribution.

I request that the minister make representations to the Minister for Planning and Local Government seeking an assurance from Melton's commissioners that there will be a substantial level of interaction between the commissioners and the community about the future management of the wave pool.

Workcover: impairment assessment

Hon. D. T. WALPOLE (Melbourne) — I raise a matter for the attention of the Minister for Finance in his capacity as the minister responsible for Workcover. I understand that insurers under the Accident Compensation Act 1985 have been referring workers to medical specialists for both physical and psychological assessment of impairment in accordance with the amended section 91. I also understand that insurers have failed to request psychiatrists to investigate and report on whether any existing psychological injury occurred at the time of the physical injury or if it arose as a consequence of or secondary to the physical injury.

With that in mind, will the minister confirm that a number of authorised Workcover insurers have made decisions to remove seriously injured workers from the serious injury category on the basis of discounting the psychological component, irrespective of its relationship to the principal physical injury? If he does not have this information to hand, will he seek it?

Melton: MHG Plastics

Hon. M. M. GOULD (Doutta Galla) — The matter I direct to the attention of the Minister for Finance for referral to the Minister for Planning and

Local Government in another place relates to the belief by Melton residents that commissioners have given away millions of dollars of ratepayers' money in the form of land and other benefits as sweeteners in return for jobs that may never eventuate.

Hon. R. M. Hallam — Where's this?

Hon. M. M. GOULD — In Melton. The commissioners have entered into an agreement. As the financiers of this covert deal between Melton's commissioners and MHG Plastics, Melton residents should be entitled and demand to know how much this deal has cost their community. This information has persistently been denied to them by commissioners, calling into question their accountability to the community they have been appointed to represent.

Hon. M. A. Birrell interjected.

Hon. M. M. GOULD — And the minister appointed the commissioners. I request the Minister for Finance to ask the Minister for Planning and Local Government what were and continue to be the total financial arrangements entered into between the Melton commissioners and MHG Plastics. Will the minister detail these arrangements so that the Melton community knows those details?

Responses

Hon. M. A. BIRRELL (Minister for Industry, Science and Technology) — Mr de Fegely raised with me, as the representative in this place of the Minister for Conservation and Land Management, the European wasp problem in Ararat and, indeed, parts of the Western District. It is an issue of considerable concern in a number of areas of Victoria, not the least of which is my own in the context of the infestation of European wasps in a number of old homes throughout my electorate, which causes considerable consternation and health concerns. I am more than happy to convey Mr de Fegely's interest in and concern about the matter to the minister in another place.

Hon. R. I. KNOWLES (Minister for Health) — Mrs Hogg raised with me a matter for referral to the Minister for Youth and Community Services regarding Wiseman Youth Services, an agency of the Mission to Streets and Lanes, that provides a mediation service for people in the Glenroy area. She expressed concern that funding is finishing at the end of June and requested a continuation of the funding at least until the end of the current year

while the review, as she understands it, is completed. I shall refer that matter to the minister in the other place.

Mr Nguyen raised a matter regarding training and education of ambulance officers. There were two different components, the first being that it is factually incorrect to describe the ambulance service as being corrupt, in crisis and not working, which were the words used. In fact, the ambulance service is working very effectively. It continues to carry more citizens each year under the current management, and the government has established a board of people to assist that management. For the first time in a decade the ambulance service is now operating within its budget and is providing a timely and good service.

One of the unfortunate aspects of the publicity of recent weeks is that these issues can sometimes become blurred in people's minds and they confuse the distinction between the service provided today and the historical perspective. The Metropolitan Ambulance Service is working very well indeed, and the reports on the operation of the computer-aided dispatch system show that it is providing a service which has not been available before. The teething problems and hiccups that certainly existed when the new technology was introduced have now been addressed.

I shall deal specifically with the problem of training and education. It is true that, under the leadership of my parliamentary secretary, I established a task force to consider the issue of ambulance officers and training. It brought together a group of people who had skill and expertise in this area and who were to provide me with advice about the best way forward. The task force was not required to write a report, so there is no written report that can be tabled. However, I was advised that a separate ambulance training facility should not continue to operate and that the training of ambulance officers should be transferred to the responsibility of a tertiary institution.

Negotiations are continuing, and I advise the house that at this stage it is anticipated that arrangements will be satisfactorily completed to enable the training of ambulance officers to be transferred to Monash University. In the future ambulance officers will be trained on exactly the same basis as other health professionals, doctors, and nurses.

Hon. W. A. N. Hartigan interjected.

Hon. R. I. KNOWLES — Absolutely. In the past the training for many of those professions was the training a person got on the job. Separate teaching education was abandoned in the 1970s, separate nursing training has been abandoned and it is now fairly generally accepted within the ambulance service that this is the proper way forward.

