

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

4 June 2002

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Tuesday, 4 June 2002

The **PRESIDENT (Hon. B. A. Chamberlain)** took the chair at 2.03 p.m. and read the prayer.

QUESTIONS WITHOUT NOTICE

Liquor: licences

Hon. W. I. SMITH (Silvan) — I direct my question to the Minister for Small Business. In a departmental briefing on the Liquor Control Bill 2002 it was acknowledged that the new government legislation has introduced a new legal loophole into the clause which is actually trying to close the old legal loophole around the 8 per cent cap on liquor licences. I ask the minister why she has introduced this into the new legislation and whether she will be closing this new loophole in this parliamentary sitting.

Hon. M. R. THOMSON (Minister for Small Business) — Unless I am told what the supposed loophole is, it is impossible for me to answer the question.

Supplementary question

Hon. W. I. SMITH (Silvan) — The loophole is in the Eudon scheme as it exists now in regard to introducing a single person rather than a company who may own shares and be involved in it. I understand that as it stands two separate pieces of legal advice say there is a loophole. It was acknowledged at the briefing by the department that good lawyers were looking into the problem, and it was also acknowledged that amendments would be introduced. I ask the minister whether she will be introducing new amendments.

Hon. M. R. THOMSON (Minister for Small Business) — In relation to what is commonly called the Eudon option — which is a problem we have had traditionally with regard to how the definition of ‘related entity’ is used to get around the legislation — it has been on the minds of many lawyers from a number of parties as to how that is effectively closed. We will move house amendments to the bill in relation to the definition of ‘related entity’ and close the Eudon option.

Small business: Koori network

Hon. KAYE DARVENIZA (Melbourne West) — I address my question to the Minister for Small Business. As last week was Reconciliation Week, will the minister inform the house what small business initiatives are available to assist Victorian indigenous communities?

Hon. M. R. THOMSON (Minister for Small Business) — I thank the honourable member for her question. The Bracks government is committed to showcasing successful small businesses as a means for other small businesses to see what can be achieved and perhaps utilise some of those experiences in their own business practices. However, it is true to say that some of our communities need more assistance than just the programs that are provided by the state government, and this includes our indigenous communities.

As a result of that, the Bracks government established the Koori Business Network, which works with Koori businesses and Koori communities to encourage business activity and to help improve established businesses and look at new opportunities for new businesses. It also runs a number of events that highlight what successful Koori businesses can achieve.

Last Friday I was fortunate enough to attend a reconciliation event organised by the Koori Business Network. It was about indigenous and non-indigenous businesses coming together and being able to talk about working together in a better way. Reports are that the opportunities for networking over lunch were well and truly taken up and that it was a good event. It certainly took some time to highlight some of the successful indigenous arts businesses that are around, whether it is Wathaurong Glass or Miss Emily or Bynm or the artist Kevin Williams, whose items were on display at the event.

The catering was done by The Flamin’ Bull, a restaurant that employs and trains indigenous people. Through these kinds of events the Koori Business Network is able to access opportunities to meet with and learn from non-indigenous business people not simply to increase the skills of the Koori business community but also to provide links, bring them into the broader business community and give them access to our business programs.

The Koori Business Network provides region-based support through Aboriginal support officers located in Mildura, Shepparton, Ballarat and Gippsland. They coordinate mentoring programs, skill workshops and business advice for the indigenous community. They work well with other departments in looking for business opportunities and go a long way towards ensuring that the cultural diversity of indigenous communities is taken into account as we develop programs for them. This is another example of the Bracks government delivering for all Victoria with initiatives for our indigenous communities.

Schools: safety and security

Hon. B. C. BOARDMAN (Chelsea) — My question is directed to the Minister for Education Services. On 19 March the minister stated in this house that she would be responsible for asset management and security in schools. I refer the minister to the fourth report of the Drugs and Crime Prevention Committee's inquiry into crime trends tabled in this house last week. The report indicates that the burglaries from premises including education facilities and schools increased from 27 192 in 1996–97 to 32 134 offences in 2000–01. On a two-year trend basis that identifies a 12 per cent per year increase. Additionally the police have responded to this report by stating that anecdotally school burglaries and responses to education establishment security alarms are equally increasing. Considering that the minister has direct responsibility in this area, can she confirm or deny this claim and provide evidence to support her answer?

Hon. M. M. GOULD (Minister for Education Services) — The security of schools falls within my responsibility. As I have already indicated — on 19 March, I think it was — school security also falls within a school's global budget, and principals decide whether to put security or increased lighting in place within their schools. It is a choice schools make based on decisions made through school councils following consultation between parents and schools. The government has put centralised security systems in place for schools, which are a great improvement, but if they want additional lighting or to employ specific security guards that is the responsibility of principals and schools out of their global budgets.

Supplementary question

Hon. B. C. BOARDMAN (Chelsea) — It is a very serious issue that burglaries are being committed on school premises. The minister has identified that she has direct responsibility in this area, and it is inexcusable therefore for her to buck-pass the issue onto the responsibility of individual schools. This was the subject of several opposition freedom of information requests over a number of months last year. Does the minister have something to hide on this issue; is she not prepared to release the figures; or is it simply due to her own ineptitude and incompetence that she is not interested in the protective security that needs to be installed to deal with school environments?

Hon. M. M. GOULD (Minister for Education Services) — There are half a dozen questions or comments in that. As I said, school security is my responsibility, but some of the security measures put in

place in schools are the decision of principals through their global budgets.

Hon. B. C. Boardman — On a point of order, Mr President, the minister's response and her subsequent response in no way responded to the questions that were asked. I have asked the minister whether or not she is prepared to release any figures that substantiate the claim that the level of burglaries occurring in school environments is increasing.

The PRESIDENT — Order! The question, although given quickly, was couched with a fairly long preamble, which gives the minister the opportunity to speak about any of those issues that were raised in the context of the specific question. It is my ruling that the minister's answers to both the original and supplementary questions were responsive. I do not uphold the point of order.

Sport: violence

Hon. JENNY MIKAKOS (Jika Jika) — I refer the Minister for Sport and Recreation to the continuing levels of violence and bad behaviour at junior and amateur sporting events in this state, and I ask: what action will he take to eliminate this ugly behaviour?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I thank and welcome — —

Honourable members interjecting.

The PRESIDENT — Order! The minister has not started and there is no hope of our hearing him unless members desist and allow the minister to respond.

Hon. J. M. MADDEN — Thank you, Mr President, for your support. I thank the honourable member for her question and welcome her interest in this particularly important issue.

In recent weeks there have been a number of examples of poor and unruly behaviour at some junior sporting events in this state. The incidents have included assaults on players and umpires by parents or other players. Members of the house would appreciate that this is just not good enough. It represents a sinister evolution of bad sportsmanship.

I am pleased to advise the house that the government is developing a number of strategies to combat this ugly behaviour. We will be launching User Friendly Clubs, a scheme which will provide guidance as to what makes clubs attractive to participants, coaches and spectators. The resource has been developed in conjunction with Officiating Victoria, Vichealth and Vicsport. I am also

pleased to advise that in conjunction with this program the government is currently considering a number of options with regard to rewarding clubs that embrace these practices — a carrot-and-stick approach.

On 18 June Officiating Victoria will be conducting a forum entitled Fair Go for Officials at the Rod Laver Arena. This forum will seek to develop a fresh and effective look at strategies to deal with this growing problem. No doubt some members of this house could learn from this forum as well.

This government is also pursuing the implementation of a code of conduct. I would like to thank the sporting associations which have been pursuing the implementation of codes of conduct through the government's funding of state sporting associations over recent years. Clearly these activities aim to curtail these rogue elements, and I am confident that a resolution to this problem will be achieved through this strategy. It reinforces the fact that we are governing for all Victorians over the whole of this state and strengthening communities.

Fishing: enforcement policy

Hon. P. R. HALL (Gippsland) — The government announced in the budget what is in effect an ongoing increase of \$3.4 million per annum for fisheries enforcement. I seek an assurance from the Minister for Energy and Resources that this extra funding will not be paid for by increased cost-recovery mechanisms and therefore ultimately be paid for by the fishing industry.

Hon. C. C. BROAD (Minister for Energy and Resources) — I welcome the honourable member's question and the opportunity to inform the house further about this important initiative by the Bracks government. The additional resources for enforcement are ones which have been much called for by industry and ones the government was pleased to make a commitment to. The issues of cost recovery in relation to other areas of fisheries are completely separate matters; they are not related to the government's commitment to additional resources for fisheries enforcement. Any action in relation to cost recovery matters in other areas of fisheries will be addressed separately and will not overlap or seek to claw back this government's commitment to increased resources for fisheries enforcement.

Supplementary question

Hon. P. R. HALL (Gippsland) — I thank the minister for her answer and confirmation that the government is moving towards cost recovery within the fishing industry. Can the minister clarify what

accounting mechanism the government will provide for the Victorian Parliament to ensure that the \$3.4 million is exempt from any future cost recovery mechanisms?

Hon. C. C. BROAD (Minister for Energy and Resources) — In further answer to the question, as I have indicated, there are no proposals under consideration by the government or myself at this time, but any proposals put forward at any time in the future will be considered in full consultation with the fishing industry in a completely open and transparent way. However, there are no proposals under consideration at this time.

Marine safety: recreational vessels

Hon. G. D. ROMANES (Melbourne) — Given the Bracks government's commitment to marine safety, can the Minister for Ports advise the house what action Victoria is taking to increase the safety of recreational boats?

Hon. C. C. BROAD (Minister for Ports) — I thank the honourable member for her question. The Bracks government is continuing to improve boating safety and is acting to do this not only within Victoria but also at the national level. Most recently the government proposed the adoption of compulsory national construction standards for recreational boats. Most recreational vessels built in Australia are built to high standards. However, under existing arrangements boat builders do not need to meet standards which ensure that vessels float once capsized. The Bracks government believes that there should be an obligation to ensure that members of the public are given a greater level of protection when purchasing boats.

As I recently outlined in this place, we already require strict construction standards for all commercial vessels, and the logical extension is to provide members of the public with similar protection in their recreational boating activities. Unfortunately it is pointless for states and territories to adopt their own standards without a national standard, as boats built interstate are sold here in Victoria. That is why I have taken the initiative of writing to all relevant state and territory ministers and the relevant federal minister asking for a commitment to setting national construction standards and developing a program for phased implementation in partnership with industry in 2003. Unfortunately the federal minister unilaterally cancelled the recent scheduled meeting of the Australian Transport Council unilaterally without setting a date for another meeting. It would have been possible to act on these matters at that meeting, and I look forward to be able to do so

when the federal minister sees fit to schedule another meeting.

Surveys of the boating industry and the public by the National Marine Safety Committee have found very strong support for compulsory construction standards for recreational vessels with support among the boating public exceeding 90 per cent. The adoption of national construction standards for recreational boats would build on an earlier initiative of the Australian Transport Council to improve the safety of recreational boats. That initiative required all new recreational boats to be fitted with a compliance plate to provide mandatory information about a boat's buoyancy, specified engine capacity and the maximum number of passengers to be carried.

Coroners reports consistently recommend the adoption of national standards for recreational boats. That is why the Bracks government takes these matters seriously, is demonstrating leadership in these matters and is committed to turning things around in boating safety. The government's push for national construction standards further demonstrates its ongoing commitment to securing recreational boating standards which ensure greater safety and even greater enjoyment for Victorians who go boating.

Somerville secondary college

Hon. R. H. BOWDEN (South Eastern) — The Minister for Education Services will be aware of the important issue of funding for a much-needed secondary college at Somerville. The state budget recently tabled was silent on funding for Somerville secondary college. Each day approximately 900 secondary students are bussed from the Somerville area to regional colleges, much to the concern of many constituents. Can the Minister for Education Services explain why, despite much publicity and community action, the greatly needed Somerville secondary college funding issue was again ignored in this state budget? What is the minister going to do about funding a secondary college for Somerville?

Hon. M. M. GOULD (Minister for Education Services) — The southern metropolitan region will coordinate the annual review meeting to be held in July between members of the community, representatives of local government and the Department of Education and Training to enable key stakeholders to jointly monitor the enrolment growth in the area.

In April this year when the cabinet went to the Frankston area my colleague the Minister for Education and Training in another place, who is responsible for

this matter, met with members of the Somerville Secondary College Action Committee, who made their concerns known to the minister. It was agreed that at the consultation with the stakeholders to be held in July the establishment of a year 7 to year 10 enrolment for Somerville would be investigated based on enrolments, growth in the area and enrolments in other schools — so that you do not take students from another school and make it non-viable.

Blackburn Lake Primary School

Hon. E. C. CARBINES (Geelong) — I understand that the Minister for Education Services recently opened new facilities at Blackburn Lake Primary School. Will the minister inform the house of the new facilities and how they will contribute to the school?

Hon. M. M. GOULD (Minister for Education Services) — As the honourable member is aware, education is a key priority of this government. Importantly, the government is focusing on building and refurbishing great schools for our students.

Blackburn Lake Primary School is a perfect example of this. With the honourable member for Mitcham in the other place and the Honourable Bruce Atkinson I had the pleasure of visiting the school last week to open its new facilities. The school had been decimated by fire on 5 September 1999, and it is thanks to an investment of well over \$1 million from the Bracks government that the school now has fantastic new facilities.

This government cares about our schools, unlike the opposition, which closed schools and left the remaining schools to rot. In contrast, the government has invested \$2.75 billion in education and in our students' futures. We are working in partnership with our school communities to deliver first-class teaching and learning environments.

Blackburn Lake Primary School now has six new classrooms — —

Honourable members interjecting.

The PRESIDENT — Order! Interjections are always disorderly, particularly when they have absolutely nothing to do with the matter being discussed in the house.

Hon. M. M. GOULD — The Bracks government is proud to have worked with the school to deliver this state-of-the-art facility that meets the students needs today and tomorrow.

This is a great school that is dedicated to the ideal of providing inclusive learning in its new facilities. The strong community spirit was shown on Friday when a large number of parents attended the opening of the new facility. Despite the unfortunate circumstances of the fire that destroyed a large part of the school, it is clear the entire community has come together and its members now have a great facility that will allow their students to learn in a great environment.

The Bracks government is delivering a brighter future for the students in the school, of which the community can rightly be proud. We are delivering better teaching and learning environments in our schools. The Bracks government is turning things around, unlike members of the opposition who do not even know who they want to support as leader.

Liquor: licences

Hon. W. I. SMITH (Silvan) — My question without notice is to the Minister for Small Business. The government's legislation on liquor control to bring about the early phasing out of the 8 per cent licensing cap not only will affect the viability of many independent liquor stores but also will attract large payments to the Victorian government from the federal government under its national competition policy. Will the minister commit the government to using that money, the national competition policy payment, to assist the industry to restructure?

Hon. M. R. THOMSON (Minister for Small Business) — As I have explained in the house before, the government introduced legislation in relation to the 8 per cent rule so that there would not be a phase-out of the 8 per cent rule before the end of 2003. However, we allowed for an industry agreement which would provide certainty for the industry, and that industry agreement has been reached through the diligent work of the Liquor Stores Association of Victoria, the Master Grocers Association of Victoria, Coles Myer and Woolworths. That is the basis on which the legislation has been introduced.

There is provision for a \$3 million fund for the industry so that small businesses will have access to the kind of advice that they need to ensure they remain viable, should they wish to take advantage of that fund. We will be supporting small businesses with the programs that we run to ensure that they can remain viable and competitive. What we want to see in the liquor industry is fair competition.

Supplementary question

Hon. W. I. SMITH (Silvan) — I remind the house that when the Kennett government was in government it gave up \$11 million a year to protect small independent retailers. Where is the minister's commitment to small business, and what will she do with the \$11 million a year? You have to ask the question: is the minister introducing the legislation so she can say to the federal government what is in the women's policy 'Show me the money'? What is the minister going to do with the \$11 million?

Hon. M. R. THOMSON (Minister for Small Business) — The Liberal Party prior to the last state election when in government gave a nod and a wink to Coles Myer and Woolworths and said that it would do away with the 8 per cent after the state election. Members of the Liberal Party are hypocrites on this legislation — absolute hypocrites! They knew there were loopholes in the legislation and never closed them.

Hon. W. I. Smith — On a point of order, Mr President, the minister is debating the question, not answering it. The minister has been asked twice about what she will do with the money. What is the minister actually going to do with the money?

The PRESIDENT — Order! Hopefully the minister is getting to that answer in the next 32 seconds.

Hon. M. R. THOMSON — They have no credibility on this issue. They did not close the loopholes when they were in government; they were going to do away with it should they have won the last election. We are supporting the industry agreement. We will be supporting small business and ensuring that there is a viable small business sector in the liquor industry.

Small business: Latrobe Valley

Hon. D. G. HADDEN (Ballarat) — Will the Minister for Small Business inform the house of any new business assistance programs, specifically for people in the Latrobe Valley?

Hon. M. R. THOMSON (Minister for Small Business) — The Latrobe Valley task force was established to assist with issues in the Latrobe Valley because of its special circumstances. As part of that a small business network was also established to bring together representatives from the local community to look at ways in which real assistance can be provided to small business.

This is about bringing together the local community, the local council and state government to work together to look at ways in which small business can be assisted in this area of unique need. The Bracks government has provided \$100 000 to the Latrobe Valley Small Business Network for a range of initiatives to assist small businesses in the valley.

A week ago I was lucky enough to visit the Latrobe Valley for one of my Listening to Small Business sessions and was able to launch these initiatives. They include individual business support assistance to 30 small businesses in Traralgon, Churchill, Morwell and Moe to develop tailored action plans for business growth and to work one-on-one with these businesses. There will also be a database of micro and home-based businesses to encourage an exchange of ideas through the Internet and by electronic means, to enable face-to-face meetings and to facilitate networking and talking about ways businesses can work cooperatively together.

The Latrobe Valley Small Business Network will organise community small business seminars to bring industry sectors together to talk about the ways they can share and work together. There will be a Latrobe Valley package for small business in tourism which will facilitate the establishment of a tourism network to strengthen tourism operations throughout the City of Latrobe. It will provide networking opportunities, training and mentoring to tourism operators.

The Bracks government is pleased to support these initiatives in the Latrobe Valley. We are happy to look after the people of the valley after they were abandoned by the previous government. We are turning things around. We want to grow the whole state; we want to grow all of Victoria and to help the Latrobe Valley.

MOTIONS TO TAKE NOTE OF ANSWERS

Schools: safety and security

Hon. B. C. BOARDMAN (Chelsea) — I move:

That the Council take note of the answers given by the Minister for Education Services to questions without notice asked by the Honourable B. C. Boardman relating to school premises security.

Firstly I would like to say that the Minister for Education Services should be totally and utterly ashamed for what undoubtedly has to be one of the most pathetic and insensitive responses this chamber has heard in recent times.

Not only is her response pathetic and insensitive, it clearly demonstrates how the minister is totally and utterly undeserving of her portfolio responsibilities. If the government and the Australian Labor Party are not interested in treating the community issue of education security with the degree of sensitivity it deserves, the Liberal Party is. Many members of the community — many parents and others who volunteer their time to school councils and give up their work and home commitments to provide better opportunities for their children — would feel incensed that the minister does not — —

Honourable members interjecting.

The PRESIDENT — Order! Stop the clock. I am anxious to hear the contribution of the honourable member and the response from the other side. I ask the honourable members on my right and my left to keep the level of conversation down so the honourable member can be heard.

Hon. B. C. BOARDMAN — I am sure that all those people who are involved in school communities would feel ashamed of the response we have heard in the chamber today.

One thing that is quite precious to members of the community is their schools: the buildings, facilities, teachers and students. They relish them and have pride in them, and they understand how valuable and integral they are to their communities. That there are people in society who see schools as easy targets and deliberately use them to gain through criminal activity to the detriment of the school communities and that the government does not rate that issue highly enough to keep any figures or to release such figures and respond to the issue is shameful and needs to be highlighted.

Perhaps I might assist the minister. I understand she would be aware of a number of freedom of information requests that the opposition has made on this sensitive subject, and if her department officials and office staff were doing their jobs they would have brought that issue to her attention, not only to try to prepare for the political consequences of this issue but no doubt to develop a response and understanding that would have some real results in turning around what is happening in the community.

Perhaps the minister would like to be informed that Victoria Police classifies 'burglary other' as the illegal entry of non-residential premises with the intention to commit an offence, and 'non-residential premises' include schools and other commercial facilities. It is quite a difficult task to get the raw police statistics and

break them down on a premises-specific basis. Nonetheless there is very strong evidence to confirm that burglaries, either with the intention to steal or with the intention to commit damage in school-related premises, is increasing. It is implausible to suggest that this minister would, firstly, not be aware of that; secondly, not implement any strategies to respond to this issue; and thirdly, and most importantly, not release the information in the interests of the Victorian public to understand just what the real situation is.

As I stated in my question, in 1996–97 some 27 192 burglaries were committed on other premises apart from other residential premises. That figure escalated to 32 134 in 2000–01, and my information relevant to the current financial year suggests that that figure is not dissipating in any way. I would have hoped the minister would have had the understanding and the integrity to take seriously the report that was tabled in this chamber and to respond in a manner which would be in the best interests of Victorians and Victorian school communities.

It is curious that the department does not keep any information on a central basis as to the responses by educational security to break-ins and other acts of security breaches in school premises. It also does not keep any information on a central basis about levels of damage and burglaries. The minister has fobbed off that specific point as being the responsibility of each school community. I say as a warning to the Labor Party and to the government that it is not good enough, because crime in Victoria is an issue which all Victorians are concerned about and they are totally and utterly dissatisfied that this government is sitting on its hands and not doing anything about it. The soft-on-crime message is very serious and it is none more serious than in the environment of a school and a school community which is sacrosanct to all those people who are involved in such a community.

Hon. E. C. CARBINES (Geelong) — What an absolutely hypocritical question and take-note motion response from the Honourable Cameron Boardman. He purports to know all about schools, school security and indeed all about crime and police statistics in this state, yet when he was a member of a government that promised 1000 extra police in Victoria it cut the numbers back by 800! He is all talk and no action — all care and no responsibility. When he had some responsibility he did not choose to take it.

Since the Labor government has been in power it has returned more than 800 extra police to the streets of Victoria; 800 additional police are on our streets than there were two and a half years ago.

I am very proud to talk about schools under the Bracks government because it has injected \$2.75 billion into schools across the state, \$550 million in the recent budget. The house has heard us speak during question time and the budget debate about how much money is going back into schools and how we are turning schools around in this state after the seven years of neglect by the Kennett government.

I know very much about that neglect by the Kennett government because I was a state school teacher under that government. I understand how much it neglected our schools, our facilities, our security and our students, the ones we should be caring about the most. It is absolute nonsense for the Honourable Cameron Boardman to get up in this house today and maintain that the minister is not interested in this issue. That is just an absolute nonsense. There are established protocols under this government for school security, and I am very proud to speak about those today.

We take the issue of safety in our schools very seriously, unlike the previous government which closed many Victorian schools — 300 in fact — and failed to maintain those that remained open. The Kennett government had an absolutely disgraceful record in education.

The Bracks government has put in place a number of measures to assist with school security, and I understand those well. Within its global budget each school has money to use for any unforeseen circumstances, such as vandalism and burglaries. If the incident is severe schools can access, through the education department's regional office, the 24-hours-a-day emergency security management unit. That is well known by schools. It is an important response unit. Schools in my electorate who have needed to call on that unit speak highly of the assistance they received from regional management and departmental centre staff. The role of the branch is to assist schools with security issues following such things as school fires. It also assists with school community counselling. A system is also in place so that at a school's request closed-circuit television systems can be installed and improved fencing and lighting provided. Schools across the state have accessed those enhanced security systems to help reduce property damaged through graffiti and vandalism.

The government is taking this issue seriously. It is nonsense for Mr Boardman to stand up here and criticise. It shows his absolute ignorance of school security in this state. He is trying to make an issue out of nothing. He is trying to divert attention from the opposition's own problems; it is very weak and divided

and its members do not know who they want to lead them — they do not know whether to jettison the Leader of the Opposition in the other place. It is sad that the opposition has chosen to raise this issue today. It does not understand education and how well it is being looked after by the Bracks Labor government in this state.

Motion agreed to.

Liquor: licences

Hon. W. I. SMITH (Silvan) — I move:

That the Council take note of the answers given by the Minister for Small Business to questions without notice asked by the Honourable W. I. Smith relating to the proposed liquor legislation.

I am pleased to talk about this issue because I am stunned that in introducing legislation that is supposed to fix up a huge industry problem the Minister for Small Business has introduced legislation that reintroduces a completely new legal loophole. I am stunned because I thought that the first thing the minister would do when she got the draft legislation — it was the first thing I did — would be to seek independent legal advice to find out if the one thing which needed to be fixed up — the Eudon share scheme — was resolved. The first thing the minister should have done was to seek legal advice. She obviously did not because she has introduced a new legal loophole.

The legislation to be introduced into this house is about an industry agreement. The absolute bottom line of and the central key to the legislation is about closing a legal loophole which is allowing large companies such as Woolworths and Coles to get around the 8 per cent cap. The loophole has been decreed legal by the director of Liquor Licensing Victoria so it has to be closed; instead legislation is about to be introduced in this house which has a completely new legal loophole. It is clumsy and poor legislation, with no attention to detail; the minister is not across the portfolio and this is totally unacceptable.

In the minister's portfolio we see legislation which is either late — such as the retail tenancies legislation, which was out there for 19 months — or it is wrong, clumsy and open ended, and would allow an industry to get around a loophole if nobody picked it. I have to say the government did not find the loophole — the people who found it were from the industry. Lawyers for the industry associations found it and told the minister and the department about it — they did not have the initiative to find it themselves.

So we have a piece of legislation being brought in that does not even meet the requirements it set out to meet. It is no wonder that the industry is blaming this government for the absolute debacle that has gone on in the process of bringing this industry agreement in. The industry very clearly shafts the state government, the Bracks government and this minister; it puts them right at the centre of the fact that this government did not close the loophole, maintain the 8 per cent cap and consult with the whole of the industry. Instead this government capitulated completely to Woolworths and completely accepted its blackmailing approach. It did not close the loophole, did not protect the industry and did not consult with half of the industry.

Those in the industry who have been involved in discussions and those who have not — the Wine Industry Association of Victoria, 29 regional wine industry associations and the Independent Grocers Association — are saying that this government has negotiated an agreement which is poor and unacceptable because it has been blackmailed and they keep asking, 'Why has the government capitulated to big industry and not backed its original policy?'. It came into government saying it would secure and keep the 8 per cent cap. This Bracks government introduced legislation last year which secured the 8 per cent cap and closed the legal loophole, so why this year has it capitulated? Why has it turned around and bent over backwards? There can be only two reasons: first, this minister has been instructed by Bracks and Brumby to ensure the deal goes ahead that the policy money comes to this government.

The PRESIDENT — Order! The honourable member should refer to the Premier by his correct title.

Hon. W. I. SMITH — The second reason is to ensure it meets the needs of big business, because at the end of the day it does not assist small business. Small business is between a rock and a hard place and this government has done very little to help small business in this industry.

Hon. T. C. THEOPHANOUS (Jika Jika) — May I say how glad I am to be back. It is probably not the appropriate time, but I do thank all the people who sent me their good wishes.

This issue of liquor reform and the 8 per cent cap is one which has been around now for a number of years. The truth of the matter is that despite attempts by the Honourable Wendy Smith to try and make an issue out of this, this 8 per cent cap, which was in place under the previous government, has been a source of continuing problems in terms of trying to enforce it. The previous

government made no attempt to close a series of identified loopholes. The Honourable Wendy Smith talks about how she found a loophole. When in opposition we made the previous government aware of a series of loopholes. We sought for them to be closed and were not given any comfort in relation to that. The former minister, Louise Asher, basically washed her hands of it. It is interesting to see that having done absolutely nothing about packaged liquor in this state while a minister she is now being touted as the next Leader of the Opposition.

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — The only thing I would say about that is that we are not sure which of the two we would support.

In relation to this matter it is important to put this on the record. When we had a debate about this in the house it involved a certain Mr Urquhart — the Honourable Wendy Smith spoke before about how we had capitulated to Woolworths — and I made the accusation that the opposition had capitulated to Mr Urquhart and his little group of people. What happened in that instance was that the Leader of the Opposition, the Honourable Bill Forwood, said in this place that he had never spoken to or met Mr Urquhart. That is what he said. Although it is not in *Hansard* it is certainly audible on the Hansard tapes, and has been passed on to me, that the Honourable Wendy Smith said on that occasion — and I challenge her to deny it — ‘Neither have I’. That is what she said in this house; it is on the tape.

Hon. Bill Forwood — On a point of order, Mr President, I am reluctant to do this but Mr Theophanous should not go down this line, because I am aware that the genesis of this particular claim of his is recorded in *Hansard*, where on 24 April Mr Theophanous said:

I spoke to Hansard and was informed that while it did not record an interjection from the Honourable Wendy Smith, she can be clearly heard on the tape as saying, ‘Nor have I’.

Mr Theophanous, on that day, went on to say:

I invite the Honourable Wendy Smith to clarify whether she had spoken to Mr Urquhart before she made that comment in the house. If she had, she should apologise for trying to mislead the house.

Hansard advised you, Mr President, that on 23 April the Honourable Theo Theophanous went to the office of Hansard and queried the omission in *Hansard* of an interjection from the Honourable Wendy Smith during a speech that I was making at the time on the debate on

liquor licences. Hansard goes on that it informed Mr Theophanous that it would listen to the recording but indicated that if the interjection had not been responded to it would not be included in the record in accordance with departmental editorial policy. This advice goes on to say:

After the recording had been checked I telephoned Mr Theophanous and informed him that Ms Smith had interjected in the place indicated by Mr Theophanous, but that it had not been included in the record because it had not been responded to. Mr Theophanous then asked what the interjection was, and in order to ensure Mr Theophanous understood why it was not included in the record I informed him that Ms Smith could be heard saying ‘Nor have I — I have never met him’.

Mr Theophanous then asked how he could refer to that interjection in the house during debate and I advised him to speak to the President about the matter before doing so.

This advice finishes by saying:

The interjection of Ms Smith did not refer to her never having spoken with Mr Urquhart, it referred to her not having met him.

The issue before the house today is that Mr Theophanous is coming in here and accusing Ms Smith of misleading the house by doctoring a quote. That is what he did, he doctored a quote, and I invite you —

Hon. W. R. Baxter — Caught out again!

Hon. Bill Forwood — Caught out again! Thank you Mr Baxter, caught out again. Mr Theophanous has tried to use the forms of this house inappropriately, through Hansard, to make a claim against another member that he has no right to make and in doing so he has totally misused the forms of the house. I suggest to you on the point of order, Mr President, that it is entirely inappropriate for Mr Theophanous to make claims against the veracity of other member’s statements in this house when he cannot tell the truth himself.

Hon. T. C. THEOPHANOUS — On the point of order, Mr President, I take strong objection to what has just been said — —

Hon. Bill Forwood — Not as strong as we take about you.

Hon. T. C. THEOPHANOUS — I take strong objection to what has just been said by the Honourable Bill Forwood because he has manipulated the facts in this case and told gross untruths in the way that he has presented the facts here. The fact is — —

An honourable member interjected.

Mr PRESIDENT — Order! I want to hear this.

Hon. T. C. THEOPHANOUS — The fact is that what Mr Forwood omitted or was not prepared to accept as part of his drivel into what took place is the fact that at that point in the transcript what Mr Forwood says is:

... I have never spoken to or met Ian Urquhart.

That is what *Hansard* says. My point is that the Honourable Wendy Smith says:

Nor have I.

Hon. Bill Forwood — ‘I have never met him’ — one sentence.

Hon. T. C. THEOPHANOUS — ‘Nor have I’.

Hon. Bill Forwood — ‘I have never met him’.

Hon. T. C. THEOPHANOUS — She also says ‘I have never met him’, but in normal English people would take that to mean that she has neither spoken to him nor met him because she started the statement in response to what Mr Forwood had said with the words ‘Nor have I’ and Mr Forwood had said that he had never met or spoken to Mr Urquhart. In my judgment — and I was here as well as a lot of other people — that was a deliberate attempt by Ms Smith to mislead this house into believing that she had never been in contact with that person.

All I asked was for Ms Smith to come here and explain it. That is what I asked for. I asked her to come here and either apologise or explain. If she is saying that when she said ‘Nor have I’ she meant only to refer to the first part of what Mr Forwood said and not to the second part and that she somehow clarified that by saying, ‘I never met him’, that is fine. I am happy to accept her explanation, but it is not an explanation that one would derive from what has been on the record and from my discussions with Hansard. You would not come to that conclusion unless — —

An honourable member — Hansard did.

Hon. T. C. THEOPHANOUS — Well, I have not got a letter. You would not come to that conclusion on the basis of what Hansard told me and what I heard in this house and the fact that Ms Smith said ‘Nor have I’. I do not quite understand the point of order, but if it is about in some way that Ms Smith did not seek to agree with Mr Forwood when he said, ‘I have not spoken to or met Ian Urquhart’, then I am happy to accept her explanation. I do not have any problem with that at all, but this is the first time we have heard an explanation

and it has not come from her, it has come from the Leader of the Opposition.

Hon. Bill Forwood — Further on the point of order, Mr President, let me make the point that the reason I raised the point of order was that Mr Theophanous was inappropriately using the forms of the house to accuse another member of misleading the house. Mr Theophanous has a reputation in this place for being a manipulator and a fabricator — —

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — You withdraw it and stop being a grub!

The PRESIDENT — Order! I think the words were ‘a manipulator and a fabricator’. I find that those words are offensive. Offence has been taken by the Honourable Theo Theophanous and I ask the Leader of the Opposition to withdraw.

Hon. Bill Forwood — I withdraw.

Hon. T. C. THEOPHANOUS — So you should. You should be ashamed.

Hon. Bill Forwood — Just so there can be no doubt about interpretations of various words across this place, Hansard has a role to play — the record is kept by Hansard. One person to my knowledge has heard the particular tape; Mr Theophanous has not and I have not. One person has, and that person says the interjection of Ms Smith did not refer to her having never spoken with Mr Urquhart — it referred to her not having met him. Therefore I put it to you, Mr President, on the point of order, that Mr Theophanous cannot go down the route of accusing Ms Smith of misleading this chamber.

Hon. T. C. THEOPHANOUS — On the point of order, Mr President, I am very concerned about this because I was given a verbal report from Hansard. I went down and simply asked the question because I had heard it in a certain way. Hansard may have had this opinion, but I can tell you it is not my opinion or the opinion of a number of people who were in the chamber. If Hansard wants to get into the business of interpreting things that members — —

Hon. Bill Forwood — Are you going to have a go at Hansard?

Hon. T. C. THEOPHANOUS — Absolutely. I will have a go at Hansard on this because Hansard is making an assumption on two bases: firstly, Hansard is making an assumption about what Ms Smith may or may not have been referring to, and secondly, and more

importantly, I am glad Hansard is writing this down because I want to know from Hansard why if that is correct it did not give me that interpretation when I went down and asked the question. Why was that not told to me? I think this is an issue which you, Mr President, are going to have to take up personally because there has been a report given to me by Hansard and certainly Hansard did not say to me, 'Well, this is what she said but she was referring to something else'. That is not what Hansard said. I asked Hansard about the exact point of the words — —

Hon. Bill Forwood — If we get a choice between believing Hansard and you, I'll tell you where I'm going.

Hon. T. C. THEOPHANOUS — Why don't you stop being an idiot!

Hon. Bill Forwood — I'm not so sensitive that I take offence at that.

Hon. T. C. THEOPHANOUS — Why don't you stop being a fool because that is all you are doing.

This is an important issue for the house and the Leader of the Opposition should treat it in that way. I went to Hansard and I asked the umpire to examine something. Mr Forwood would have done exactly the same thing, because Hansard did not come to me and say, 'No, look she was not referring to this', or that there was some other explanation. Hansard came back to me and said to me, 'This is what she said', and it fits in immediately after Mr Forwood says, 'I have neither met nor spoken to Ian Urquhart'. He says those words then she says, 'Nor have I. I have never met him'.

I put it to you, Mr President, that the interpretation of the words is not a matter for Hansard. If it is a matter for Hansard then that interpretation should have been given to me and should not have been subsequently provided in written form to the opposition once I had raised it and had raised it in this house.

The PRESIDENT — Order! The Leader of the Opposition objected to the use by the Honourable Theo Theophanous of a reference to the Honourable Wendy Smith. The Honourable Theo Theophanous did in fact come to me at the time of this matter being current in the house. He came to me and related — I am going from memory although I believe I have some notes somewhere — his concern that an interjection by the Honourable Wendy Smith had not been recorded in the parliamentary debates. As I recall, he said that he went to Hansard and queried that, and Hansard gave him the response, the quite correct response, that interjections

which are not picked up by the other speaker do not get included in the parliamentary record.

Subsequently — I think it was on 24 April — Mr Theophanous rose in this house and said:

I spoke to Hansard and was informed that while it did not record an interjection from the Honourable Wendy Smith, she can be clearly heard on the tape as saying, 'Nor have I'. I invite the Honourable Wendy Smith to clarify whether she had spoken to Mr Urquhart before she made that comment in the house. If she had, she should apologise for trying to mislead the house.

I subsequently contacted the Editor of Parliamentary Debates — obviously that is my role both as chairman of the Library Committee and as the President of this house — and asked her to give me a report on the matters raised by the Honourable Theo Theophanous. Obviously my concern is to make sure that the parliamentary record is kept in accordance with the ordinarily adopted rules. The Editor subsequently wrote me a letter. Subsequent to that I was approached by the Leader of the Opposition, who raised the same matter — he was concerned because of the matter raised by Mr Theophanous — and I gave him, at his request, a copy of the letter I got from Hansard. I do not have a date on this but it was generated from Hansard on 26 April.

In relation to the interpretation — that is the point Mr Theophanous is making — it is not my position to come to one conclusion or another in relation to it. The fact is the Honourable Theo Theophanous raised the matter with Hansard, which was quite appropriate, and then raised it with me for me to get to the bottom of the issue. I do not propose to do any more. The Leader of the Opposition has made the point that the matter has been resolved; the Honourable Theo Theophanous obviously has a different view. It is not a point of order to that extent but it does raise the general issue of whether members should have access to the tape. I have not sought to hear the tape; it is a matter for Hansard. I sought and got a report.

In relation to the point of order, I cannot rule in favour or against it. I just make the points I have made and suggest the Honourable Theo Theophanous get on with speaking on the motion moved by the Honourable Wendy Smith.

Hon. T. C. THEOPHANOUS — I am pleased that the Honourable Wendy Smith clarified that she did speak on the telephone or in other ways to Mr Urquhart.

Hon. W. I. Smith — Did I say that?

Hon. T. C. THEOPHANOUS — The Honourable Wendy Smith clarified that she spoke to Mr Urquhart. It puts into perspective the comments I made during the course of the debate, which were to the effect that the Liberal Party had been speaking to Mr Urquhart. That was the point I was making — that the Liberal Party had been speaking to Mr Urquhart and that he was trying to organise some sort of a campaign against the government regarding the 8 per cent issue.

The fact is, whatever you might say, everyone who was here during the course of the debate got the firm view from the opposition that it had not been involved with Mr Urquhart. In fact we had Mr Urquhart being allowed to come in here and make a statement to the house — —

Hon. Bill Forwood — After you attacked him!

Hon. T. C. THEOPHANOUS — It looks very hollow now, Mr Forwood. It should look very hollow to you now — —

The PRESIDENT — Time!

Motion agreed to.

Fishing: enforcement policy

Hon. P. R. HALL (Gippsland) — I move:

That the Council take note of the answer given by the Minister for Energy and Resources to a question without notice asked by the Honourable P. R. Hall relating to fisheries enforcement resources.

It now seems quite sometime since I actually asked the question and got the answer, so I should recap. I asked the minister about the \$14.3 million and the \$3.4 million thereafter proposed in the budget for increased fisheries enforcement and compliance activities. I related that monetary figure to the issue of cost recovery. Despite the minister's answer to my question and to a supplementary question I asked, it is still my firm belief that the government is seeking to achieve full-cost recovery in the fishing industry.

The government can achieve full-cost recovery only by increasing licence fees. Full-cost recovery will mean that commercial fishing licences will increase in price, and they are not inconsiderable already. For example, abalone licences are in the order of \$60 000 to \$70 000 a year — a significant cost. It would also mean that the cost of recreational fishing licences could increase. Despite the fact that the minister said, 'We haven't any firm proposals under consideration at the moment', it is my view and the view of the industry that the government is moving rapidly to full-cost recovery.

The budget refers to an extra \$14.3 million over the next four years and \$3.4 million each year thereafter for fisheries enforcement and compliance. It says this will particularly assist the abalone industry.

Hon. W. R. Baxter — On a point of order, Mr President, it is totally unbecoming to the standards of the house to have the Honourable Theo Theophanous remonstrating with the Chair when another honourable member is on his feet. I believe he ought to be called to order.

The PRESIDENT — Order! I take that as a point of view.

Hon. P. R. HALL — The budget says the increase in funds for fisheries enforcement and compliance will assist the abalone industry in particular, yet the extra 21 enforcement positions proposed to be funded by this budgetary item will be spread across the industry and do not specifically apply to the abalone industry, although it will be assisted by them, as will other fisheries.

I share with many in the fishing industry the view that the extra money for fisheries enforcement will ultimately be absorbed into the general budget for fisheries enforcement and that the cost of the function will ultimately be borne by the industry itself. I am happy to be corrected and to be reassured by the government that there are absolutely no plans for increasing the cost of fishing licences to cover the increased enforcement and compliance issues set out in the budget. I would be pleased if the government could clarify that.

I sought that clarification in my question and supplementary question this afternoon. The difference between the two questions — my question sought an assurance that this would not happen, and I sought clarification in my supplementary question as to what accounting mechanisms would be used so that the extra \$3.4 million a year was isolated. I am not sure how that can be achieved. There is a line item in the budget that says 'Fisheries enforcement and compliance' and it will give a global figure. How can we be assured that the extra \$3.4 million will not be totally absorbed into that figure? Someone said by way of interjection that — perhaps the extra 21 enforcement officers may wear different uniforms and be in a separate budget. I do not think that is realistic. It certainly is not in the abalone industry because everyone would be looking for the bright red uniforms being worn by the new enforcement officers.

I genuinely seek a further response from the minister on this issue. Both the industry and I want to make sure that the government is honest with its commitment to put something like an extra \$3.4 million each year into fisheries enforcement and compliance on an ongoing basis. We wish to ensure that this is a genuine offer by the government and that this figure will not be just absorbed into the general fisheries budget and ultimately be borne by revenue collected by the industry itself.

I am of the firm belief, from the information I have received, that the government is going along this cost recovery line with the industry, and if that is the case it would be almost impossible to isolate the extra money promised by the government for fisheries enforcement from the general budget. It would be helpful if the government could further clarify this matter.

Motion agreed to.

Sport: violence

Hon. I. J. COVER (Geelong) — I move:

That the Council take note of the answer given by the Minister for Sport and Recreation to a question without notice asked by the Honourable Jenny Mikakos relating to the behaviour of parents at junior sports events.

It is significant that I am addressing this issue in the few minutes available today given that the question was asked of the minister by a government member. It is an issue that has been getting a fair bit of airplay in the media over the past few days, including during the Premier's spot this morning on the radio when he said that he had asked the sports minister to develop a code of conduct and then the Minister for Sport and Recreation told us in the chamber that he had been asked to develop a code of conduct. Having told us about that, the minister stayed in the house for the first of the take-note motions today, moved by the Honourable Cameron Boardman and relating to an answer given by the Minister for Education Services, who is the Leader of the Government in this place.

In a repeat of last week's episode when I moved a take-note motion to an answer given by the Leader of the Government as the Minister for Youth Affairs, she left the chamber, and the opposition made a point about the fact that this is yet another example of a government minister shirking her responsibility of being in the chamber to address a take-note motion. I thought, terrific, today the Minister for Sport and Recreation is present for the take-note motions, so he will be present to hear some views I have about this issue. When the Honourable Glenyys Romanes inquired from the

opposition about who would raise take-note motions the news filtered through that I would move a motion to take note of one of the government's own questions, whereupon the minister completed his duty of listening to half of the second take-note motion.

He knew that the Honourable Theo Theophanous would raise a lengthy point of order, so he obviously thought it was time for him to get out of here. It was as though the runner had come out during a football match — out Madden; back in, Monica Gould. She came in to listen to the take-note motion that was his responsibility. One day they will get it right and the appropriate minister will stay for the appropriate take-note motion.

Hon. Bill Forwood — We wait for the day.

Hon. I. J. COVER — Yes, we wait for the day. A second minister has entered the chamber. I welcome the Minister for Small Business. Eventually we may be joined by the Minister for Sport and Recreation. The opposition recognises the need to address the issue of the so-called ugly parent syndrome and the problems that have been raised in the media with respect to the conduct of parents at junior sporting events. There is talk now of a code of practice being developed by the government. The opposition looks forward to more information being provided as to how the code of conduct will be developed.