It has not been possible to provide the sort of information Mr Nguyen's constituent is seeking because until there is a formal agreement that the transfer will occur I run the risk of providing misleading information. I hope the information I have been able to provide tonight is helpful in answering the inquiry of Mr Nguyen's constituent.

Hon. R. M. HALLAM (Minister for Finance) — Mr Theophanous again raised the issue of the mayoral allowance awarded by the City of Darebin and cited comments regarding alleged irregularities in respect of the payment and usage of that mayoral allowance. He referred in particular to comments ascribed to my colleague the Minister for Planning and Local Government, which Mr Theophanous says misrepresent both him and the Mayor of Darebin. The request the honourable member then made is a bit strange because, as I understood it, he asked me to invite my colleague to repeat the comments.

Hon. T. C. Theophanous — To pass on the complaint.

Hon. R. M. HALLAM — I will pass on the comment. It will be in *Hansard*, but I will pass it on. However, for the honourable member to ask the minister to repeat the comment is a bit strange. In any event, I will ask my colleague if he cares to repeat the comments that have been attributed to him.

Mr Forwood raised with me a document which he says purports to be a message from the City of Whittlesea. He particularly referred to the commissioning of an organisational status review. I have not heard of this before. The honourable member asked me to have the Minister for Planning and Local Government check as to whether the proper tendering process has been followed in that case, and I will pass on the inquiry.

Mr Power referred to the wave pool in the Shire of Melton and whether the installation of poker machines was being considered at that site. He asked that the commissioners undertake a substantial level of interaction with the community. I

am not sure what that constitutes, but I have to say that the commissioners in Melton have been spectacularly successful in the administration of that municipality and I suggest that its standards have been very high. In any event, I will pass on the inquiry in the spirit in which it is offered and will ask my colleague to comment.

Mr Walpole raised with me the management of the definition of serious injury with regard to Workcover. I will take time out to read carefully what he has put on the record because I am not sure I understood precisely what he was referring to. I will take it as a question on notice and will respond to him in detail.

Miss Gould also referred to the Shire of Melton and a particular arrangement with MHG Plastics. I do not pretend to understand the detail of what the honourable member was putting to the chamber.

Hon. M. M. Gould — To let the community know how much money they have spent doing that deal.

Hon. R. M. HALLAM — I will take time out to read the detail of what the honourable member is suggesting, and I will pass it on to the Minister for Planning and Local Government.

Hon. G. R. CRAIGE (Minister for Roads and Ports) — Mr Hartigan asked me to pass on to the Minister for Transport in another place a matter concerning the train service between Melbourne and Geelong. He specifically referred to the electrification of the current network to Werribee. He indicated that there may be some merit in considering the extension of that electrification from Werribee to Geelong on the basis that Geelong is a fast growing regional city with increasing employment opportunities because of its port and the growth of industry. As a result, greater demand may be placed on the public transport network.

He also referred to the truncation of the service at the North Melbourne interchange. The interchange creates difficulties for Geelong and other country trains when entering the metropolitan system. My understanding is that the trains are placed into a priority network and that the metropolitan trains are given a higher priority than those from the country. Therefore, metropolitan trains obviously get into the network a lot quicker. Clearly that is an issue Mr Hartigan would like addressed. I will pass on those issues to the Minister for Transport.

ADJOURNMENT

646

COUNCIL

Thursday, 1 May 1997

Mr Cover raised the issue of ex-servicemen travelling on public transport on Anzac Day. He also spoke about the visit of his colleague on the day. It is important to recognise the support that ex-servicemen and ex-servicewomen receive from members of Parliament on both sides of the fence, for which members deserve congratulations. When they were very young ex-servicemen and ex-servicewomen placed themselves in a position of ensuring that today we can all live comfortable and secure lives. Mr Cover spoke about the cost to ex-servicemen and women of travelling on Anzac Day and said they paid 30 per cent of the normal fare.

Hon. I. J. Cover — They pay 30 per cent off!

Hon. G. R. CRAIGE — They pay 30 per cent less than the normal fare when travelling on public transport on Anzac Day so long as they can identify themselves as ex-servicemen or women. Mr Cover asks that the minister consider allowing ex-servicemen and ex-servicewomen to travel free of charge on Anzac Day. I will certainly pass that on to the minister.

Mrs McLean asked me to raise with the Minister for Transport the train service to Hoppers Crossing and Werribee. She has received complaints from constituents in the area about the poor train service and the stench of urine in the waiting room. She claimed that that has come about because stations are unmanned. I would have thought Mrs McLean would have used the politically correct term of 'unstaffed'!

Mrs McLean also referred to the unreliability of the train service and of cancelled trains being replaced by buses. She suggested that the Minister for Transport should consider using the Melbourne-Geelong diesel service instead of buses to shuttle people between Hoppers Crossing and Werribee. She also suggested the timetable be reviewed. I shall pass on those matters to the Minister for Transport.

Motion agreed to.

House adjourned 5.52 p.m. until Tuesday, 13 May.