That is why it was important for the Minister for Sport and Recreation to be here. I wanted to make the offer to him personally to say that we are happy to work with the government on developing a code of conduct in addressing this issue because sport is one of those things that you do not play politics with in Victoria. Sport comes first and foremost in a lot of people's minds as being something you do not play politics with.

Yesterday we had a fabulous example of the statue marking that act of sportsmanship involving the Governor and Ron Clarke that was unveiled at the Olympic Park precinct. The speeches were about how important sport is in the lives of people in Victoria. This is why we need to address this issue to see that sportsmanship and the conduct of sporting events, particularly for young people, and in particular for children, are conducted in the best possible manner and that these unwelcome elements and activities are eliminated.

It is interesting and with a touch of irony that the government is talking about developing a code of conduct when only this week we note that the government's sports ticketing bill will not be debated in

this sitting. The Australian Football League was under the impression that the code of conduct would be developed to address the grand final ticketing issue, but the government has decided that the code of conduct was not the way to go with the grand final ticketing issue. Clearly a code of conduct will be in it for the ugly parents syndrome and, as Mr Hallam points out, the government should develop a code of conduct for the behaviour and the attendance of ministers during the take-note motions.

Motion agreed to.

DISTINGUISHED VISITORS

The DEPUTY PRESIDENT — Order! I have the pleasure of welcoming to the gallery a New Zealand delegation led by the Honourable Chris Carter, MP, who I understand is the Government Whip. I also understand the delegation has been organised by the Australian Political Exchange Council. We welcome the delegation to the house and wish members a profitable and enjoyable stay in Australia.

QUESTIONS ON NOTICE

Answers

Hon. M. R. THOMSON (Minister for Small Business) — I have answers to the following questions on notice: 2187–8, 2733, 2807, 2892–8, 2911, 2915–16.

Hon. E. G. STONEY (Central Highlands) — I seek information on questions 2842 to 2880 inclusive. I have notified the ministers in writing and have received no response. I seek an explanation.

The DEPUTY PRESIDENT — Order! Who were the ministers?

Hon. E. G. STONEY — The Minister for Education Services to questions 2842 to 2849; the Minister for Energy and Resources to questions 2850 to 2859; the Minister for Sport and Recreation to questions 2860 to 2870; and the Minister for Small Business to questions 2871 to 2880.

Hon. M. R. THOMSON (Minister for Small Business) — All I can do is investigate what the situation is and come back to the honourable member to get them to him as soon as possible.

Hon. E. G. STONEY (Central Highlands) — I hand-delivered the letters to the respective ministers last

Thursday. I do not believe it is good enough. There are about 39 questions involved. I am seeking answers to them, and believe I have been duckshoved.

Hon. ANDREA COOTE (Monash) — I have a similar problem. I have written to the Minister for Energy and Resources in a timely fashion and have not received an answer to question 2914. I would like an explanation.

Hon. I. J. COVER (Geelong) — I also have an issue in relation to questions that I have placed on notice on 16 April for the attention of the Minister for Sport and Recreation, questions 2818 and 2819. The time has expired and I have written to the minister seeking a response, and I now seek an explanation.

Hon. M. R. THOMSON (Minister for Small Business) — As I said, I will raise those matters with the ministers concerned and chase them up.

BUSINESS OF THE HOUSE

Sessional orders

Hon. M. R. THOMSON (Minister for Small Business) — By leave, I move:

That so much of the sessional orders be suspended as would prevent new business being taken after 9.00 p.m. during the sitting of the Council this day.

Motion agreed to.

FORESTS LEGISLATION (AMENDMENT) BILL

Introduction and first reading

Hon. C. A. FURLETTI (Templestowe) introduced a bill to amend the Forests Act 1958, the Conservation, Forests and Lands Act 1987 and for other purposes.

Read first time.

BLF CUSTODIAN

55th report

Hon. M. R. THOMSON (Minister for Small Business) presented report dated 31 May 2002 given to Mr President pursuant to section 7A of BLF (De-recognition) Act 1985 by the custodian appointed under section 7(1) of that act.

Laid on table.

**SCRUTINY OF ACTS AND REGULATIONS
COMMITTEE**

Alert Digest No. 6

Hon. A. P. OLEXANDER (Silvan) presented *Alert Digest No. 6 of 2002, together with appendices.*

Laid on table.

Ordered to be printed.

PAPERS

Laid on table by Clerk:

Auditor-General —

Report on Management of roads by local government, June 2002.

Report on Managing Victoria's air quality, June 2002.

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

Geelong — Greater Geelong Planning Scheme — Amendment C51.

Knox Planning Scheme — Amendment C9.

Maribyrnong Planning Scheme — Amendment C28.

Melton Planning Scheme — Amendment C20.

Moonee Valley Planning Scheme — Amendments C18 and C29.

Moreland Planning Scheme — Amendment C1 Part 2.

Stonnington Planning Scheme — Amendment C21.

Wangaratta Planning Scheme — Amendments C8 and C9 Part 2.

Wodonga Planning Scheme — Amendment C8.

Wyndham Planning Scheme — Amendment C20.

Prince Henry's Institute of Medical Research — Report, 2001.

Youth Parole Board and Youth Residential Board — Report, 2000–2001.

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

Public Notaries Act 2001 — Whole Act — 6 June 2002 (*Gazette No. G22, 30 May 2002*).

Stamps (Secondary Mortgage Market) Act 1988 — Section 6 — 31 May 2002 (*Gazette No. G22, 30 May 2002*).

Trustee (Amendment) Act 2001 — Remaining provisions — 31 May 2002 (*Gazette No. G22, 30 May 2002*).

**TOBACCO (MISCELLANEOUS
AMENDMENTS) BILL**

Second reading

Hon. M. R. THOMSON (Minister for Small Business) — I move:

That this bill be now read a second time.

I am proud to present this bill to the house today. It represents another significant step forward in the Bracks government's tobacco reform agenda.

Almost 5000 Victorians die each year of a smoking-related illness. Around 21 per cent of Victorian adults smoke regularly and 32 per cent of schoolchildren aged 16 and 17 years smoke.

Smoking costs Victoria in excess of \$3.3 billion every year. This is more than two-thirds of the total cost of all drugs, including alcohol and illicit drugs.

Reducing smoking rates is the single most effective way to enhance the health status of Victorians, and to impact on rising health care costs.

It is for these reasons that, in its first term of office, the Bracks government has continued to take action to stem active and passive smoking.

In the last two years, the Bracks government has introduced major tobacco reforms into Parliament, which represent the most significant achievements in tobacco control since the Victorian Tobacco Act was first introduced 15 years ago.

Tobacco control in Australia has a proud history of bipartisan support. In Victoria this began in 1987 with a landmark piece of legislation, the Victorian Tobacco Act. This legislation significantly influenced tobacco laws enacted in other states.

It is time for Victoria to once again provide leadership to the rest of the nation. And to do so through the support of this Parliament.

The Victorian government's recent initiatives include the introduction of:

smoke-free dining;

smoke-free shopping centres;

laws prohibiting tobacco advertising in shops that sell tobacco;

strict limits on displays of tobacco in shops that sell tobacco; and

tough penalties for retailers who sell cigarettes to children and teenagers less than 18 years of age.

The Bracks government is proud of its record of achievement in tobacco control so far. But passive smoking remains a significant health issue that cannot be ignored.

It is estimated that passive smoking causes about 1600 deaths per year in Australia. Lung cancer is the cause of 146 of these deaths and heart disease the cause of 10 times that number. This equates to about 400 Victorian deaths, or more than one Victorian death every day, from passive smoking.

Over the past 20 years, research has increasingly revealed the harms caused by second-hand or passive smoke. There are now more than 600 published medical reports that link exposure from passive smoking to cancer and respiratory diseases.

Lung cancer, heart disease, low-birth-weight babies and respiratory problems in children, can be attributed to passive smoking.

These statistics should be of concern to all members of this Parliament and have compelled this government to introduce further tobacco reforms.

In summary, the key measures contained in the bill will mean that:

smoking will not be permitted in the vast majority of gaming rooms within approved gaming venues;

in the case of Crown Casino, the main gaming floors will be required to be smoke free;

licensed venues with two or more rooms in operation will be required to indicate that smoking is prohibited in one of those rooms;

bingo centres will be required to be smoke free;

in other places where bingo is played, such as in school halls or sporting clubs, the area where bingo is played will be required to be smoke free during the bingo session; and

the definition of 'product line' in relation to tobacco products will be amended.

With the exception of the amendment to the definition of 'product line', these reforms will be effective from 1 September 2002.

The smoke-free gaming areas policy is based on the fact that currently in most cases the restricted area, which will be known as the 'gaming machine area' in the new gaming legislation, is the entire gaming room.

If gaming venues consist of only one room, only the 'gaming machine area' in that room, as defined under the Gaming Machine Control Act 1991, will be required to be smoke free.

In these venues it will be possible for the bar to be excluded from the gaming machine area, meaning the bar will not be required to be smoke free.

In venues with two or more rooms, smoking will be prohibited in the room that has gaming machines.

The Department of Human Services will monitor the application of these new provisions. If it appears that new or existing venues are attempting to avoid the new smoking restrictions by becoming single-room premises, consideration will be given to further changes.

These reforms mean that from 1 September 2002, 90 per cent of the 533 gaming venues in this state will be required to make their gaming room entirely smoke free.

Smoking will generally not be permitted within Crown Casino's main gaming floors.

The government has stated that Crown Casino will be permitted to apply for exemptions for VIP gaming areas with substantial international high-roller clientele.

Exemptions from the smoking bans may also be considered for some of the bars and the TABs on the main gaming floors of Crown Casino.

Exemptions for Crown Casino are still under the government's consideration. However, it is anticipated that any exemptions will amount to less than 10 per cent of the gaming floor space at Crown Casino and would be tougher than smoking laws governing casinos in other Australian states.

The bill provides that any exemptions for Crown Casino from the smoking prohibitions will be given effect through a ministerial declaration made by the Minister for Health, in consultation with the Minister for Gaming.

Victoria's 30 bingo centres will be required to be smoke free, on a 24-hour basis.

In other premises where bingo is played, such as RSL clubs or church halls, the area within the venue where bingo is played will be required to be smoke free during a bingo session. The ban on smoking in such premises is more limited because of the multifunctional nature of these premises.

The smoking restrictions also require licensed premises with more than one operating room to set aside one of those rooms as smoke free. This will affect 90 per cent of Victorian hotels, nightclubs and licensed clubs that have two or more rooms.

The legislation will mean, for example, that if a three-room premises closes the room in which smoking is prohibited, such as a dining room, at an earlier time than the other two operating rooms, then one of the remaining two rooms must convert from smoking to non-smoking for the remainder of the time that both rooms remain in operation.

This measure will affect close to 5000 licensed venues in Victoria, and will mean that patrons can choose to socialise in a smoke-free environment, away from the harms of passive smoking.

Where a licensed venue has three or more rooms in operation and one of these is a gaming room, they will also be required to prohibit smoking in another operating room, in addition to having a smoke-free gaming room.

As with all aspects of tobacco legislation, the new laws will be enforced by environmental health officers in local councils.

The bill provides penalties for those who smoke when smoking is not permitted and for those in charge who permit smoking, or who do not display the required no-smoking signs.

Finally, the definition of 'product line' will be amended to ensure the aim of the tobacco display provisions is achieved.

Current restrictions on tobacco displays aim to ensure that only one front facing of each tobacco product is displayed.

By removing 'trademark' as a defining feature of tobacco product line, the act will ensure that only tobacco products that differ on the basis of brand name, flavour or nicotine or tar content are considered to be different product lines.

This amendment will come into effect on the day after the day the legislation receives royal assent.

The Victorian government has been impressed by the willingness of industry groups, health groups, unions, and local government peak organisations to be part of an ongoing consultation process about the new legislation.

Consultations with these stakeholders must continue to ensure the smooth transition of the reforms. We recognise the importance of industry being fully informed about their new obligations well before the 1 September deadline. The Department of Human Services will undertake a statewide communication campaign to inform both industry and the community about the changes.

The government will approach stakeholders in the near future to be part of an advisory committee to provide it with advice about the rollout of the communication campaign.

I also wish to make a statement pursuant to section 85 of the Constitution Act 1975 about the reasons for altering or varying that section by clause 13 of the Tobacco (Miscellaneous Amendments) Bill.

That clause inserts a new subsection (3) in section 42B of the Tobacco Act, which states that it is the intention of section 42, as it will have effect after the amendments come into force, to alter or vary section 85 of the Constitution Act 1975.

Section 42 of the Tobacco Act provides that an action does not lie against a person for the failure to do anything that would constitute an offence under the act. This was included in the act when it was first passed in 1987.

The bill creates a number of new offences. It is necessary that section 42 apply to those offences in the same way that it applies to existing offences.

In conclusion, this bill will build on the tobacco reforms passed by the Victorian Parliament in 2000 and 2001. It contains important measures to address passive smoking and will help make Victoria a healthier place in which to live, work and do business.

The community is ready for further passive smoking reforms and community support for smoking restrictions in bars and gaming venues is high.

The government's Victorian population health survey that was undertaken in November 2001 showed that

83 per cent of the community supported either total or partial smoking bans in bars.

The survey also showed that 92 per cent of the community supported either full or partial smoking bans in gaming areas.

Therefore I am confident the reforms I have outlined today will enjoy the full support of the Victorian community.

I commend the bill to the house.

Debate adjourned on motion of Hon. M. T. LUCKINS (Waverley).

Debate adjourned until next day.

PATHOLOGY SERVICES ACCREDITATION (AMENDMENT) BILL

Second reading

Hon. M. R. THOMSON (Minister for Small Business) — I move:

That this bill be now read a second time.

Pathology services are a vital part of Victoria's health system, not only for individual patient diagnosis but also for public health programs. Many of our public health programs rely on pathology tests which must be of the highest standard. For example, cervical screening has been responsible for more than a 40 per cent drop in deaths from cervical cancer since its inception.

The people of Victoria must have confidence in the pathology system which underpins the program, the quality of which is also vital for patient diagnosis.

Advances in medical science are occurring at a very rapid pace. It is important that our pathology services not only remain at the cutting edge of quality control but that Victoria's regulation also remains at the cutting edge.

Pathology services in Victoria are regulated by both state and commonwealth governments. It is an offence to undertake pathology testing in Victoria without accreditation under the Pathology Services (Accreditation) Act 1984. The commonwealth Health Insurance Act 1973 provides that a pathology test cannot be paid for by Medicare unless the pathology service is accredited under that act.

The purpose of this bill is to amend the Pathology Services (Accreditation) Act to enable the Pathology

Services Accreditation Board to impose limitations or restrictions on the type of pathology testing that may be carried out by an accredited pathology service and to remedy certain identified anomalies in the act.

The recent series of events, publicised in the media, relating to a laboratory and the standard of testing undertaken by this laboratory and other laboratories, has exposed some significant deficiencies in the act. These deficiencies impair the ability of the board to act in a timely manner to ensure that public health is protected.

It is very important for the protection of public health in Victoria that the board is empowered to act quickly and decisively to impose limitations on a laboratory's accreditation. However, we are mindful that a wholesale review of the accreditation regime in Victoria is required, particularly in light of a broader national review of pathology accreditation being undertaken by the commonwealth government. Notwithstanding any future review or new directions, it is important to ensure that immediate action can be taken by the board to protect public health.

This is as important for public health as the ability to withdraw a food product which is the cause of a food poisoning outbreak.

The Pathology Services (Accreditation) Act 1984 currently provides for the accreditation of pathology services by the Pathology Services Accreditation Board in one of five categories specified by order in council. These categories mirror the categories adopted by the National Association of Testing Authorities and the Health Insurance Commission for their accreditation purposes in order to ensure consistency with commonwealth requirements.

The categories are:

G (General) — a pathology service consisting of a laboratory or group of laboratories at one location where tests in one or more divisions of pathology are performed and where there is direct full time or equivalent professional and scientific accountability and supervision by a pathologist or scientist.

B (Branch) — a pathology service in which the range of pathology tests provided and the standard of the work is under the direction and control of a designated pathologist or scientist employed in an accredited category G service. The service must have an on-site scientist providing day-to-day supervision and an agreement with the category G service for direction and control and be either an integral part of the category G laboratory,

except for its location, or part of a regional pathology service.

M (Medical practitioner) — a pathology service in which tests approved by the board are performed by or under the supervision of a registered medical practitioner only for patients of the medical practice in which the practitioner works.

S (Specialised) — a service which performs only a limited range of tests approved by the board where those tests are either conducted on a particular target population or are of a specialised nature and are performed under the supervision of a person having special qualifications and skills acceptable to the board in the field of those tests.

U (Unspecified) — services approved by the board which do not fall within any other category.

The various categories relate primarily to requirements for the supervision and control of a pathology service in that category, rather than to the type of tests performed. The act and regulations do not currently attempt to specify the types of tests that may be carried out by an accredited pathology service.

Neither does the act provide the board with specific powers to place limitations or restrictions on the accreditation of a pathology service, for instance, to prevent the service from performing a particular type of test that services in that category are otherwise entitled to perform.

There is a regulation-making power in the act which enables regulations to specify tests or types of tests which may or may not be performed in particular categories of accredited pathology services. However given the very diverse variety of tests that are performed in category G and B services, it is not feasible to prescribe the types of tests that may be performed in these services.

The bill empowers the board to impose limitations or restrictions on a pathology service in Victoria. The bill empowers the board to impose these limitations either at the time of an initial application for accreditation, or at annual renewal of accreditation, or at any other time during the accreditation period. The bill will allow limitations to be placed on the type of testing being conducted by services with both deemed and full accreditation under the act.

Both deemed and fully accredited services will then be subject to suspension or cancellation if any limitation or restriction is breached by the service. The performance of a pathology test outside the range specifically

authorised by the terms of a laboratory's accreditation will be an offence.

These provisions will give the board power to limit the types of testing a pathology service can carry out.

The bill will thus achieve a better protection of the public health.

In addition, the bill contains a number of consequential amendments which give effect to the central provisions of the bill.

I commend the bill to the house.

Debate adjourned on motion of Hon. M. T. LUCKINS (Waverley).

Debate adjourned until next day.

STATE TAXATION ACTS (FURTHER TAX REFORM) BILL

Second reading

Debate resumed from 30 May; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. N. B. LUCAS (Eumemmerring) — I am pleased to rise to speak on this bill, and in doing so I wish to express concerns about state taxation in Victoria. In recent times we have seen a huge increase in taxation across this state, and I want to put on the record my concerns regarding the enormous impost upon Victorians as a result.

Interestingly, when one looks at budget paper 2 the state government itself through this document is indicating to Victorians that economic growth is predicted to fall in the coming year. It states at page 54:

Economic growth is now estimated at 3.75 per cent for the year 2001–02, with growth of 3.5 per cent in 2002–03.

That to me should signal some concerns to Victorians in that if growth is going to reduce, what does that mean for this state? What does it mean for what this state government will be able to do for Victorians? Is it fair that the level of taxation in this state is so high compared with an economy that is starting to fall away?

I wish to refer to some opposition concerns about state taxation. It is a fact that land tax in this state is 2.32 per cent higher than the national average of 1.96 per cent. It is a fact that this state has the highest effective stamp duty on conveyancing, to which I will refer in some detail a little later. It is a fact that Victoria has the highest per capita stamp duty burden on motor vehicles.

It is a fact that this government has an addiction to poker machine and betting revenues. It is a fact that Victoria has the second-highest per capita payroll tax burden and that it has the highest insurance tax burden. Added to that, our heavy vehicle registration fees are considerably higher than those in New South Wales and the national average. Then there is the \$50 tax on motorcycles just thrown in.

Hon. K. M. Smith — Which is a disgrace.

Hon. N. B. LUCAS — As my colleague the Honourable Ken Smith interjects, it is a disgrace that we have such a high-taxing government. That results in a burden on families across this state. One might ask: what is the level of that burden? The level of that burden is in the order of \$1500 for every Victorian household. The burden I am talking about is the increase in taxation on the mums and dads since the Bracks government came to office — \$1500 more tax per family. In the next financial year Victorian families will be ripped off by a further \$2.7 billion. Given that level of taxation, Victorians should be better off. The facts are, however, that they are not. On the one hand we have a high-taxing government while on the other hand we have a do-nothing government.

I wish to justify that statement with a couple of examples to which I have referred the house before, the first being the local hospital in Dandenong. For the Dandenong region, which I am proud to represent, the figures show that waiting list times have increased from last year; they have increased every year since this government came into office. The figures in every quarter have been higher than they were during the Kennett government's last 12 months in office. The Berwick hospital was promised to our community when this government came to office, and in 2000 the government promised it would be opened in 2002. Now it has promised that it will be opened in 2004, yet still not a brick has been laid! The Endeavour Hills police station, which the government promised would be opened during this term of government still has not seen a brick laid. To my knowledge a site has not even been chosen for the facility!

Other examples of this do-nothing government include: the Knox hospital, which has disappeared off the list; the train from the city out to the airport, which has been chopped off the list; and the fast trains to Ballarat, Bendigo, Geelong and Traralgon — we have not seen one of them yet — where three years down the track we are now talking about whether concrete or timber sleepers are needed!

In spite of the highest level of taxation ever we are not getting any results, and my community is certainly aware of it, especially with regard to stamp duty. My electorate is in the fastest growing region in the state. In the new seats of Narre Warren North and Narre Warren South, where the Honourable Maree Luckins from this place and Michael Shepherdson will be standing at the next election as representatives of the Liberal Party, the government has ripped off the young families moving into that region with enormous amounts of stamp duty. When one looks at the growth areas of Narre Warren South, Hampton Park East and the area of Berwick south of the freeway, my best estimates are that between \$30 million and \$40 million has been ripped off the young families in the form of stamp duty since the government came to office. That is an enormous amount of money.

A week or so ago during my speech on the budget papers I referred to the enormous effect stamp duty has on young families when one compares what they would pay in New South Wales with what they have to pay in Victoria. A recent press article reported that a young family who purchased a house in Victoria for a bit more than \$200 000 is up for \$8000 in stamp duty. If they bought the same house for the same price in Queensland they would be up for \$2500 and in New South Wales around \$6500. To a young couple buying their first house, or families trying to move up-market, a few thousand dollars is a lot of money. It might be the difference between buying an item for the inside of the house rather than paying a whole lot of stamp duty to the government for seemingly no return whatsoever.

In the region I represent there is a great deficit in the provision of infrastructure by this government. I will give some more examples. As the new suburbs have expanded in Narre Warren South and Berwick, there has been a need in the last couple of years for additional road networks, public transport and schools. Some of those needs have been met and some have not, but one would think if \$30 million to \$40 million has gone out of that area to the state government just in stamp duty, let alone through other taxation forms, some money should have come back for the further duplication of roads such as the Berwick–Cranbourne and the Narre Warren–Cranbourne roads and for the upgrading of intersections along those roads and other roads such as Thompsons Road, Greaves Road, Centre Road, Homestead Road and Pound Road as well as intersections with major north–south roads. Every morning at peak hour, Monday to Friday, there are queues of cars with people waiting to get out of subdivisions and on to arterial roads to travel to their places of employment.

If you drive around that area in the morning there is a gridlock of traffic at all the uncontrolled intersections. The intersection of Pound Road and Narre Warren—Cranbourne Road is one classic example where there is traffic coming from every direction as drivers try to make their way to their places of employment.

The government has hardly done anything in that area, and it should be doing more because it has the money to do that. The stamp duty ripped out of the hands of those young families in Narre Warren South has gone into the government coffers. As a result of my work and that of others, particularly the Honourable Maree Luckins in Narre Warren North and the Liberal candidate for Isaacs, Michael Shepherdson, I hope funds will flow. We have been raising these issues consistently in the house. We have raised the Pakenham bypass on so many occasions that I cannot count them, yet the government still has not finalised the land purchases for the freeway.

We have raised the Narre Warren—Cranbourne Road underpass of the Gippsland railway line on many occasions and still nothing has happened. We have heard a number of announcements, mind you. This government is big on announcements like the Spencer Street railway station refurbishment that has been announced 13 times, so someone told me. We have had a long list of announcements but very little action. The people of my community are well aware of that and it is a disgrace that not more has happened.

If you buy a house valued at a bit over \$200 000 on the fringes of Melbourne, in Bundoora, Greensborough or Chirnside Park, you will be up for around \$8000 in stamp duty. I cannot see why the state government has not reduced the stamp duty because the people in those outer suburbs can ill afford that sort of money; they need it to assist in paying off their loans or buying new furniture for their new house, clothes or material for their young children, or whatever. If the stamp duty were reduced that would be a great fillip to the young people in the areas I represent.

We have had a tax grab by this government in payroll tax. Commonwealth Grants Commission figures show a great increase in the per capita payroll tax burden on every person in Victoria. The latest figures I have, up to the end of the last financial year, show that the tax burden is now 17 per cent higher than when the Bracks government came into power. The effective payroll tax during that same period had risen from 4.74 per cent to 4.86 per cent. The latest budget update for that time shows that the Bracks government had forecast it would collect \$475 million more in payroll tax in 2001–02.

The tax reforms that have been signalled in the two state taxation bills before this house show some decreases, but not all of them in the coming year. In fact they have been spread out into the never-never. The government should have given serious consideration to making a real difference in its proposed reforms by much greater reductions in the taxes referred to by the opposition.

In the area of land tax, the Victorian government has a higher effective land tax rate than its major state competitors of New South Wales and Queensland. The question one asks is, 'What chance have we got to compete with these other states when our land tax is at such a high rate?'. Similarly with insurance; one must ask, 'Who would want to come to Victoria where taxation on insurance and the burden per person is much higher than our state competitors?'. In every area of taxation the Bracks government has had its hand out. Yet the people I represent know that in spite of this high level of taxation they are not receiving a fair level of services.

Another example is public transport. Earlier this year I issued over 4000 questionnaires in the area I represent south of Berwick, Narre Warren South and across into Hampton Park East, asking, 'What do you believe is the situation with public transport? What would you like?'. I did that because in that area there was hardly a bus and there was certainly not a train. The people who sent back the questionnaires — and there were a lot of them — were shocked and concerned about the poor public transport in that area where a bus travelling along two major roads did not enter into the subdivisions to pick people up. There are subdivisions in new estates in my area where some people live in houses a few kilometres away from the major bus routes. I wrote to the Minister for Transport recently as a result of that survey and put to him the needs of my community for increased bus services.

I received a letter from the minister today, and he agreed with me. He said bus services out there are very poor, yet it is his responsibility to provide them. He does not seem to be quite sure what he is going to do, but he is going to put my views to the local bus proprietor and have a think about it. Next month he is going to come up with something, which I hope will be a bit better than it was before.

I already know that it is not going to be satisfactory, because I hear of changes that are going to occur, and I know that the services this minister is going to provide are not going to be adequate for the area I have been referring to. Between \$30 million and \$40 million in stamp duty has gone out of the community, yet the

Minister for Transport has agreed that the public transport system in this area is poor. He has now been the minister for three years but has not addressed the issue, and it appears that he will not be addressing it before July, in the next financial year.

The other area I mentioned was the government's reliance on gambling, and the figures are quite instructive. They confirm my view that the Bracks government is absolutely hooked on gambling revenue. When the government came to office in 1999 it raised \$1.52 billion in its first year. In the following year it went up to \$1.643 billion. This current year the estimated figure is \$1.786 billion and next year — the year we are talking about in the context of the bill — it will go up to \$1.893 billion. That is an increase in gambling revenue of 27 per cent or \$378 million since the election. The figures speak for themselves and are evidence that the government is hooked on gambling despite what we hear from the Minister for Gaming in the other place.

Are these additional revenues being returned to the community in some meaningful way? In my short speech today I have referred to the fact that they are not being returned in the form of reduced waiting lists at Dandenong or the road and public transport infrastructure in the Narre Warren South area. They are not being returned by finally building the Berwick hospital or the Pakenham bypass or, in terms of a wider state situation, with the fast rail services to Gippsland and other regional centres that were promised so long ago. They will never be returned in the form of a hospital at Knox or a railway out to the airport. I do not know where the money is going.

I expect that the place to look is in the public service, which is being built up. Its wages and salaries are being built up, but is it delivering better outcomes? My colleague the Honourable Gordon Rich-Phillips referred to that in his speech on the budget the other day. If the government is going to spend a whole lot more money, there needs to be better outcomes. The outcomes the opposition expects from the government are not going to Victorians, and in particular they are not going to the people of my electorate.

I put out a challenge to the Bracks government: now is the time to deliver. Now is the time to be judged for being a do-nothing government. The government has a long list of opportunities to respond to, and I have a feeling that it is not going to respond because it is a do-nothing government and is failing as a money manager. The state taxation bills give honourable members a good opportunity to bring concerns about

these failings to the notice of our communities through our speeches in this place.

Hon. JENNY MIKAKOS (Jika Jika) — I am pleased to contribute to the debate on the State Taxation Acts (Further Tax Reform) Bill and to indicate my strong support for it. As honourable members would be aware, the bill gives effect to the measures proposed in the Building Tomorrow's Businesses Today package. It specifically gives effect to the government's decision to bring forward \$86 million of the \$774 million in tax cuts handed down in the Better Business Taxes package last year and provides for another \$176 million in new tax cuts announced through the Building Tomorrow's Businesses Today package.

This is a very important piece of legislation that seeks to reinforce Victoria's reputation as a place to do business and a state where businesses can invest. This government looks after Victorian families and Victorian workers, and this particular tax package seeks to reinforce the confidence Victorian businesses have in this government and the view that their confidence is well founded and they should continue to do business here and provide employment growth for the benefit of Victorians.

Independent modelling has indicated that the \$1 billion in tax relief being offered as part of the Building Tomorrow's Businesses Today package, together with last year's business tax cuts, will deliver an estimated 12 000 additional jobs for Victorians in the long term, and for that reason the package has my strong support. It will ensure that Victorians continue to see the level of prosperity that has been seen in the last few years. Jobs will be there for them and their families into the future.

During my contribution I will elaborate on the various aspects of that business tax package and contrast this government's track record on taxation with that of the opposition. We have heard a lot of grandiose and ill-considered promises from the opposition about taxation, and the government will continue to scrutinise and call the opposition to account on these promises over the next few months.

The package continues the government's commitment to creating a competitive tax regime for businesses which strengthens its support for growth in existing businesses and encourages the development of new business in this state. In part 4, specifically, the bill makes a number of amendments to the Pay-roll Tax Act 1971 and seeks to raise the payroll tax threshold from \$515 000 to \$550 000 with effect from 1 July 2002. This increase to the payroll tax threshold is 12 months

ahead of schedule at a revenue cost of \$23 million in 2002–03 and \$2 million in 2003–04.

On previous occasions the opposition has been quite dismissive of the increase to the payroll tax threshold on the basis, it says, that it will only eliminate 300 Victorian businesses from paying payroll tax. I think that is a very narrow and short-sighted view, because the increase in the threshold will benefit all businesses that pay payroll tax, not just businesses that will be totally exempt from paying payroll tax in the future.

Clause 9 of the bill also seeks to reduce the payroll tax rate from 5.45 per cent to 5.35 per cent from 1 July 2002 and further reduces it to 5.25 per cent from 1 July 2003. The expected revenue cost of these rate cuts is \$47 million in 2002–03. What we see is that since the coming to office of the Bracks government there has been a full 0.5 per cent decrease in the payroll tax rate, a significant saving for Victorian business and a significant boost to employment in this state.

This contrasts with the previous government's record on payroll tax. I acknowledge that under the previous government there were a number of reductions in the payroll tax rate from 6.25 per cent to 5.75 per cent. However, in the 1997–98 budget there was another change that the then Treasurer attempted to pass very quietly. It was a change that resulted in the inclusion of superannuation in the calculation of the payroll tax base. This change effectively lowered the payroll tax threshold. That single change resulted in more employers than ever before paying payroll tax. By including superannuation in the payroll tax base the former Treasurer effectively lowered the net and caught thousands of small and medium-size businesses that were previously not paying payroll tax.

In 1998 the then Treasurer was asked a series of questions on notice, the answers to which revealed that between 1996–97 and 1997–98, 2556 Victorian employers faced a payroll tax bill for the first time. That record 18.3 per cent jump in the number of employers incurring a payroll tax liability was a direct result of the inclusion of superannuation contributions in the payroll tax base. The Treasurer at that time had estimated that approximately 600 firms would be affected. However, the figures subsequently showed that that original estimate was wrong; the total number of employers who were liable for payroll tax as at 30 June 1998 was 16 517. There was a significant increase in the number of employers in this state being caught by payroll tax for the first time during the term of the Kennett government.

The irresponsible position of the current opposition in relation to payroll tax also bears scrutiny. Members opposite seek to berate and belittle the very good track record of this government in relation to business taxes. We should hold the Liberal Party up for scrutiny, not only for its track record in government but also for the promises it is making in opposition. It seems that the only way the opposition can get a news grab these days is by making irresponsible promises in respect of business taxation. The Liberal Party has announced that if it is elected to government it will reduce payroll tax to 4.95 per cent. The cost of this payroll tax policy and the proposed stamp duty rebate — which I will get to later in my contribution — would put the Victorian government's budget into deficit. We would see Deficit Denis taking down Victoria's very fine track record — Mr Hallam would appreciate this — and that would have a huge impact on Victoria's AAA credit rating.

The government is seeking to challenge the opposition's irresponsible taxation promises. It wants members opposite to spell out to the Victorian public how they propose to fund these promises — what services will be cut back to fund them? Government members want to know how many teachers, police officers and nurses will be laid off as a result of these promises. We hear a lot of rhetoric and hot air from Deficit Denis, but to date we have not heard any specifics as to how the opposition will fund its irresponsible tax promises.

The bill also seeks to make a number of changes to the Land Tax Act 1958. It specifically seeks to increase the land tax threshold from \$125 000 to \$150 000 from 2002–03 at an ongoing revenue cost of \$3 million per annum. It is anticipated that this increase in the land tax threshold will free an additional 21 000 taxpayers, or the equivalent of more than 30 000 properties, from the burden of paying land tax in the 2003 land tax year. In total, almost 6000 properties will become exempt from land tax in regional Victoria. This means that around 91 per cent of properties in regional Victoria will not be liable for land tax. This compares to 84 per cent of properties in the metropolitan area and represents an important advantage for regional Victoria.

As a result of this land tax threshold increase Victoria will have the second-highest land tax threshold in Australia. This will be a significant boost to the Victorian property market, particularly in regional Victoria. I should note that in addition to the changes contained in this legislation, the land tax threshold was raised from \$85 000 — the rate under the Kennett government — to \$125 000 last year as part of the Better Business Taxes package. At that time that reform was expected to remove 46 000 small businesses,

investors and self-funded retirees from the land tax net in 2001–02.

We are seeing a significant boost for the Victorian property market. Not only has the government increased the threshold from \$85 000 to \$125 000 but it is now going a step further and increasing that threshold to \$150 000. I want to contrast that with the record of the previous government on land tax. The Kennett government reduced the threshold for land tax from \$200 000 to \$85 000 — capturing more than 70 000 land-holders in the land tax net for the first time.

Hon. R. M. Hallam — There is an important addendum to that.

Hon. JENNY MIKAKOS — You will have your opportunity, Mr Hallam.

Hon. R. M. Hallam — I want you to be truthful. The principal place of residence was excluded at the same time which puts a very different colour on the announcement.

Hon. JENNY MIKAKOS — I acknowledge that that change was made; nevertheless the threshold for land tax was decreased significantly and it did catch many people who had a second home — investors in this state — in the land tax net for the first time.

The ACTING PRESIDENT
(**Hon. R. H. Bowden**) — Order! There is too much chatter across the chamber; I ask for comments through the Chair.

Hon. JENNY MIKAKOS — We know the views of Robert Clark, the honourable member for Box Hill in another place, about land tax because he has been prepared to put them on the record in this Parliament. We know that he supports a flat land tax rate and wants to reduce the threshold to broaden the base. I quote from page 1768 of *Hansard* of 13 November 1991 where the honourable member said:

... a flat land tax scale would avoid many of the problems we are facing at the moment, and I hope we move further in that direction.

The Victorian public and taxpayers deserve to know the opposition's hidden agenda on land tax if it gets into government. The honourable member for Box Hill has been prepared to put on the record a personal view that he favours a flat land tax. I think Victorian taxpayers and self-funded retirees deserve to know the intentions of the Liberal Party in respect of land tax. Let members opposite rule out any intention to move to a flat land tax in this state.

The government is moving towards a more equitable land tax system. It has moved to having property valuations every two years. This will ensure that land tax is calculated on a fair and equitable basis unlike in the past when property owners received land tax bills based on four-year-old municipal valuations.

The changes in the valuation system together with the changes in the land tax threshold announced in the legislation and also last year indicates the very strong record of the Bracks Labor government on land tax.

Clause 3 seeks to abolish duty on unquoted marketable securities from 1 July 2002, 12 months ahead of schedule. This will have a one-off revenue impact of \$10 million in 2003–04. Honourable members will be aware that as part of the intergovernmental agreement Victoria and other jurisdictions abolished quotable marketable securities as part of the introduction of the GST. However, the government recognises that retaining stamp duty on unquoted marketable securities discourages changes in share ownership, which can seriously inhibit growth by reducing liquidity and the flexibility to achieve desired change. Under the GST agreement, the need to retain stamp duty on unquoted marketable securities was to be reviewed by 2005. Last year Victoria decided it could not wait for the commonwealth to act in this important area and that it would abolish stamp duties on unquoted marketable securities from 1 July 2003. The bill now seeks to bring that forward by one year so the head of duty will be abolished from 1 July 2002.

For the record, so the Honourable Cameron Boardman is very clear on this, I indicate what unquoted marketable securities are: they are securities that are not listed for quotation on a prescribed financial market. Currently, prescribed financial markets in Australia include the Australian Stock Exchange and the Bendigo and Newcastle stock exchanges. Listed companies are usually large in capitalisation as are their number of shareholders, but there are relatively few listed companies — about 1500 — listed on the Australian Stock Exchange — —

Hon. Andrew Brideson interjected.

Hon. JENNY MIKAKOS — That is my definition, Mr Brideson. There is no definition of the term in the Duties Act, but mine is a commonly understood definition, and I understand it is the definition that all legal practitioners and the State Revenue Office understand.

Unquoted securities generally involve shares in proprietary companies that are typically small in

capitalisation and the number of shareholders. It is estimated that there are as many as 1 million unlisted companies in Australia. While the abolition of this head of duty will not have a huge impact on the revenue — it is expected to have an annual cost of \$10 million — it will give a significant boost to small corporations in this state, predominantly small family companies, and give them greater flexibility to improve their liquidity and to continue to grow in the future.

The other aspect of the bill I want to touch on briefly relates to changes under clause 4 to the Duties Act 2000. The amendment relates to the increases in the thresholds for concessions for first home buyers and concession cardholders. It is important to discuss this particular amendment to the Duties Act. These concessions have been around for a long period but they have not been updated for some time. I am pleased the legislation and the tax package announced will seek to give greater relief to families and low-income earners to participate in the great Australian dream of owning their own homes.

A full exemption will now apply to first home-buying families and concession cardholders when purchasing homes up to \$150 000 in value, and a partial exemption will apply when purchasing homes between \$150 000 and \$200 000 in value. As a result of these reforms up to 4000 additional families, pensioners and low-income earners will be eligible for relief, bringing the total number estimated to benefit from these concessions to about 8000. These reforms also mean that the value of the maximum concession for both schemes will increase to \$4660. Previously the maximum concession for concession cardholders was \$2200 and for first home-buying families it was \$2560. The enhanced scheme will be among the most generous of all jurisdictions, with Victoria being the only state to provide broad assistance to concession cardholders. Taken together with the other concessions that Victoria provides, such as the unique exemption from stamp duty for off-the-plan purchases, the position is, whether the opposition accepts it or not, that Victoria is very competitive when it comes to conveyancing duty in this state and offers a range of concessions that are unique to this state.

I want to touch on property conveyancing duty briefly only because it has come up a number of times. The Honourable Neil Lucas referred to it in his contribution. It is important to remember that conveyancing stamp duty is a head of duty that depends very much on the cyclical nature of the property market. We all know that Victoria has had a considerable boom in the housing market in the past few years. We are all pleased about that because it means that assets held by ordinary

Victorians around the state have increased in value. As a result, I am prepared to concede that the government's revenue has increased under this head of duty. However, we are seeing a slowdown in the property market. I note in this respect that page 391 of budget paper 3 shows an anticipated decline of 14.1 per cent for land transfer stamp duty. On page 394 it states:

The estimates forecast a moderation in property market activity in 2002–03, resulting in a return towards more normal levels of stamp duty on land transfers from the current peak in activity. Revenue is consequently expected to decrease by 14.1 per cent to \$1 590 million in 2002–03.

It is important to acknowledge the cyclical nature of the property market and the fact that the government is anticipating a decline in revenue from conveyancing stamp duty. It is for that reason that the government needs to be responsible in property conveyancing duty. I note the government has already taken a number of steps to assist the property market and home owners. For example, the stamp duty on non-residential leases took effect on April 2001, and stamp duty on mortgages will be abolished effectively from 1 July 2004. Those two changes taken together with the changes I mentioned earlier relating to the increase in the land tax threshold and also the changes to concessions for pensioners and concession cardholders constitute changes that will benefit the Victorian property market, home owners and those looking to buy into the property market.

We must also acknowledge that Victoria is competitive with other states on business taxes, including conveyancing duty, despite effectively subsidising other states and territories, of around \$980 million in untied grants in 2001–02, and an estimated subsidy by Victorians to other states of \$1090 million in 2002–03. According to the Australian Bureau of Statistics 2001–02 *Taxation Revenue Australia* publication, Victoria's conveyancing duty revenue is below the national average and New South Wales on a per capita and share of nominal GSP basis.

Victoria is competitive when it comes to conveyancing stamp duty. The government has put in place a number of initiatives which constitute part of the tax package. The legislation that was passed last year benefits Victorian home owners and purchasers. It is important to contrast this track record with the track record of the Liberal Party in opposition in this state and the Liberal Party in government federally because the government has on a number of occasions called on the Howard government to have another look at the way that it administers the first home buyers scheme. The government has called upon the Howard government to limit the first home owners grant to homes valued under

\$500 000. This will enable the grants to be channelled to those generally in need rather than some of the most well-off people in Australia.

The figures show that the first home owners grant has been used to buy at least 30 homes in Victoria alone, each worth more than \$1 million. In one case a recent purchase was worth over \$2 million. The Treasurer in his media release of 27 May sets out a list of the top 10 suburbs in Victoria in which the first home owners grant has been used to purchase homes over \$500 000. Guess what, Mr Acting President, none of those suburbs are in my electorate. They include suburbs such as Brighton, Balwyn, Kew, St Kilda, Hawthorn, Camberwell, South Yarra, Malvern, Port Melbourne and Albert Park.

Hon. R. M. Hallam interjected.

Hon. JENNY MIKAKOS — My point is, Mr Hallam, that the first home owners grant should not be used to provide taxpayers funds to those people who do not need the grant.

Hon. R. M. Hallam — So you're going to means test it now?

Hon. JENNY MIKAKOS — The government is saying that the first home owner scheme should be limited to those properties valued under \$500 000 —

Hon. D. McL. Davis interjected.

Hon. JENNY MIKAKOS — It is inequitable to be using taxation revenue from people who live in my electorate, people who are generally disadvantaged, who have low incomes, to fund people buying homes in suburbs such as Toorak. I reject that approach, Mr Davis, but that is typical of the views of the opposition.

The ACTING PRESIDENT
(**Hon. R. H. Bowden**) — Order! Comments should be made through the Chair. There is too much excitement in the chamber.

Hon. JENNY MIKAKOS — Opposition members are not interested in having equitable taxation policies. We can see that from their support of the goods and services tax and the impact that has had on the battlers in my electorate.

I turn to the state opposition's taxation policies because they need some scrutiny, and I will comment briefly on the opposition's proposed stamp duty windfall rebate. The particular proposal that the opposition has made is unbelievable! It is another demonstration of Deficit

Denis trying to get some cheap publicity to shore up his failing leadership. I note that Enzo Raimondo of the Real Estate Institute of Victoria, as reported at page 7 of the *Herald Sun* of 7 May, called it:

... a half-baked proposal fraught with problems ... an extremely unfair proposal which tinkers at the edges.

The rebate means that if the opposition were in government it would seek to retrospectively hand back a windfall reimbursement scheme to taxpayers after they had purchased their homes and payed their stamp duty. There are approximately 145 000 dutiable transactions every year. The opposition proposes to track down those individuals after the event and give some of them, not all, a rebate. This is a scheme that is fraught with problems. It is 'half-baked', as Mr Raimondo said. Not only that, it would be funded by either taking Victoria into deficit or by slashing services back to the levels we saw under the Kennett government.

I note that the opposition's various taxation promises as a whole up until this time are worth more than \$1.4 billion per year, or more than \$5 billion over four years. If the National Party were to go back into coalition, or if it merged — who knows what is happening with the National Party these days — with the Liberal Party, then that adds another \$2.4 billion in tax cuts a year, or more than \$9.4 billion over four years. Taken together, Victoria would be left with no teachers, nurses, police, schools, hospitals or police stations. They would either slash these services or take the state into deficit. The previous Liberal government was high taxing and high spending, but we are a financially responsible government. During our time in government we have implemented a number of business tax changes will benefit all Victorians in contrast with the former Kennett government which only abolished mortgage duty for refinancing for non-business loans at a measly cost of \$1 million in lost revenue.

In conclusion, this is an important bill which seeks to reinforce Victoria as the place to do business, and seeks to support continuing employment growth. For that reason alone the bill should be supported.

Hon. R. M. HALLAM (Western) — I welcome the chance to make some comments on the State Taxation Acts (Further Tax Reform) Bill, but before I go to the specifics I shall respond to one particular issue raised by the Honourable Jenny Mikakos in respect of the blow-out in conveyancing duties. The facts show that the Bracks government collected something like \$800 million more in conveyancing duties than it had anticipated less than 12 months earlier. It is a massive

windfall gain. What Ms Mikakos was trying to establish was that the government could not do anything about that, or we should not expect the government to do anything about it, because we should anticipate that the property market will flatten out — that it is cyclical.

I thank her for her wisdom. My point is that if she, amongst others, is prepared to acknowledge that we have been on a very big curve in respect of conveyancing and we have a property market in boom conditions, then rather than use the argument of an impending flattening to deny some relief to taxpayers why not use exactly the same logic and say, 'Let's acknowledge the windfall that we did get' and do something about that. Some very strange logic is being used by government members to justify the acceptance of the windfall gain and the pocketing of the tax revenue which was derived from the enormous activity in the property market across the state.

The National Party will not oppose the bill because it delivers the tax changes which were announced in the budget documents. If we were to oppose the bill, that would be akin to the refusal of supply, and of course we will not do that. In addition we are prepared to acknowledge that the changes contained in the bill are going in the right direction: they provide tax relief.

I want to spend some time discussing the relativities of that relief, but I acknowledge that the changes are going in the right direction.

Hon. G. K. Rich-Phillips interjected.

Hon. R. M. HALLAM — I thank you for the prompt, Mr Rich-Phillips. I want to come to that, but be patient.

Let me outline the changes the bill includes. There are three general areas of taxation affected by the bill — the first is payroll tax; the second is land tax; and the third is duties.

In respect of payroll tax, the rate of tax is to be changed and it will apply from 1 July this year — in other words, about a month from today. The rate at that time will be 5.35 per cent of payroll, and the National Party is prepared to acknowledge and give credit where it is due: under the previous government announcement that rate was to apply from 1 July 2003. So the reduced rate is being brought forward.

We also acknowledge that the bill before us promises a further reduced rate to apply from 1 July 2003 — that is, 12 months out — and the new rate to apply from that

date is 5.25 per cent of payroll. Again we acknowledge that is a step in the right direction.

We are also prepared to acknowledge that the threshold has been changed. It will be lifted from \$515 000 to \$555 000 as from 1 July this year. Again we acknowledge that that is a promise that has been brought forward by 12 months — in other words, payroll tax will only apply beyond the level of \$550 000 of payroll in respect of any individual taxpayer. Again we give credit where it is due.

In respect of land tax, we acknowledge that the threshold has been lifted from \$125 000 to \$150 000 and that this will apply in the 2003 tax year. Again that is a step in the right direction, but let me hasten to add it is against the background of exactly the same circumstances that Ms Mikakos referred to — an acknowledged growth in the average valuation of properties across the state — and I have absolutely no doubt that the lift from \$125 000 to \$150 000 will be more than gobbled up by the shift in market valuations in the interim. Let's not run away with the notion that this is some great magnanimous gesture to the taxpayers of the state, because I think it will be negated by simple market forces.

In respect of duties, we see that that which applies on unquoted marketable securities will be abolished from 1 July this year — that is, in a few weeks time. Again I acknowledge that that is 12 months earlier than was previously announced.

We can only hope that those who are responsible for the administration of this duty will know a little more about the tax than the Premier of the state or indeed the Minister for Small Business. I acknowledge that the Honourable Jenny Mikakos gave the house a definition, but the inference was that she was actually helping the Honourable Cameron Boardman because it was he who asked the question —

Hon. Jenny Mikakos — He asked me on his way out.

Hon. R. M. HALLAM — I did not think the Honourable Cameron Boardman needed any clarification, Ms Mikakos. It was your minister who needed to find out what constituted unquoted marketable securities.

In any event, I want to come back to why that is also something of a hollow gesture. However, I acknowledge that the bill announces the abolition of the duty on unquoted marketable securities 12 months earlier than we previously anticipated.

We then go to the issue of concessions: concessions that apply to first home buyers and concession cardholders are now standardised. Both will now apply in full for properties valued up to \$150 000 and partially from that valuation to a level of \$200 000. Effectively that removes the income test which previously applied to first home buyers.

I am sorry Ms Mikakos is not still in the chamber because I would make some comments for her benefit in that respect as well, because she obviously does not understand that the first home buyers scheme was certainly introduced to assist home buyers at the bottom end of the market but it was just as valuable to the industry in that it applied to the top end of the market. For the government to now imply that there are taxpayers out there who do not qualify for this concession simply because of the value of their property absolutely denies a big part of the rationale for the introduction of the scheme in the first place. I am pleased to see Ms Mikakos has returned, and I am sorry she just missed my explanation.

Honourable members interjecting.

Hon. R. M. HALLAM — Ms Mikakos, I was simply making the point that the first home buyers scheme was designed in part to assist the building industry, and of course we acknowledge that it was designed in part to assist those at the bottom end of the scale as well. If you now exclude those at the top end of the market it will not have the impact it was designed to have on the industry itself.

The maximum concession we are talking about, under both schemes, is now \$4660, and I acknowledge that previously it was a maximum of \$2200 for pensioners and \$2560 for first home buyers.

I want to talk about those concessions first because the amendments that we see in respect of those concessions do provide genuine relief to taxpayers — there is no doubt about that, and we should be prepared to give credit where it is due — and they provide relief to taxpayers at the lower end of the scale, and in my view that makes them more meritorious.

The estimate provided by the Department of Treasury and Finance, or maybe it was the State Revenue Office, is that 4000 additional families, pensioners and low-income earners will be at least eligible for relief under the changes incorporated in the bill. It is a good initiative. It provides relief for an important target sector of our community and is supportable on those grounds as well as on the grounds of efficiency and accessibility to the extent that it eliminates the previous

confusion. But — and it is a very big but — apart from acknowledging that the new arrangements in respect of concession cardholders and first home buyers do provide some relief for an appropriate target group and that the so-called tax cuts are a step in the right direction, however modest they might be in their practical application, if we leave those to one side I cannot find anything to be really enthusiastic about in this bill because the net effect of the tax cuts trumpeted by the Bracks government is tokenistic and to a large degree illusory.

If we refer to the second-reading speech and the source document entitled *Building Tomorrow's Businesses Today* we see more evidence of spin and marketing than we do of substance in respect of the bottom-line tax effect. There is certainly no clinical assessment of the change; this is more about painting a pretty picture. The thing which saddens me is that that is pretty symptomatic of this government. We now have a sound and light show on the Treasury benches, and I think the government must spend more time finessing the spin on particular initiatives or events and announcements than it does in taking the original decision. I note that decisions which the Bracks government deems to be popular are milked over and again — they are announced and re-announced, and there are some classic examples of that. Any decision which is characterised as being tough or unpopular, and I acknowledge there are very few of those, are tortuously tailored by an army of spin doctors.

I invite honourable members of this chamber to recall the announcement made about the fast rail link to Melbourne Airport. It was akin to the parting of the Red Sea! It was great news. I now invite honourable members to compare that with the announcement that that great project was not to proceed. It passed like a shadow in the night. That is the difference that I allude to. It was a masterful exercise in public relations, if that is what we want from government. I think that Parliament is entitled to better than that because the budget documents are not meant to be a public relations exercise. They are meant to be a financial blueprint. They are meant to provide details of financial commitments and expectations — and they should reflect the views of the hard-nosed Treasury official more than some passing spin doctor brought in to undertake the exercise. What I want is an Alan Fels rather than a Shane Warne, much as I admire the work of Warney.

I have three examples where this spin in my view would do Warney proud. The first is the second-reading speech, where we learn that these tax cuts:

... bring the total business tax cuts announced by the Bracks government to over \$1 billion — a significant achievement in a first time term of office.

I am incensed by that hyperbole, but I have to acknowledge that that is a step in the right direction from the press release which came out at the time that the government announced the first spin package — that is, *Building Tomorrow's Businesses Today*. I make the point that that was released just before the budget was brought down in this house. There is the first evidence of spin. We get a glossy document out into the marketplace before the budget so the government can get two goes at the announcement of the tax initiatives. But when that document came out the press release which accompanied it said:

Building Tomorrow's Businesses Today includes a further \$262 million in tax cuts for business, bringing the total tax cuts delivered —

that is the word used, 'delivered' —

by the Bracks government to over \$1 billion.

At least in the second-reading speech the government has not used the word 'delivered' and has settled for 'announced'; it has 'announced' a billion dollars rather than 'delivered' it. I suppose we should be grateful for small mercies. But of course when you get to the truth it is quite different.

First of all, the \$262 million which we are told represents tax cuts in this package is acknowledged by the same author to apply over the next four years. The blurb which comes out with this bill says, 'These tax cuts that we are so proud of are actually going to apply over the next four years'. What the blurb does not say, what the government is silent on, is that this technical relief ramps up across the out years and most of it falls in the next four years. If we take the \$1 billion of tax cuts claimed to have been delivered by the Bracks government we should take account of the chart which appears at page 11 of the document that was meant to be the big announcement, *Building Tomorrow's Businesses Today*. I invite members of the government to have a look at it because it shows the extent to which the so-called relief is not to be enjoyed by taxpayers in the year of the budget that we are talking about but in the years beyond — and in some cases four years beyond.

Hon. D. McL. Davis — Out in the never-never.

Hon. R. M. HALLAM — Out in the never-never. Indeed, of the \$1 billion claimed to be delivered by this government the budget we have in front of us shows only less than \$200 million in the year we are about to

commence. So there is the first bit of Shane Warne, the standard leg break: promise it out in the future — do not be too concerned about the extent to which people qualify for it but promise it. We are talking about tax promises rather than tax cuts.

Then you take account of the fact that even on the government's own chart the vast majority of the so-called relief is out in the year 2005–06 — and if I were Shane Warne I would be proud of that as well; there is the wrong'un. If you use the government's own chart I cannot get it to add up to \$1 billion unless I count in the tax relief of all the previous years. You have to go and count it twice, and even then you cannot get to \$1 billion. I would love someone from the government ranks to tell me how you can get \$1 billion out of this chart.

To clarify, when the Treasurer came before the Public Accounts and Estimates Committee I wanted to clarify the issue so I asked him whether the billion dollars he claims by way of tax cuts is simply in addition to the \$262 million in this package and the \$774 million in the package he announced last year. He said, 'Yes, well there is a bit of slippage on the edge but by and large, yes — we added them together'. The last package went for four years — we have not got to the last of that — this package is out over four years, and we know it ramps out and the charts show it, so if I were describing that as the next ball in the over I would say it is a snooter — the one that goes straight on with the arm, the one Warney gets the LBWs with that the unsuspecting batsman does not pick.

Add to that that the major component of the savings now trumpeted actually falls beyond the next election by definition. If we are going to market these fantastic tax savings and go beyond the next election, and make the presumption as to who it is that presides over the Treasury benches, I say to the Treasurer, the Honourable John Brumby: why don't you get some better spin doctors? Don't just go out four years, why not go out 10 years and make a real welter of it; you could promise a fantastic amount of tax relief? Because that is what it really is: it is nothing more than promises. In terms of spin, this mob would do Shane Warne proud. That is the first one, that it is illusionary.

Hon. Jenny Mikakos interjected.

Hon. R. M. HALLAM — If I had more time I would take you through it, but I am not sure it is worth while.

I refer to the next issue that shows just as much propensity to spin — some more Shane Warne. In the

document *Building Tomorrow's Businesses Today* that accompanied the tax package and anticipated the budget — and I am still cross about that — it says on page 11, and I hope government members are following:

As a result of the tax changes announced in this statement, as well as those in *Better Business Taxes* —

that is the package from last year —

Victoria moves from being the state with the highest number of state business taxes to the lowest.

Hon. D. McL. Davis — Number of taxes!

Hon. R. M. HALLAM — Number of taxes. So here is the government — the spin doctors again — claiming credit for reducing the number of taxes. Let me just explain that for a moment.

Hon. W. R. Baxter — I have a fair idea of the result.

Hon. R. M. HALLAM — This was not any brave initiative of the Bracks government; this is part and parcel of the package negotiated in advance of the Bracks government by the former coalition government. This is the agreement which was attached to the introduction of the GST — each of the states and territories gave commitments in respect of the taxes that would be phased out under the introduction of the GST. So the government is prepared to claim the credit for the GST package — and at the same time you should hear John Brumby rail about it! Until now he has not been able to find one redeeming feature of the GST. He has whinged and moaned at every opportunity. Guess what? Now he wants to claim the credit for reducing the number of taxes under the scheme. Doesn't that defy description? How absolutely hypocritical! He has the gall to come into the Parliament to claim credit for reducing the number of taxes. If there is a redeeming feature, Warney would be very proud of that degree of spin.

Let's put the tax cuts in perspective anyway. We are told these changes 'represent a further \$262 million reduction in the tax burden on Victorian businesses', but there is no detail of that so-called relief. Where is the detail. I ask Ms Mikakos to tell me, if she can, how much of that \$262 million comes from individual taxes. There is no mention of it. I ask her to give me the chart that shows how she justifies the \$262 million.

Hon. Jenny Mikakos — I went through it all.

Hon. R. M. HALLAM — It might as well be a figure plucked from the air. I say to Ms Mikakos that

there is no break-up — or if I have misread it I would be delighted to be corrected — there is simply the total. We do not know the extent to which that is derived from payroll tax or the so-called cut in land tax, the shift in the threshold. No detail has been provided at all.

Hon. Jenny Mikakos — I gave it to you.

Hon. R. M. HALLAM — If you were so imbued with the notion of the relief you provided Victorian taxpayers surely you should be able to determine how you calculated the \$262 million. Apart from anything else we of course have to acknowledge that it is claimed that the effect is over four years.

However, if we go to the budget itself and look at the same period of those four years, like those honourable members who spoke before me I do not see the tax relief at all. I invite government members to look at page 155 of budget paper 2 — Ms Mikakos's should fall open at that page; mine does — because it shows the anticipated revenue to be derived from individual taxes.

Hon. D. McL. Davis — And it goes up.

Hon. R. M. HALLAM — Thank you! Surprise, surprise! Where is all the relief? The government itself expects the revenue to climb so that puts the so-called tax cuts in perspective, notwithstanding that even the most remote commentator would acknowledge that we have now got state governments that are heavily reliant on the GST revenue stream.

I say to Ms Mikakos that, even leaving that to one side, taxes in this state are still intended to go up. They are the government's projections, not mine. Its projections suggest they shall climb at an annual rate of about 5 per cent, notwithstanding the windfall it expects from the GST while it continues to whinge about its application, as Ms Mikakos did a few moments ago.

Then we get to the line item that talks about the income from gaming. I will have a bit more to say about this in the context of another bill before the house. If you look at the chart it is painfully obvious just how dramatic the growth in revenue from gaming is. The chart, which appears at page 155 of budget paper 2, shows a dramatic increase in that line item — a rate of about 6 per cent year on year. What the chart does not show, of course, is that this is only part of the story. It does not include the bit of gaming revenue that comes back to us via the GST — another \$450 million has to be added on to get the general idea of where that goes. Then if honourable members are smart enough they will recall there is a health benefits levy, and there is another \$18 million from Crown — and none of that appears

here. I asked the Treasurer if he would provide us with a chart to give us a genuine idea of the government's reliance on the gaming dollar. Here is the bottom line: in all this, particularly in respect of the gaming dollar, the Treasurer is reduced to arguing that the rate of increase is modifying in respect of gaming revenue.

Hon. D. McL. Davis — It is still going up about 10 per cent a year.

Hon. R. M. HALLAM — It is still going up. His argument is now, 'Haven't we done extremely well because the rate at which it is going up is modified?'. He does it again and again.

Hon. W. R. Baxter interjected.

Hon. R. M. HALLAM — This time last year, Mr Baxter, at the estimates committee hearing the Treasurer gave us a chart which I used in my speech in the debate and we had a bit of fun with it. The Treasurer was not as keen to rely on the chart this year, even though he was invited to.

The bottom line is: can this Treasurer be trusted, because when he set the budget for the year about to end he said that the estimated tax revenue was to be just a tad under \$8000 million; however, by the time we have come to almost the end of the year he has had to change those estimates. He is now expecting it to be close to \$8800 million. That is as near as possible, dammit, to a 10 per cent margin — almost 10 per cent out. Why would we rely on the figures we are now offered by way of explanation as to the impact of the tax cuts that we are invited to support? Can that 10 per cent be put down to the question of being conservative in a healthy way? Should we simply dismiss it as this government's good fortune in presiding over the cyclical upturn that Ms Mikakos talked about, or should we be, as in my view, more realistic and say, 'This is very bad forecasting.'? I acknowledge it is a matter of opinion as to where one falls on those issues.

The bottom line is that I am not absolutely confident about anything this government gives us in terms of projections. Even if we build in the safety margin of 10 per cent, we can still expect the total taxes to climb over the review period right out to 2005–06, and we should view all these effusive self-congratulatory pronouncements against that background.

This tax relief is a Clayton's; the claims do not stand the light of day. Heaven help us if Labor is still at the tiller when the economic music stops. But for all that, the bill will be allowed to pass.

Hon. D. McL. DAVIS (East Yarra) — I rise to make a contribution to the State Taxation Acts (Further Tax Reform) Bill, and in doing so I acknowledge the contribution of the Honourable Roger Hallam. He put out very clearly and definitely the difficulties in this bill — the fact that you cannot rely on any figures the government has put forward. When you look closely at much of the literature the government puts out — or perhaps I should call it propaganda — to explain its business tax packages, you find double counting and simple additions to the claimed tax benefits when those tax benefits are yet to be delivered. You also find that the tax benefits are way out into the future, well beyond the next election. It is certainly unclear to me why the economic situation will be as predictable as the government has put out. Certainly, the current Treasurer may no longer be the Treasurer at that point, no matter which government is in power after the next election.

I will pick up a number of points. This bill amends the Duties Act 2000, the Land Tax 1958 and the Pay-roll Tax Act 1971. However, the budget and associated documents in this bill make no positive contribution beyond the slight reductions that are set out. They provide no long-term reduction in the amount of taxes collected in this state. The figure quoted by the shadow Treasurer in the other place of taxation revenue from the GST and other taxes — the total take is the way we need to look at it — has shown a massive increase across the period of this government of about \$1500 for each Victorian household. This additional tax burden is massive when one considers it in the light of the average income of each Victorian and each Victorian household. To most Victorians \$1500 is a lot of money. There is no doubt about that or that most Victorians would feel this impost on them.

In due course in my contribution I will go through each tax individually and set out the impact it has had. I will look at stamp duty and the gaming tax issue, about which Mr Hallam and Mr Lucas have made contributions to this debate. I will look at stamp duty at some length and at the other key taxes on insurance, fines and payroll tax in particular. In all of these cases one finds that the amount of tax taken has increased and will continue to increase, as Mr Hallam correctly pointed out, adding to all the foreseeable estimates that have been put out by the government. Despite this tax package and the claimed reductions, tax taken from Victorian families and businesses will be greater than in the previous financial year in almost every case, and will certainly be greater in the aggregate and on any reasonable average.

The opposition does not oppose this bill but places on record its concerns about the increase in tax in Victoria. In this debate I will also discuss the Treasurer's own views about state taxation and the impact of these tax levels. I will pick up the raw figures and read into the *Hansard* record some of the figures that relate to different taxation amounts taken from Victorians by this and previous governments and look at the increase in those individual taxes.

Payroll tax is an important tax. The opposition has promised a 10 per cent reduction from what it was, a little less than what it is now with the government's promised reduction on this occasion. The opposition has promised that it would reduce payroll tax on coming into government, making us the second of only two states whose payroll tax would be below the 5 per cent level. Payroll tax has increased under this government, and I shall put on the parliamentary record those increases and their impact.

In 1997–98 the payroll tax take was \$2138 million; in 1998–99 it was \$2131.9 million; in 1999–2000, \$2325.8 million; in 2000–01, \$2512.8 million; in 2001–02 the estimated figure in the current year's budget is \$2608.5 million and in the budget we are about to see passed in this place in the next week or so the estimated take is \$2710.2 million.

It is interesting for the chamber to be aware that in the period since the 1999 election this represents an increase of \$578.3 million, or 27 per cent, in the payroll tax take — a massive increase with a massive impact on Victorian businesses and employment in this state.

The stamp duty on conveyancing is similarly significant, and again I want to include this series in the record so that people can clearly see the broad outlines of tax changes. The stamp duty on conveyancing in 1997–98 was \$978 million; in 1998–99, \$1006 million; in 1999–2000, \$1294 million; and in 2000–01, \$1284 million. For the current financial year it is estimated that \$1850 million will be taken, a record amount historically. Stamp duty, as Mr Hallam outlined, is estimated to fall slightly, and Ms Mikakos alluded to the cyclical nature of duties on conveyancing. The estimated amount to be taken in 2002–03 is \$1590 million. It is interesting to look at the peak in this financial year of \$1.85 billion. That is \$844 million more than the amount taken at the time of the change of government in 1999, or 84 per cent growth in stamp duty on conveyancing to the end of this financial year. That is a massive and historic increase.

The land tax taken by government has increased as follows: in 1997–98, \$264 million; in 1998–99, \$369 million; 1999–2000, \$411 million; 2000–01, \$525 million; 2001–02, estimated at \$519.3 million; and 2002–03, in the current budget, an estimated \$611.4 million. That represents since the change of government a \$242 million, or 66 per cent, increase in the land tax take in Victoria, a two-thirds increase in just three years.

Gambling taxes have been discussed at length by the Honourable Neil Lucas, who made the point very accurately that since the change of government gambling taxes have increased from \$1520.1 million to an estimated \$1893.2 million in the coming tax year, which represents a \$378.3 million, or 27 per cent, increase.

Taxes on insurance are also important in the light of public liability issues that our community is facing at the moment. The comments made by the federal minister, Senator Helen Coonan, regarding the double taxation at state level are very relevant. The cascading effects of taxation with the GST and duties both compounding the tax take by state governments on insurance taxes is a significant factor, and I believe that any future government will need to look carefully at how to deal with that issue.

The point made by the federal government on this matter is essentially a fair one, but this government has chosen not to address that. It has chosen to bleat about insurance taxes and the impact of insurance problems around the world since 11 September. Even before then the growth in insurance premiums for businesses, families and community groups, both voluntary and not for profit, was significant. The government has chosen to bleat about that but not to address the taxes it collects and the cascading effect they have on insurance.

It is worth reading into the record the fact that in 1997–98, \$514.7 million was taken in taxes on insurance. By 1998–99 this figure had risen to \$537.1 million, by 1999–2000 it was \$578.7 million and in 2000–01 it was \$641.8 million. In the current financial year it is estimated at \$785.5 million, and in the coming budget \$789.8 million is the estimated take on taxes on insurance — a 49 per cent, or \$258 million, increase since the change of government. In three short years we have seen an almost 50 per cent increase in taxes on insurance from a government that has bleated about the impact of insurance rises nationally and internationally on a whole range of groups in our community. The government has correctly made the point that these rises have impacted on levels of insurance and the number of people insured and

underinsured. In certain cases people have been unable to obtain insurance in part because these taxes crowd out the prospect of insurance companies developing different and better products and premiums that would provide more options for people. These taxes on insurance are like a fixed mill that cannot be moved; they certainly distort the insurance market massively.

Motor vehicle taxes have increased from \$850.8 million in 1997–98 to \$895.2 million in 1998–99, to \$914.6 million in 1999–2000, to an estimated \$966.6 million in 2001–02 and an estimated \$1058 million in 2002–03 — a 17 per cent or \$156 million increase in tax taken by the government in the three years it has been in office.

Police fines are an area where we see the most extraordinary increases: \$93.5 million in 1997–98; \$99 million in 1998–99; \$99.5 million in 1999–2000; followed by an enormous leap to \$177.5 million in 2000–01; an estimated \$182.1 million in 2001–02; and an estimated \$336.6 million in 2002–03. That is a \$238 million, or 240 per cent, increase in police fines from the Victorian community. These are very significant increases. While most Victorians do not object in any way to increases in fines when they are genuinely aimed at achieving proper community outcomes, whether it be on the roads or elsewhere, many people object to what is clearly revenue raising. This is revenue raising on a scale that Victoria has never previously encountered — a 240 per cent increase in just three short years.

I want to say a good deal about stamp duty in my contribution. I will begin by stating that there are several levels to the impact of stamp duties. Many in this Parliament have talked about the issue, and I certainly have talked about it in this chamber on a number of occasions. However, I believe it is a significant issue for the Victorian community. People need to understand that this is not just a tax in the abstract. It has an impact on normal families and businesses. It has an impact across the Victorian community on a number of levels, and these impacts are felt in a number of ways.

The *Herald Sun* in a recent article very cleverly captured the stickiness of property transactions brought about by high stamp duty rates. I do not have that article in my possession at the moment, but the photo captured the spirit of what I am trying to say. It was of an older couple in a house they had lived in for many years. That couple needed to move because one of them had certain health issues that had to be dealt with. That meant moving to a smaller house with less stairs; a house that was more suitable for the particular health

conditions of that couple. It was very clear to this couple that they were unable to move without sustaining a substantial impact on their retirement assets, an impact for which there is no allowance and one which will take capital — the nest egg — from people who have legitimately saved for their retirement.

The government's decision to allow the tax windfall collections on stamp duty to move forward essentially unchecked over a number of years, particularly over the past two financial years, is simply a disgrace. It is a disgrace that has impacted on many Victorian families. At its heart this disgrace is a dishonest collection of a tax; one that is driven by a windfall gain as property prices have moved up. With property prices moving up it needs to be understood that while people collect more for their property when they sell it, most sell their property to buy another —

Hon. Andrew Brideson — On the same market.

Hon. D. McL. DAVIS — Exactly. They are not buying it on the previous market, they are buying it on the current or a future market.

Hon. D. G. Hadden — Through the Chair!

Hon. D. McL. DAVIS — That applies to people in Ballarat too. From time to time people in Ballarat move forward from one property to another and they are caught with this impost, which is like a rigid brake preventing people —

Hon. D. G. Hadden interjected.

Hon. D. McL. DAVIS — Seven years is the average in terms of property transactions. I am glad you brought up that figure, Ms Hadden.

Hon. D. G. Hadden interjected.

Hon. D. McL. DAVIS — We did adjust it and we exempted the family home, as Mr Hallam pointed out in his contribution. The previous government undertook the significant and historic reform of exempting the family home from a number of taxes such as land tax. However, what I want to say on stamp duty is that we have had an historic growth in property values and no corresponding plan to lower the stamp duty impost on normal families. That also has an impact on businesses. From time to time businesses are forced to operate in premises that are less than ideal because of the costs incurred in moving. I do not think the Treasurer himself has fully come to grips with this.

I have referred on a number of occasions in this chamber to the editorial that appeared in *Taxpayers*

Australia on 1 April 2002 entitled 'Mr Bracks: stop the tax rip-off'. In it Peter McDonald from Taxpayers Australia makes a number of points about the impact of stamp duty levels on Victoria and Victorian taxpayers. He makes the point that they hit Victorians in a number of ways. Obviously, the fact that Victoria has the highest stamp duty rates in Australia strikes every Victorian who buys or sells a property in one form or another — as you purchase a property you have to pay the highest stamp duty rate in Australia. However, as Mr McDonald correctly points out, it also strikes in a separate and quite distinct way. Victoria having the highest stamp duty rates in Australia impacts on the Commonwealth Grants Commission formulas and its approach to the levels of stamp duty levied by other states.

The Commonwealth Grants Commission has a set of complex and arcane formulas that I once studied in an economics class and was greatly excited by at the time, but I am sure most Victorians would be relatively bored by the commission's calculations. Mr McDonald says that Victoria, having the highest stamp duty rates, lifts the hurdle for the capacity of states to tax. By having the highest stamp duty rates ipso facto, it is absolutely the case that it can tax at that rate so the capacity to tax is lifted. Victoria has chosen to play that role. It also has an effect of increasing the average take of state stamp duty. Both of those effects impact on the formulas. It means that Victoria, by being the highest taxing state and the state with the highest capacity to tax because it is taxing at the highest level — and this is a hard point to get through to people — will be disadvantaged by those formulas as other states in contrast have a lower capacity to tax.

At a Public Accounts and Estimates Committee hearing on 22 May this year I engaged the Treasurer on this matter and he launched what I thought was an extraordinary attack on Taxpayers Australia. I am not sure why the Treasurer is unable to understand these facts. They are slightly complex but not that complex. When a community group, an interest group or an independent group criticise the government or the Treasurer, or in any way hold them to account for their policies, the government and the Treasurer immediately attack those groups and criticise their work and hold them in some disrepute. I suggest that is the wrong way to go about this issue. The Treasurer should think about this carefully. He should take advice and perhaps engage directly with Taxpayers Australia. He indicated to the Public Accounts and Estimates Committee that he would put a submission to the association and argue this point. I look forward to that and appreciate him making the submission public.

During the adjournment debates I have raised this issue and the Treasurer's responses — I thank him for his written responses — have not put my mind at rest on this fact. In fact they reinforce my view that Peter McDonald of Taxpayers Australia is right. My understanding of the Commonwealth Grants Commission formulas is these two impacts will separately operate to Victoria's disadvantage and the disadvantage of Victorians who purchase properties in that its take through the grants commission formulas will be reduced.

This scandal of outrageous stamp duty take has continued. I will do what I have done in this house before and give some specific examples of weekend auctions. I will refer to some ordinary and typical houses in suburbs around Melbourne. In Burwood in my own electorate of East Yarra Province a property at 4 David Street, Box Hill South, was sold for \$250 250 last weekend. The Victorian stamp duty on the sale will be \$10 678. New South Wales is the state with which Victoria most often compares itself. Its stamp duty on the same property would be \$7250.50. Queensland stamp duty would have been even lower. The difference between the stamp duty in New South Wales and Victoria was \$3427.50.

Hon. Andrew Brideson interjected.

Hon. D. McL. DAVIS — Queensland is the place to be if you are going to buy a property. Moving from one state to another is a significant issue with stamp duty. People could move to Queensland and make a saving if they want to shift houses. People moving from Queensland to Victoria would face an additional impost on coming into this state.

Hon. G. R. Craigie — A Bracks government impost.

Hon. D. McL. DAVIS — A Bracks government imposed impost — the highest impost of its type in Australia. This applies not only to families and residential properties but also to commercial properties. That becomes a significant factor in the decision of businesses to locate or relocate to Victoria. Businesses, when deciding what options they have, will consider the total costs they face. In the long term, these imposts are significant both for in-bound investment into Victoria and certainly for the choices Australians face moving into or out of this state.

A property was sold at 11 Jingella Avenue in Ashwood for \$330 000. I know the prices have been going crazy in Ashwood but that property would have attracted a Victorian stamp duty of \$15 460; the New South Wales stamp duty on that property would be \$10 340, a

difference of \$5120. A property was sold at 4 Carool Road, Ashburton, for \$445 000. The Victorian stamp duty levied on that property will be \$22 360; the New South Wales stamp duty would be \$15 515, a difference of \$6845.

Ms Mikakos, who represents the north-western suburbs and who has just entered the chamber, spoke in this debate earlier. A property at Cooper Street, Essendon, that sold this weekend for \$389 000 will attract stamp duty of \$19 000; the New South Wales stamp duty impost would be \$12 995, a \$6005 difference. In Edward Street, Essendon, a property sold for \$757 500, not unusual for properties around that area. Stamp duty of \$41 110 will be imposed; the New South Wales stamp duty on a similar valued property would be \$29 577, a \$11 533 difference.

In Oakleigh, which Mr Brideson represents, a property at 2/12 Clapham Road sold at the weekend for \$250 000. The Victorian stamp duty impost will be \$10 660; the New South Wales equivalent stamp duty would be \$7240, a \$3420 difference. That is an enormous difference in stamp duty between similar valued properties in New South Wales and Victoria and an enormous impost on a typical Victorian family.

The payroll tax changes are miserly. The figures Mr Hallam and I laid out earlier indicate clearly that the payroll tax take will be greater this year than the previous year and that over this government's term it has increased every year and shows every sign of continuing to do so. Honourable members need to understand this is a significant increase that will impact on jobs and options for Victorians.

The other point that needs to be made in this debate is in relation to the government's sale of its business tax changes it is spruiking around the community. I do not believe most Victorians will be taken in. Mr Hallam has laid out the best case for the inconsistencies, inaccuracies and half-truths in those documents. At the end of the day Victorians will respond to the amount of tax they are paying rather than the perceptions created by the glossy documents the government prints.

Ms Mikakos indicated in her contribution that the Liberal Party's policies were in some way irresponsible. I make it clear that they are not, they are carefully thought through. She indicated that for the Victorian Liberal Party to win the next election and implement its policies of handing back a portion of the windfall stamp duty collections and lowering payroll tax, as it has outlined publicly, it would need to cut the number of public servants employed as police, nurses or other service delivery people. I make the point to

Ms Mikakos that that is not the case — we would not cut the number of service delivery public servants. I say to Ms Mikakos and her ilk that there is plenty of scope in the spending of the government to find savings that do not affect the services delivered to Victorians.

The increase in the number of highly paid executives is interesting. As recently as this weekend one only had to read the *Age* to see a series of advertisements for handsomely remunerated executives. Some, it seems, may be working on rail projects, although certainly not the rapid transit link that Mr Hallam alluded to because it has been scotched. We certainly would not spend on consultants in the way that the current government does and is.

Hon. J. M. McQuilten — What about Jeffrey?

Hon. D. McL. DAVIS — Mr McQuilten, we spent less in our period in government than you are spending now.

There is no doubt that the number of consultants has grown under this government. There is also no doubt that the number of bureaucrats and public servants not engaged in service or line delivery has increased. In answer to a question on notice from me, the Premier recently indicated that 4300 additional public servants have been employed. We would stop the expansion of the public service that the government has so ridiculously embarked upon.

Hon. Jenny Mikakos interjected.

Hon. D. McL. DAVIS — No, Ms Mikakos, we would not be sacking teachers, nurses or police. We would stop your ongoing expansion of public servants who are not involved in the delivery of services — those who work in big office towers, and I am referring to those, as I think I have described publicly, who wear cardigans and suits — not those in blue and white uniforms. The \$1 billion of additional spending that your government has decided to spend on those who are not engaged in service delivery but are simply occupying large office towers with little evidence of benefit to Victorians. Taxation rates for Victorians have increased and show every sign of increasing again. I say to Ms Mikakos that they have increased every year in every single category under her government.

Hon. Jenny Mikakos — We are giving back in services.

Hon. D. McL. DAVIS — You are not giving back in services.

What the government has done is employ more people who are not involved in service delivery — it is spending \$1 billion more on them. It is an enormous increase and an enormous waste of public money. We would stop that expansion from going further; that is how we would stop the ongoing increasing taxes the government has embarked upon. There is no doubt that the increase is not in the public interest, and if it continues in the way it is going Victoria's competitiveness will be damaged, and that will have long-term and drastic consequences for Victorians.

As Mr Hallam has correctly pointed out, when the next economic downturn occurs the government may well have put Victoria in a very difficult position where revenues will not grow at the same pace but our requirements will still be there — and there will be a significant squeeze. I agree with many other contributors to the debate that this tax package is about smoke and mirrors and about higher taxes at the end of the day, no matter what the glossy documents say.

Hon. D. G. HADDEN (Ballarat) — I support the State Taxation Acts (Further Tax Reform) Bill. In the second-reading speech the Treasurer states that the bill is a confirmation of the government's focus on issues to grow the whole of the state and deliver more jobs and better living standards for all Victorians. It is not about a tax take or smokes and mirrors as previous speakers have suggested, it is about being fiscally and socially responsible for all Victorians.

The object of the bill is to make amendments to the Duties Act 2000, the Land Tax Act 1958 and the Pay-roll Tax Act 1971 in order to implement further tax reform under the Bracks Labor government. The government will deliver business tax initiatives worth \$262 million over four years as outlined in the Building Tomorrow's Businesses Today package. That is combined with the \$774 million in tax cuts announced under the Better Business Taxes package of last year.

The bill raises the payroll tax threshold from \$515 000 to \$550 000 to take effect from 1 July. That is important and is not to be belittled in any way. It is 12 months ahead of schedule at a revenue cost of some \$23 million next financial year. The bill will also reduce the payroll tax rate from 5.45 per cent to 5.35 per cent from 1 July. Again that has been brought forward and will further reduce the rate to 5.25 per cent from 1 July 2003. The revenue cost of these payroll tax cuts is estimated to be \$47 million next financial year.

The bill also increases the land tax threshold from \$125 000 to \$150 000 from 2002–03 and is estimated to remove around 21 000 small businesses and other

taxpayers from paying land tax. The bill will abolish duty on unquoted marketable securities from 1 July, which is 12 months ahead of schedule. The bill will also assist first home buyer families and low-income earners by increasing the threshold of duty concessions for family first home buyers and concession cardholders to \$150 000, the maximum concession, and \$200 000 for a partial concession, to take effect from 1 July.

Importantly the income test for families is removed. As I have said, the bill implements the government's tax package for businesses which has been announced previously.

The increase in the land tax threshold from \$125 000 to \$150 000 is an important point. It is to be noted that in last year's Better Business Taxes package the land tax threshold set by the previous Kennett coalition government was raised by this government from \$85 000 to \$125 000. At that time the reform was expected to remove some 46 000 small businesses, investors and self-funded retirees from the land tax net in the last financial year. The bill will increase the land tax threshold from \$125 000 to \$150 000 and that will remove an additional 21 000 taxpayers from the land tax net and enable those additional funds to be invested in businesses and jobs. As an example, almost 6000 properties will become exempt from land tax in regional Victoria. This means that around 91 per cent of regional Victorian properties will not be liable for land tax. That compares with 84 per cent in the metropolitan area and represents an important advantage for regional Victoria. It is to be noted that this state now has the second highest land tax threshold in Australia.

The proposed abolition of stamp duty on unquoted marketable securities will assist business. The vast majority of companies in Australia are not listed on the recognised stock exchanges and therefore have not benefited from the abolition of stamp duties of other listed marketable securities in the past. Non-listed companies are generally small family companies but also include some large companies as well as companies listed on exempt markets such as the Austock market. I should note here that an unquoted marketable security is a security that is not listed for quotation on a prescribed financial market. Stamp duty on unquoted marketable securities at 60 cents in \$100 discourages changes in share ownership which can be seen to inhibit or reduce liquidity and the flexibility to achieve desired change.

Under the GST agreement the need to retain stamp duty on unquoted marketable securities was to be reviewed by 2005. However, the Bracks Labor government

decided it could not wait for the commonwealth to act in this very important area and will abolish stamp duty on unquoted marketable securities from 1 July 2003. Victoria will abolish that stamp duty on unquoted marketable securities 12 months ahead of time — that is, from 1 July 2002. The Treasurer has estimated that will be a one-off annual cost to revenue of \$10 million.

The other part of the bill provides for stamp duty concessions for first home buyers and concession cardholders that will take effect from 1 July this year and purchasers will continue to benefit from the state government's first home buyers grant of \$7000. There is also the additional commonwealth grant of \$3000, but that ends on 30 June this year. In this aspect of stamp duty concessions the government is certainly looking towards the interests and welfare of first home buyers and families being able to afford a home.

In relation to conveyancing duty it should be noted that this government is committed to the responsible financial management of the state. The scope for tax relief has to be balanced with the demand for essential government services. As noted by the Honourable Jenny Mikakos, there are cyclical fluctuations in the property market and in property taxes and there must be careful assessment of this by a responsible government. It must be noted that a government uses its revenue from state taxation to provide a myriad of services for all Victorians. Property conveyancing duty revenue is used to provide programs for all Victorians — for example, employing more teachers and more nurses and putting 800 more police on the beat; building more schools; and improving road and public transport especially in regional Victoria. The recent cyclical strength in the property market has been reinforced by the first home buyers grant and the additional commonwealth grant scheme.

The government has committed to tax cuts over the next four years that will specifically benefit the property industry. That is outlined in the bill before the house and also in the Building Tomorrow's Businesses Today package.

There is also the abolition of stamp duty on non-residential leases which was effective from April 2001 and the abolition of stamp duty on mortgages from 1 July 2004. Most recently in the April 2002 business statement the government announced the land tax threshold increase and its impact on removing 21 000 taxpayers from the land tax net, or the equivalent of over 30 000 properties from the payment of land tax. This is covered by the provisions of the bill before the house.

It should also be noted and not forgotten that Victoria offers major concessions on conveyancing duty that are not available in other states, including concessions for off-the-plan purchases, and concessions for pensioners and concession cardholders and to a broader range of beneficiaries. Victoria is competitive with other states on business taxes including conveyancing duty.

According to the Australian Bureau of Statistics 2000–01 *Taxation Revenue Australia* publication, Victoria's conveyancing duty revenue is below the national average and that of New South Wales on a per capita basis and on the basis of the share of nominal gross state product (GSP). Based on the 2000–01 ABS data, Victoria's conveyancing duty revenue is 0.75 per cent of nominal GSP, which is 0.04 of a percentage point of nominal GSP below the Australian average and 0.18 of a percentage point of nominal GSP below that of New South Wales. So Victoria's conveyancing duty revenue is \$266 per capita, which is \$7 per capita below the national average and \$73 per capita below that of New South Wales.

The stamp duty revenues are cyclical in nature; they are relatively volatile, and it would be fiscally and socially irresponsible for this government to make drastic changes to the system. As I said, stamp duty on property transfers is a revenue source for any government, and it is expended by government on schools, hospitals, roads, public transport, police and our judicial system. The government's position on any further increase in stamp duty concessions at this stage is that the concessions would reduce the government's ability to deliver the vital services required by all Victorians. Therefore the government has increased the land tax threshold initially to \$125 000 and now to \$150 000. Victoria now has the second highest land tax threshold in Australia, which is not something to be sniffed at.

Victoria's revenue from conveyancing duty is below the national average; the state collected \$266 per Victorian in conveyancing duty in the last financial year compared with the New South Wales figure of \$339. Victoria is the only state to provide concessions for off-the-plan purchases, which is worth between \$50 million to \$70 million.

It should be noted also that at this stage it would be financially and socially irresponsible to cut stamp duty on property transfers, especially given the volatility of the market. Stamp duty is an important source of revenue for a government. The forecast at the moment is that the property market is expected to stabilise with the proposed increase in interest rates. It is important to note that the federal government does not go down the

path of amending company tax rates or income tax rates when there are equivalent fluctuations in either company profits or income tax levels and employment levels. It would be socially and fiscally irresponsible for a state government to change the conveyancing duty on property transfers at the whim of the fluctuating and volatile market.

As I said at the outset, this bill confirms this government's focus on growing the whole of the state and delivering more jobs and better living standards for all Victorians. The opposition should support the bill in actuality by voting for it and by speaking for the bill in a positive tone and not by carping, whingeing and whining about what it does not do or what it should do. The opposition certainly did not reduce stamp duty rates on property transfers for the seven years that it was in government. I commend this bill to the house.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — The take-home message from the Honourable Dianne Hadden's contribution on this bill seems to be that Victorian people should be grateful for the crumbs the government has thrown them; that we as the Victorian people should not expect more tax relief, despite the windfall tax gains, and that we should be grateful for the few crumbs which are provided by this bill. Indeed, as Mr Hallam pointed out, I should not even say 'the tax relief which has been provided' because at this stage it is only promised and not a cent of tax relief has flowed through to Victorian taxpayers.

It just goes to show the point Mr Hallam made — that is, what the government is attempting to do with this bill is nothing more than catch up. The bill is not about providing meaningful tax relief or reducing taxes; it is merely attempting to catch up with the changes in economic circumstances in Victoria. Both Mr Hallam and Mr David Davis canvassed extensively what this means in terms of tax revenue, but I would just like to touch on some of the measures that are picked up in this bill.

The bill implements the Building Tomorrow's Businesses Today package, which the Treasurer announced prior to the budget. As part of that there were a number of changes to the state taxation regime, and this bill implements those changes to rates and thresholds through changes to the Duties Act, the Land Tax Act and the Pay-roll Tax Act. However, the significance of these changes and of the impact on the revenue stream should not be overstated. Both Ms Mikakos and Ms Hadden have suggested in their contributions that Victorians should be grateful for what they are receiving, and Ms Hadden in particular

said that Victorians should not complain and should not — —

Hon. D. G. Hadden interjected.

Hon. G. K. RICH-PHILLIPS — We are here to represent the people of Victoria, and Ms Hadden seemed to be saying that Victorian people should not complain about the crumbs that have been given and should be grateful for this package.

Let's look at what has been provided by this package. The issue of taxation or stamp duty on unquoted marketable securities has attracted considerable interest because, until recently, it was very apparent that the Minister for Small Business and the Premier had no idea what unquoted marketable securities were. I understand from Ms Mikakos's contribution that she may well now have informed the Premier and the Minister for Small Business what they are. The impact of this measure will be only \$10 million worth of tax cuts to the Victorian community through the early abolition of duty on unquoted marketable securities, so it is a minuscule gain for the Victorian community when you consider the tax revenue that the Treasury is collecting.

It is a similar situation with the changes to the payroll tax rates. This year the revenue impact of bringing forward those changes is \$47 million; next year it is \$4 million. Again, these are insignificant sums when put in the context of what the state is collecting in tax revenue. Changes to the payroll tax threshold as distinct from the rate changes will contribute \$23 million to tax reductions this year and \$2 million next year — a total of \$25 million. Again, it is chicken feed compared to what the government is collecting in the overall tax take.

Land tax is another interesting issue addressed by the bill in the form of an increase in the threshold at which the exemption applies — an increase from \$125 000 to \$150 000. The revenue impact of that is \$3 million per annum for each of the four years. It is a farce to suggest that people will gain by this. One only need look at the number of properties available in the price bracket of \$125 000 to \$150 000. Anybody who has looked at the property market will realise there are very few properties in that price bracket and very few people will benefit. The fact that it is only making a \$3 million per annum tax cut suggests there are very few people who will benefit.

It is also pertinent to put this land tax threshold increase into some sort of context. The government has offered a \$25 000 increase in the threshold from \$125 000 to

\$150 000 yet if you look at the Australian Bureau of Statistics (ABS) property price statistics it can be seen that in the period between when the government came to power in September 1999 and the December 2001 quarter property prices increased by 38 per cent. The increase in the threshold that is being offered in the tax package does not even keep up with that.

Hon. D. G. Hadden interjected.

Hon. G. K. RICH-PHILLIPS — Ms Hadden is suggesting that Victorian communities should be grateful for what they have been given. The reality is that what the government is doing to the threshold with this change is not even keeping up with increases in property prices — it does not even keep up with the inflation in property prices.

Hon. D. G. Hadden — It is called cyclical fluctuation.

Hon. G. K. RICH-PHILLIPS — I will take up Ms Hadden's interjection about cyclical fluctuations. There is nothing cyclical about the statistics reported by the ABS. ABS publication 6416 notes that property prices are continually rising. Nowhere in this index of property prices is there any cyclical movement; the only movement is upwards, property prices are rising. There has been no cyclical movement in property prices during the term of this government — absolutely none. There has been no cyclical movement in property prices since the late 1980s. Ms Hadden should know that because she has no doubt made a lot of money as a solicitor through conveyancing on properties that have experienced price increases. The property market has not been cyclical; it has been rising since the late 1980s.

Another matter I would like to pick up is the overall revenue impacts. Mr Davis referred to them but it is worth reinforcing the point that despite the package before the house today Victorians are not benefiting from reductions in the taxation collected by this government. Just to compare payroll tax year on year for the 2001–02 year to the 2002–03 year, despite the claim that this package is delivering cuts to payroll tax the state's collection of payroll tax will increase from \$2.6 billion last year to \$2.7 billion this year — an increase of \$100 million in payroll tax receipts despite an apparent tax cut.

Last year land tax was \$519 million, and this year it will be \$611 million. Government members have spoken about a tax cut in land tax, yet land tax receipts will be almost \$100 million higher this year than they were last year, so the community is not benefiting from any cut in land tax. In fact the receipts from the

Victorian community for land tax are increasing. It is a similar story with other tax measures. There are other areas this package has not even addressed, including taxes on insurance, which I picked up briefly in the budget discussion last week. Since the change of government, receipts of taxes on insurance have increased by around 80 per cent — a significant increase over the two to three-year period in which the Bracks government has been in power.

The reason that the receipts of insurance taxes have increased so much is because insurance taxes in this state are levied at a rate of 10 per cent on premiums written. We all know that insurance premiums are rising for a number of reasons, and that public liability insurance premiums in particular are rising at rapid rates. When an insurance premium rises the state government benefits through increased taxation. There has been a massive blow-out in insurance taxation, but nowhere in the package before the house today has the government attempted to address that issue.

The Minister for Finance in another place is running around with his other state colleagues suggesting that the federal government should be doing more. Here is a simple way in which the state government can provide some relief to people who are hit by increasing insurance premiums — by addressing the state tax on insurance — but not a word has been uttered by the Minister for Finance about that issue because for every \$1 that is written in insurance premiums the Minister for Finance and the Treasurer cream off 10 cents. It is in the interests of the Minister for Finance and the Treasurer for insurance premiums to rise because they get to cream 10 per cent off the top every time that occurs. The government has been silent on that issue. It is an obvious issue for the government to address in bringing in a tax package such as the one before the house, but unfortunately the government lacks the vision and the will to make meaningful changes in that area.

Another point I pick up is a point made earlier by the Honourable Roger Hallam. It goes to a comment made by the Treasurer in the estimates committee hearing two weeks ago where the Treasurer waxed lyrical about tax cuts that the government had delivered. At that hearing the Treasurer suggested the government had delivered \$1 billion in tax cuts. The reality is the government has delivered nothing in tax cuts. All the tax cuts the Treasurer was talking about — the point Mr Hallam made needs to be reinforced — are promised in the out years — —

Hon. D. McL. Davis — The never-never.

Hon. G. K. RICH-PHILLIPS — The never-never, if you like, Mr Davis.

These are tax cuts Victorians have not seen. The Treasurer has aggregated the amount of tax cuts to provide some quantum to them. He has just taken next year's tax cuts, and those for the year after and the year after that, added them together and said we are getting \$1 billion in tax cuts. It would be very easy to simply extend that further. If the Treasurer wants to talk about the government providing \$2 billion in tax cuts he merely needs to add up the next eight years instead of the next four years of budget estimates. It is farcical that the Treasurer is taking that approach to assessing these tax cuts. He should be looking at the result every year, and that would paint a very different picture.

The opposition does not oppose the bill because it provides some relief. Some changes are positive for the Victorian business community; however, the reality is that the bill does not go far enough. They are Clayton's tax cuts. The government has collected far more revenue in windfall gains that are above and beyond the government's expectation than what it is delivering in this package.

If the government is to be taken seriously on tax reform, it must introduce meaningful tax reform and not try to hide behind a smoke-and-mirrors package like the one before the house today.

Sitting suspended 6.28 p.m. until 8.02 p.m.

Hon. R. H. BOWDEN (South Eastern) — In speaking to the State Taxation Acts (Further Tax Reform) Bill, it seems to me that on the way to the Parliament the state government came up with a rather sophisticated idea: 'Let's announce the budget and then we'll drop a few crumbs in another area and we'll put it under another bill'. So the idea is that the budget was released some weeks ago but here we have an attempt by the government to highlight some minor tax adjustments and present them to the community as wonderful improvements to the taxation circumstances of the state of Victoria.

There is no question that payroll tax is a very important tax which we all hope will be diminished as best the economy can afford. I would like to say that in this budget the payroll tax does take a welcome cut so that from 1 July this year the rate will decrease from 5.45 per cent to 5.35 per cent. That is okay as far as the percentage goes because those small to medium-size businesses that are caught up in the expensive circumstances of payroll tax need and deserve that relief — and it is indeed welcome.

Let us look at some of the figures in the budget. Payroll tax itself, as a tax take, will rise from \$2131.9 million in this current budget to an expected \$2710.1 million — a 27.1 per cent increase. So the government is coming in here with a bill that purports to cut a rate when in fact the actual take here in Victoria in the forthcoming budget period will be an increase in total dollars of 27.1 per cent. That is something that should be exposed as not very good. The payroll tax threshold is moving from the existing \$515 000 up to \$550 000 — and any move upwards in that threshold is to be welcomed and is good for small to medium-size businesses — but I come back to the large total aggregate increase in terms of dollars foreshadowed in the budget of \$27.1 per cent — and as an increase that is very high indeed.

I mention the land tax threshold increase. It will be welcomed that the increase goes from a \$125 000 base to \$150 000 effective for the years 2002–03. That is a small increase in the threshold base, and it is welcome, but what it does is perpetuate the situation where the base is too low. I am sure that many honourable members will consider that base to be low because there are investors in all sorts of small businesses and this land tax situation impacts on the cost structure of small business. Where the land tax at such a low threshold kicks in as a heavy expense for a small business owner it is often the case that those premises are let to other small businesses and inevitably the rentals and lease costs involved must be expected to contain the full impact of the cost base. The higher the land tax the higher the rentals and lease costs on those buildings; and that adds to the general cost of doing business and hurts most of the businesses that should be given a break. In the business situation the more land tax that is collected from small businesses the less desirable that is in the totality for our economy.

It is a sensible move to abolish the stamp duty on unquoted marketable securities. We are about increasing the size of the economy and encouraging people to invest, and I believe the quoted figure of \$10 million, modest as it is, is a welcome although small amount to have come out of this tax situation.

I welcome the abolition of stamp duty on unquoted marketable securities that will take place as of 1 July, although that is a small and unnoteworthy contribution. It is interesting to look at the effects of stamp duties. Stamp duty on housing in Victoria is far too high. The stamp duty payable on an average house in Victoria provides a taxation stream to the government which is out of line with other states. In early May the opposition published a document stating that Victorian home buyers pay the highest stamp duty on conveyancing in the country. The Victorian percentage

was 4.05 per cent. By comparison the percentages in other states were significantly lower — Queensland is dramatically lower at just over 2.4 per cent. The Bracks government has reaped a significant windfall from home buyers. The latest budget indicates that \$750 million more in stamp duties will be provided than was budgeted for in the year 2001–02. This perpetuates the opinion that many people have that the government is a high-taxing, big-spending government. Let us look at some of the items in passing.

In its document issued on Tuesday, 7 May, the opposition says that under the Bracks Labor government the current budget has land tax collections up from \$369 million to an estimated \$611.4 million — a 66 per cent increase. Taxes on insurance are up from \$531.7 million to \$789.8 million — a 49 per cent increase. Motor vehicle taxes are foreshadowed to increase 17.4 per cent and payroll taxes are to increase 27.1 per cent, as I mentioned earlier. Police fines will increase by a whopping 240 per cent in the current budget and gambling taxes are foreshadowed to increase by 31 per cent. Those are very large numbers indeed.

The main features in the budget include bringing forward to 1 July the increase in the threshold of payroll tax from \$515 000 to \$550 000, which is a good thing. It is supportable and should be welcomed by small businesses. Bringing forward to 1 July the reduction in payroll tax from 5.45 per cent to 5.35 per cent will assist small and medium-size businesses, and again that is welcome. Payroll tax collection is too high and the government should do something to alleviate it far in advance of what it has done.

In conclusion, the Bracks government has massively increased the tax burden on Victorian businesses and communities. Businesses have been hurt by major increases in payroll tax and land tax. This bill is a cosmetic attempt to convince Victorians that their government is taxing them less. It will fail because the government is taxing them more as a community.

Motion agreed to.

Read second time.

Third reading

Hon. C. C. BROAD (Minister for Energy and Resources) — By leave, I move:

That this bill be now read a third time.

In doing so, I thank honourable members for their contributions to the debate.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages

MAGISTRATES' COURT (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

Read first time for Hon. J. M. MADDEN (Minister for Sport and Recreation) on motion of **Hon. C. C. Broad**.

STATE TAXATION LEGISLATION (FURTHER AMENDMENT) BILL

Second reading

Debate resumed from 28 May; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. D. McL. DAVIS (East Yarra) — I am pleased to rise and make a contribution on the State Taxation Legislation (Further Amendment) Bill and to make a number of specific points about the bill. The opposition does not oppose the bill but has had a number of discussions with the government about aspects of it. As I begin to move through aspects of the bill I foreshadow that the opposition intends to take the bill into a committee stage and to seek — not necessarily today — some specific assurances from the government. I understand the government is well briefed ahead of time to deal with those aspects.

This bill amends the Duties Act 2000 relating to the transfer of registration of motor vehicles. It amends the Land Tax Act 1958 for use in determining the unimproved value of taxable properties and the Pay-roll Tax Act 1971 which clarifies exemptions for non-profit schools and colleges and simplifies other matters. The particular aspects of this bill that the opposition will draw attention to relate to the indexation arrangements for property and a number of points concerning clause 4 relating to dutiable transactions, dutiable property and the definitions contained therein. The Law Institute of Victoria has made a number of points on this which I will mention in due course.

The bill strengthens provisions relating to motor vehicle duty and ensures that fair arrangements are in place whereby buyers and sellers are required to certify the

accuracy of duties paid at the point of sale of motor vehicles. Honourable members will be aware of many members of the community who have in perhaps a time-honoured tradition sold or purchased vehicles and have agreed to mildly understate the value of the sale price to reduce the duty payable. I know all of us are law-abiding citizens and I am sure most members of the community are also, but it is true that many individuals who have sold or purchased vehicles through the *Trading Post* or similar channels or on an entirely private basis have mildly understated the sale price of a vehicle, thereby reducing the amount of duty payable.

This bill will strengthen the provisions by requiring both the seller and the purchaser to certify the value and I believe this is a fairer system. During the extensive briefing that was provided — and I thank the minister and the officers who provided the information — I asked whether more revenue was expected to be collected through this provision which made it more difficult to understate the sale price and the consequent duty. The officials were determined to state that no more revenue was expected to be collected. I found this interesting because it seemed to me that by tightening the provisions for the calculation of duty you would more likely prevent revenue leakage that could occur through understating the vehicle value and consequently more duty would be payable.

In that sense I disagree with the government and imagine that more duty will be collected, but it would be correctly calculated duty under these provisions. We all believe individuals ought to pay the correct duty; however, it is interesting to see an increase in paperwork with the government determined to state that it would not collect more duty. You would have to ask the question, if you believed you were not going to collect more duty, why you would go to the effort of creating a greater paperwork trail for individuals to complete as they bought and sold vehicles. I simply do not believe it; I think there will be more duty collected. This will impose some burden on individuals in terms of paperwork.

I know the motor car industry has mixed feelings about this, and I suspect that it sees aspects of this as perhaps reducing competition it may experience from other sources. The point I want to make about this is that I do think, on balance, this is fairer, but it will change the practice in this area in terms of motor car sales and purchases.

I know my colleague Mr Craig will make some contributions about these matters with motor car traders — I know he has views about that and will

make a contribution relating to the motor car traders in his electorate, and I welcome that contribution.

The professional side of the industry is supportive of this, although questions were raised with us about the cash flow impact and the requirement to certify sales and purchases by the 21st — I believe that is the correct date — of each month, and whether that will result in a greater requirement to employ staff. That may well be the case, and I suspect the industry will be able to talk through some aspects of that with the government for a longer period. I want to place on the record that the opposition is concerned that greater costs may be generated for the industry and that there may be a greater requirement of staff to comply with paperwork and bureaucracy created by this and the surrounding legislation. The opposition will look to the government to ensure the minimum of disruption and additional bureaucracy. I know that the bill will also be of some assistance in dealing with stolen vehicles, and we all welcome that.

I also note the provisions relating to the calculation of land tax on taxable land. This has been a point of some concern and discussion particularly with the Property Council of Australia, which drew our attention to a number of the impacts of the changes. I will come to those in due course.

To outline very briefly the way that this system will operate, we will see a system where calculation of property values is done biannually and indexation is done in the in-between years. The in-between increase in property valuation for the purposes of calculation of land tax will occur with an uplift factor which is related to the value of property in that municipality.

I note the change which takes out the value of all land in an area and inserts that of commercial property, which in this context includes residential properties that are let. This will be a valuable change in many respects. Whilst the ideal is always to have individual taxpayers paying appropriate tax calculated directly on the actual value of their land in a particular year — that is ultimately the system that most taxpayers would choose so that there is no woolliness, lack of certainty or inaccuracy in the levying of land tax that relates to the actual value of the land — this indexation arrangement is a compromise that the government has put in place.

The Property Council of Australia has put to the opposition and later to the government the concerns it has about the way the indexation factor could operate conceptually. The government has conceded that there is perhaps a technical flaw in the bill — for example, the province that Mr Lucas represents takes in the

municipality of Casey which has had massive growth in the value of its land. This measure would impact on the indexation factor, because it is calculated on the value of land in that municipality, and as the value of land increased over that period — and in a municipality like Casey which has many new subdivisions the value of land would increase quickly — the indexation factor would impact on existing land-holders. The property council is probably right in its argument that there is probably a technical flaw in the bill. I guess an indexation factor like this is only ever a best-guess approximation and what the opposition has alluded to in the longer run — and I know the property council would like to see this — is accurate annual valuations that lead to precise valuations of parcels of land.

In the briefing that the government provided I was interested to know the impact this might have where land values fell and how that would operate. I will be interested to hear further input from the government on that as the debate proceeds and whether the removal of the broad domestic property base from the calculation of indexation factors and the restriction of that calculation to commercial and dutiable residential property will impact in the long term on situations where we may have aberrant or unusual movements in property values. I suspect that some long-term balancing may occur with residential property and that dampening may be reduced by the changes in this bill.

Having said that, it may also be that having an arrangement where the tax calculated on property values is more closely related to the actual value of the property rather than having the broader base should, in theory, give us an ability across the state to more accurately price our land tax arrangements so they are competitive with other states. I know there has been considerable talk recently, including in the Auditor-General's reports, about the sorts of incentives different states offer in land tax and other breaks for firms that may move there. But it may enable us to set land tax values in an arrangement that more closely approximate the value of the property and thus enable us to price it in a competitive way and to attract business, if that is what the state chooses to do at a certain point. I would be in favour of making sure our land tax rates are competitive with other states.

I add that in my contribution to debate on another bill today I made the point strongly that our land tax take had increased significantly during the period when this government came to power. In 1997–98 the government collected land tax of \$264 million; in 1998–99, \$369 million; in 1999–2000, \$411 million; in 2000–01, \$525 million; in 2001–02, \$519.3 million; and in 2002–03, an estimated \$611.4 million. That is a

\$242 million increase in the period since the 1999 state election, or a 66 per cent increase in the amount of land tax take. This is a high-taxing government, a government that is prepared to increase taxes on businesses and business properties; it is a government that is prepared to compromise Victoria's competitiveness in that way and has been prepared to tax to the hilt. Although the legislation is on a different point, it is related, and it is possible that whatever the land tax rate is, this legislation may have some uncompetitive aspects, but the deeper problem is the actual land tax rate itself and there is a need to deal with that.

Clause 4, relating to dutiable transactions and dutiable property, states:

In the Duties Act 2000 —

- (a) in section 7(1)(b)(vi), for "an estate in land" substitute "dutiable property";
- (b) in section 10(1)(d), for "held or used in connection with a dutiable transaction in respect of any estate in land" substitute "if the subject of an arrangement that includes a dutiable transaction over an estate in land" ...

This provision effectively brings in chattels and goods held in connection with a dutiable land. It is important to note that this amendment may have a retrospective effect and the material put to the opposition by the Law Institute of Victoria and others suggest it does. I was pleased to see the law institute was prepared to provide the opposition with some useful advice regarding this bill and to make the point that in its view this provision would lead to a retrospective impact. I am aware of at least one taxpayer who may be affected by this. I was pleased to receive this information and for the astuteness of the law institute, which is to be commended. The government's response is also pleasing. The Treasurer and his officers were notified relatively late in the process and are prepared to discuss this issue in some detail and come to an accommodation. I understand the situation that will apply is that where a retrospective impact occurs with dutiable property — in this case chattels associated with land and in some cases considerable chattels that are arguably of greater value than the land itself — the Treasurer and his officers have indicated that a barrister will be requested to look at this issue and that his recommendation and advice will be accepted on whether tax is payable on the chattels associated with this.

As the legislation reads, in this recent period those who may have sold a property under the provisions of the current act may be caught with these additional duties.

I want to make one comment on process. The Parliament has a series of processes designed to detect these concerns and retrospective issues. The committee that the Parliament in a bipartisan and bicameral way has charged with that responsibility is the Scrutiny of Acts and Regulations Committee. Not every honourable member is assiduous in following the work of that committee, but in this case I was aware that it drew attention to the retrospective nature of some clauses. It has stated:

In respect to the retrospective amendments made by clauses 3(1), 3(3), 4, 5, 7(2), 8(3) and 13 the committee notes that no explanation is given in either the explanatory memorandum or the second-reading speech.

The committee will seek the minister's advice in respect to each retrospective clause.

The committee draws attention to the need for Parliament to be fully informed of the reasons why it asked to exercise retrospective legislative powers.

When these matters were drawn to the attention of the opposition I contacted the Scrutiny of Acts and Regulations Committee and was informed that it had made contact with the Treasurer's people but had not received advice as to why it was necessary to exercise those retrospective powers or as to certain retrospective clauses. This is a matter that not only relates to the bill but is a matter of broader principle. The ministers in both houses should treat these processes that the Parliament has set up with some respect and be generous enough to respond to the requests of committees to provide information and explanations.

Where the Parliament is asked to provide retrospective removal of rights and cover for a government policy position that is, as we know, justified on many occasions. The Parliament should not do that lightly and only in the light of adequate and full information and with thought and care. Although in this case I think the Treasurer had not been brought up to speed on the specifics of the concerns expressed and the fact that it may well have impacted on specific taxpayers, he was aware that there were retrospective clauses in the bill and that he had been asked to provide an explanation to the Scrutiny of Acts and Regulations Committee, and through that committee to the whole Parliament — to give an explanation and to provide information on why the government believed in this case the Parliament ought to exercise its powers in a retrospective manner.

In this case it appears that the process in the end has worked well, and to that extent I congratulate the government on having been prepared to listen to the Law Institute of Victoria and be prepared to —

Hon. R. M. Hallam — That is generosity!

Hon. D. McL. DAVIS — I am trying to be fair, Mr Hallam. One has to be even-handed and fair.

Hon. R. M. Hallam — Magnanimous!

Hon. D. McL. DAVIS — Magnanimous even, and to say that in this case that the government has done the right thing. It draws attention to the fact that at an earlier point in this process these steps were not adhered to in the way that we would all like. On occasions this can occur. We ought not carry on about that too much, but at the same time as a former minister Mr Hallam would recognise this, and I am sure he was always prepared to treat the Scrutiny of Acts and Regulations Committee with the greatest of respect and to make it aware that where he sought to use retrospective clauses he was prepared to be reasonable and to give an explanation of why he sought to do that.

In the matter of the exercise of retrospective powers, the government in opposition was prepared to make significant comment about the previous coalition government's use of retrospective legislation and to make the point clearly that people ought not be deprived of their rights retrospectively — and that is a principle most of us would agree with — but since being in government it has sought to use those retrospective powers with great frequency. We have seen the recent example with marine parks where there was an attempt to deprive business owners and others of rights without compensation. The opposition was concerned about that and was pleased to get a resolution. Maybe the Parliament is moving to a position of a more bipartisan acceptance of these matters. I am being positive, Mr Hallam. Perhaps you think this is wishful thinking — I am sure you do — but at the same time I am trying to put the most positive view on this.

The State Taxation Legislation (Further Amendment) Bill achieves a number of things, and it will be interesting to watch it settle down in the motor industry.

Hon. G. R. Craige — Higher taxes!

Hon. D. McL. DAVIS — Higher taxes have been mentioned. The point I made earlier, Mr Craige, was that at the briefings in relation to the changes in the motor industry the officials said there was not to be additional revenue collected. They were very clear on that. At the same time a whole set of new and additional paperwork will be required and that naturally opened in my mind the question of whether the additional paperwork was worth it when there was no extra revenue to be collected. However, I have a

different view. I think the additional paperwork will generate additional revenue, and that might give the government scope to lower the duty — given that everyone will then be paying their fair share of taxation the opportunity will be there to commensurately lower the duty.

Hon. R. M. HALLAM (Western) — I rise to report that the National Party has formally resolved to not oppose the State Taxation Legislation (Further Amendment) Bill. We came to that conclusion on the grounds that our assessment of the bill is that it has the effect of streamlining the state's taxation system and makes minor housekeeping adjustments to overcome the operational shortcomings and ambiguities that have been discovered in the day-to-day operation of our taxing laws.

Our view is that the changes are reasonable and both improve the collection efficiency of the tax structure — in other words, advantage both the taxpayer and the collector — and overcome some anomalies that have been encountered in the operation of our taxes.

I shall mention three changes in the bill that are worthy of note. The first goes to the issue of motor car duty. From 1 July — in four weeks time — the duty imposed on the transfer of used cars will become payable to Vicroads as part of the registration transfer process. To that extent we will therefore eliminate the involvement of the State Revenue Office, which puts the onus on the vendor, or in most cases the licensed motor car trader, to remit the duty involved.

However, it represents a much more simple collection regime, and beyond that it assures that the purchaser knows about the duty involved in the transfer. It should be noted that the amendments in the bill will ensure that the rules relating to the transfer of ownership of used cars will be exactly the same as those that currently apply to new cars.

In determining the views of the stakeholders in this issue I contacted the Victorian Automobile Chamber of Commerce. I received a letter of response from David Russell, the manager of corporate and public affairs. What the VACC said was quite interesting. It acknowledged that the current system is confusing and open to avoidance in that the vendor may not tell the intending purchaser about the impact of duty on the transfer. It noted that a number of used car purchasers throughout the state might get a big surprise in the form of letters from the State Revenue Office telling them what the tax is on the deals they have done. There is the potential for confusion, at least.

David Russell tells me that the VACC has contacted all its members to get their attitudes to the changes proposed in the bill. He makes the point that a substantial majority of those who were included in the survey acknowledged their support for the amendments before the chamber. Mr Russell makes the point that his members were not too happy about the prospect of becoming tax collectors, and he registered a number of complaints that came directly to him from his members in that respect.

He also acknowledged that his members were a bit perturbed about the settlement terms that will apply as a result of the transfer from the State Revenue Office where the system currently allows payment by the 21st of the next month whereas the new system will require the payment of duty to be completed within 14 days. His members were unhappy to some degree about that, but they did have to acknowledge that there was a bit of quid pro quo. Because Vicroads will now be involved it is a matter of fact that those same members of the VACC will be able to use their credit cards, which has obvious advantages in terms of cash flow. In addition, it was noted that Vicroads is preparing for the next step in technological implementation, and we expect it will provide for online direct debit in the foreseeable future. That is a real bonus because it offers all sorts of efficiencies in the transaction and flow-on benefits for cash flow.

While there were some swings and roundabouts in the impact on members of the VACC, the manager of corporate and public affairs, David Russell, acknowledged that the weight of evidence was in favour of the transfers. I also make the point that some credit is due to government in respect of the fact that it went out and talked to those directly involved. David Russell makes the point that his organisation was pleased to be part of the stakeholders consultation process on the new model that had been initiated by the State Revenue Office. Credit where it is due: direct stakeholders were consulted and given the chance to participate in the process. That is the first issue I wanted to touch on.

The second issue is that of land tax assessments. By way of background, I want to simply remind the chamber that land tax is payable each calendar year on the unimproved value of the aggregated land holdings held by individual taxpayers above the threshold valuations and that the municipal valuations have been traditionally employed to estimate those unimproved values.

By way of further background, I remind members that up until 2000 municipal valuations were extended to up

to a six-year cycle — four years for metropolitan municipalities and six years for country councils. In addition to that extraordinarily extended period, no common dates applied to those valuations, so it was a bit of a dog's breakfast. In order to get some uniformity into the land tax assessments the Valuer-General set an equalisation factor for each municipality to allow the determination of at least a notional value for each parcel of land at the assessment trigger date of 1 January.

There has been a sea change in municipal valuations in that since 2000 all municipalities are required to undertake evaluation on a common two-year cycle. Not only have we dragged back the duration from six years or four years to two years and standardised it but we have also set a common valuation date and used 1 January, which is of critical importance.

The bill says that we will no longer need the old equalisation factor and we will replace it with an indexation factor. It sounds very similar, but it is quite different. The new indexation factor will still be set by the Valuer-General.

It should give a much-improved approximation of the unimproved value of each parcel of land in the state, but I hasten to add that we should remember always that the value is hypothetical anyway. It is not going to be tested; it is simply employed as the basis upon which the land tax assessment is made. However, the National Party acknowledges that the new system should go some way to reducing the dramatic fluctuations on valuations and thus land tax assessments which were thrown up by the previous system.

By way of further background, I should also make the point that, while the minister can technically select any date on which the valuation shall apply, the standard assumption that has been applied up until now is that there be a delay of two years. We were told in the briefings on the bill that that standard assumption should not change. That allows time for the councils to complete their valuation process and for the data to be loaded into the State Revenue Office's assessment formula.

While I would be the first to acknowledge that two years sounds to be an excessive term to allow that process to take place, it must be remembered that the new valuation arrangements are taking some bedding down across local government. It should also be acknowledged that a large percentage of our councils had not completed by the end of that calendar year the valuation that was due on 1 January 2000. We also should acknowledge that for the State Revenue Office's formula to be pristine we need to wait until the last

valuation is in, so we are really reliant on the weakest link in the local government chain.

Given that this was the first time that the new cycle was to apply, there are bound to be some teething problems. We should also understand that this is not necessarily restricted to valuations in one particular location because we will have taxpayers who are, through the aggregation process, involved in multiple land holdings which will almost invariably be across municipal boundaries. We need the last of the valuation processes to flow before the State Revenue Office can get a clear indication of the valuation basis.

This new indexation factor will apply only where the most recent valuation available to the State Revenue Office is more than two years old. It will be applied in the form of a Valuer-General's assessment of the average of the two most recent valuations. I acknowledge it is very important because there has been a bit of toing-and-froing in the background because the Valuer-General has the right to apply his estimate in respect of the most recent valuation in that average where the council is dragging the chain or there are extenuating circumstances.

I think the formula is pretty good. It is certainly a dramatic improvement on the one that we were using previously. The 2002 assessment is based upon the valuations of 2000. When we get to 2003 the assessment will be based upon the Valuer-General's assessed average of 2000 and 2002. When we go on to 2004 the assessment will be based upon 2002 valuations, and logically it follows that when we get to 2005 the assessment will be based upon the Valuer-General's assessment of the averages of 2002 and 2004. That is the way the system will work. We will use the average where we need to, but the valuations upon which the State Revenue Office will rely will be no more than two years old. In our view that is a giant step in the right direction because we are reminded that in many cases the previous system saw valuations that may have been six years old, and no common date was involved at all.

Apart from the reduced time cycle between valuations and thus the reduced chance, technically at least, of fluctuations in the tax assessment, the new system has the advantage that the principal place of residence which was a fundamental exclusion introduced under the coalition is also removed from the indexation factor. I note that the Honourable Jenny Mikakos is in the house, and I again remind her that that was a substantial shift in the formula employed by the previous government. It was a major step in the right direction that a policy decision was taken to exclude the principal

place of residence in respect of land tax in the first place, and if the government is going to be fair that exclusion should be acknowledged. In any event we are now going to take out the principal place of residence, which should help to smooth the valuations and, more importantly, the formula used as to how they should be employed in the assessment of tax. The new system is a substantial step in the right direction.

I should also say as an aside that it is worthy of note that the State Revenue Office actually pays the councils for the valuations, and it is no small bickies. As I understand it, the last time the State Revenue Office struck a deal with the councils it cost the public purse about \$10 million, and that should be on the record.

The other thing that is worthy of note is that the new system and the extent to which it is fairer to taxpayers in that the fluctuations are reduced and thus more readily budgeted for is available only because the previous coalition government took the very brave decision to reduce the valuation cycle and to standardise the dates across local government. Given that I am prepared to give credit where it is due, those who occupy the Treasury benches should also be prepared to acknowledge that it was a very brave decision to bring forward the valuation cycle and to standardise the dates across local government. It was a very important policy initiative, and if it had not been for that decision, which was very brave at the time, the opportunity we have before us tonight in the form of the bill and, more importantly, the opportunity to reduce the fluctuations between valuations and therefore the flow-on fluctuations in land tax assessment simply would not have been available. That is the second issue that I wanted to mention.

I want to talk now about the application of land tax. We raised one fundamental anomaly with the government in the equivalent debate last year. It had come to our attention that a number of the equivalent of pastoral and agricultural societies and those who conducted machinery field days had been caught up in the land tax net. Given that there were others who had obviously avoided the net, this seemed to be a really grave anomaly.

That issue was brought to my attention by my colleague the honourable member for Rodney in another place, and I raised the issue with the Treasurer. I pleaded the case that we should at least be standard in the application of land tax in respect of pastoral and agricultural societies and regional field day committees. I explained to him that the rules that had been applied by the State Revenue Office — even though I was not challenging the application of those rules — were

pretty silly and they made fish of one and fowl of another.

The Treasurer said to me that the Department of Treasury and Finance could not intervene and that this is the judgment of the State Revenue Office. But he gave me a commitment that in the course of the structure of the forthcoming budget he would take my suggestions on board.

I want to acknowledge that the Treasurer has been true to his word. The bill provides specific exemptions for those who were caught up in that net. Again, to give credit where it is due, we have the relief we were looking for. The Kyabram Agricultural Horticultural and Pastoral Society and the Elmore and District Field Day have been granted specific exemptions as a result of the consideration of the Treasurer. I thank him for that; it is a very good outcome.

Hon. W. R. Baxter — And very much appreciated by the two bodies.

Hon. R. M. HALLAM — I am pleased to put that on the record as well. I made sure that the two organisations knew that the tax relief would be available. I inform Mr Baxter that, better still, it will apply from 1 January 2002, so there is a bit of a bonus. However, I want to acknowledge that true to his word the Treasurer, John Brumby, got involved in the issue I raised with him and provided the relief we were seeking.

There is one other issue I wish to canvass relating to a letter the Honourable Bill Forwood received from the Law Institute of Victoria about the application of duty in respect of chattels which form part of a property transfer. I will not take the house through the technicalities of that case, but the law institute was concerned that because the bill has retrospective application a taxpayer would be grossly disadvantaged as a result of that retrospectivity. I was concerned because the State Revenue Office officers who provided the briefing on the bill made it clear that what they were trying to overcome in the clause was an anomaly in the lifting of that particular clause from the old Stamps Act.

I do not know all the answers, but I know that the brief given to those officers to translocate all the old provisions of the Stamps Act into the new form required a herculean effort — it was a monumental task. It got to the stage where it was so complicated and diverse that we had to have several goes at it. It has been going on for several years. In any event, the commitment given in the briefing was that this issue

was retrospective because it was designed to be cast in the favour of taxpayers, and that it was appropriate given we were lifting slabs out of the old Stamps Act to have the new clauses where the anomaly had been discovered apply from the date at which the Stamps Act had gone out of existence and was replaced by the modern legal structure.

I do not blame anybody for the circumstance which we understand emerged after the event, where a taxpayer was caught up in an unwinnable position because of the retrospective application of the changes. I do not know whether the taxpayer would have won the case, and neither did the law institute, but the argument put to me was that if we were going to change the law we should only do so in a way that did not disadvantage someone who had already commenced on a course of action. That is the rule we apply in terms of retrospectivity in every other circumstance.

The Honourable Bill Forwood, who received the letter, invited me to be part of the process to hear the argument by the law institute. I was very grateful for that. I was convinced that there was at least a prima facie case applying to one taxpayer. As I understand it, as a result of the intense negotiations that took place behind the scenes and the involvement of the State Revenue Office, officials from the Department of Treasury and Finance and my colleagues from the Liberal Party, a compromise has been struck whereby that taxpayer has been accommodated. I do not need to know the details of that; I take the word of the Honourable Bill Forwood, in exactly the same way as I did when he advised me there was a concern in the first place. I am now persuaded that the issue of concern conveyed to him by the law institute has been fixed. On that basis I intend to take it no further. I understand there is to be an explanation by a government member as to how the situation arose and how is it to be addressed in the accommodation I described. As I said, on that basis the National Party does not intend to take the issue any further.

Apart from saying thank you to John Brumby for the accommodation of Kyabram and Elmore the National Party concluded that the rest of the changes in the bill were purely technical and therefore supportable. It was on that basis that the National Party determined the bill should be allowed to pass.

Hon. JENNY MIKAKOS (Jika Jika) — I rise to make a contribution to the debate on the State Taxation Legislation (Further Amendment) Bill. The bill is necessary as it seeks to make a number of technical amendments to a number of pieces of legislation dealing with state taxation. The bill will make a number

of amendments to the Duties Act 2000, the Land Tax Act 1958 and the Pay-roll Tax Act 1971. I do not intend to spend too much time going over the various technical aspects of the bill, but I want to focus on some issues that have come up in contributions from previous speakers.

The bill makes a number of retrospective amendments which are necessary because they seek to rectify a number of issues in the legislation. Honourable members would understand that retrospectivity is a standard procedure when amendments are sought to clarify legislation, and I will make some comments on this retrospectivity issue because it seems to have attracted a fair bit of comment in the debate so far.

I understand the Honourable David Davis referred to the retrospectivity issue, and in particular to the Scrutiny of Acts and Regulations Committee (SARC) *Alert Digest* that sought further clarification from the Treasurer on why retrospectivity was being applied to a number of provisions. Although the Treasurer's response has not been tabled in the Parliament in a subsequent *Alert Digest* I have been advised that the Treasurer has responded to the committee's concerns.

Hon. D. McL. Davis interjected.

Hon. JENNY MIKAKOS — I advise Mr Davis that I have had a copy of the response for some time now. I cannot tell the honourable member for a fact when that response arrived at SARC, but it has had it for some time. The response is lengthy, and I do not propose to read it out. However, I note that a response was sent. It is extremely detailed. It covers two pages and goes over why retrospectivity was required in every instance where the bill seeks to apply a provision retrospectively. I have looked at that letter of advice and consider it to be extremely detailed. It makes the point that these are not policy changes but technical changes, and for that reason retrospectivity has occurred.

I wish to talk about some aspects of the bill, particularly those that have been touched on by the previous speakers.

In relation to the Duties Act, the bill makes a number of changes to the regime in which stamp duty is collected on motor vehicle transfers. Those changes essentially seek to streamline the method of collection of duty to a single payment point at Vicroads rather than continuing the current system where it is collected by registered used car dealers or through a state government agency such as Vicroads. The changes will, as I said, streamline the current arrangements. They have come

about following considerable consultation with Vicroads, the Victorian Automobile Chamber of Commerce and Consumer and Business Affairs Victoria. My understanding is that agreement to replace the current collection system has been reached by all parties.

The other changes to the Duties Act are a lot more technical in nature. There are a number of changes to the provisions of transactions in relation to land, in particular in clause 6 of the bill which relates to the current aggregation provisions which aim to ensure that items of dutiable property purchased under one arrangement are dutiable on their aggregated value. The existing provisions are being amended to bolster the underlying anti-avoidance intent whilst at the same time minimising taxpayer compliance costs.

The other changes relating to land transactions relate to the reference to goods used with land and this is the clause which the Honourable Roger Hallam mentioned in his concluding remarks. The provision in clause 4 of the bill seeks to clarify the current provision which has been regarded as being confusing as it relates to goods being sold with land. I understand that some concerns were raised by the Law Institute of Victoria about the retrospective nature of this particular provision and others relating to the Duties Act.

As I indicated earlier, the government is not making any policy changes in the retrospective provisions in the bill. The retrospective provisions merely seek to clarify the meaning of the current provisions. These amendments will take effect from 1 July 2001 which is the date of commencement of the Duties Act. Where any of those amendments change policy or are of an anti-avoidance character they will not operate retrospectively. This should not be seen as a precedent. The amendments in this bill are technical in nature and their retrospectivity is designed solely to avoid confusion for practitioners using the legislation. My understanding is that discussions have occurred between the State Revenue Office and the Law Institute of Victoria relating to the amendment to section 10(1)(d) of the Duties Act. The law institute agrees with the amendment but is concerned about its retrospective commencement.

Agreement has been reached on a process for ascertaining whether any taxpayer could be detrimentally affected by the commencement of this amendment on 1 July 2001. If it is shown that any taxpayer is adversely affected by the retrospective commencement of this amendment, the government is giving taxpayers the assurance that they will be able to

apply for appropriate relief and that the government is prepared to provide it.

I hope that assurance goes some way to reassuring the Honourable Roger Hallam — I hope he has been listening — that the government is prepared to ensure that this particular retrospective change does not adversely affect any taxpayer. On that issue I can add that my understanding is that that advice was also provided to the shadow Treasurer in another place and that he has also received advice from the law institute earlier today confirming that it is satisfied with that explanation and those assurances and the undertaking which I have just put on the record now.

The bill makes a number of other changes to transactions relating to trusts; for example, in clause 7 of the bill, in respect of declarations of trust for quoted shares, the changes provide that a declaration by a trustee purchasing dutiable property — that is, both land and marketable securities — on behalf of the person who supplied the money is not intended to be subject to duty. As a result of marketable securities quoted on a recognised stock exchange being removed from the dutiable property list an amendment is required to ensure that declarations of trust in respect of those quoted marketable securities continue to be exempt. There are a number of other technical changes about declarations of trusts which seek to provide exemptions. These are retrospective provisions but they operate in favour of the taxpayer because they reflect the original policy that applied from 1 July 2001.

The other significant changes being made under this bill relate to amendments to the Land Tax Act 1958 and in particular the change-over from the use of the equalisation factor to an indexation factor.

The Honourable Roger Hallam covered the history of the changes in a comprehensive way. The equalisation factors were used for the purposes of calculating land tax between 1984 and 2001. The unimproved value of land was used to calculate an equalisation factor which applied to each municipality. That factor reflected the Valuer-General's estimate of the average movement in site value of municipal properties from the time of the last general valuation to a common date set by the Treasurer. The equalisation factors were applied to the site value at the last municipal valuation to derive a notional unimproved value on which land tax was calculated.

More recently we have moved towards a biennial valuation method rather than having valuations every four years. I noted Mr Hallam's remarks in that respect, and I thank him for being generous in saying that that

particular change from a four-year cycle to a two-year cycle will benefit taxpayers. It is a positive change. Commencing with the 2000 general valuation all Victorian municipalities now undertake general valuations on a common two-year cycle. The 2000 general valuation is being used for land tax assessment for the first time in 2002. Site values have not been equalised as these valuations have all been made at a common date, which is 1 January 2000. It is proposed however that the 2000 values should be adjusted for land tax assessments in 2003 to reflect the average movement in property values between the 2000 and the 2003 general valuation, which will not be applied for land tax until 2004. The proposed new formula, to be called an indexation factor, will remove some of the anomalies and inequities created by the existing equalisation factor.

I do not want to spend too much time discussing the indexation factor, but I acknowledge that the Property Council of Australia has expressed some concerns about it. In particular it is concerned about whether supplementary valuations would be taken into consideration in calculating the indexation factor. My understanding is that the supplementary valuations are intended to be included in the definition of an applicable general valuation, and those supplementary valuations could arise, for example, because of a subdivision or building activity occurring at a particular site.

Most councils undertake supplementary valuations, particularly those councils in metropolitan municipalities, on a regular basis of between one and three months. For example, the City of Casey, which is a fast-growing municipality, provides the highest number of supplementary valuations; it conducts them on a monthly basis. Supplementary valuations constitute a small percentage of total municipal valuations. Usually they come about as a result of building activity and do not bring about significant changes to site value but rather to capital improved value and therefore have a minimal impact on land tax. Many subdivisions occurring on the outer fringes of Melbourne are unlikely to result in properties being taxable, either because they are being used as a principal place of residence and are therefore exempt from land tax or because they fall below the land tax threshold.

Because of concerns that the Law Institute of Victoria raised with the Treasurer on various land tax issues, the Treasurer provided advice to them in a letter dated 15 May. I do not propose to read the whole letter but I will read some passages because it goes some way to

addressing some of the concerns expressed about how the indexation factor will operate. The letter says:

The proposed indexation factor has a number of benefits over the current equalisation factor. One major improvement is that an actual valuation will be used in the first year of use of the valuation. When previous general valuations have been used for the first time, these values have been equalised. For the 2002 land tax year, and where a general valuation is used for land tax for the first time, the valuation will not be indexed. Therefore, the actual use of a new valuation now provides taxpayers with certainty about the valuation that will be used two years into the future.

The indexation factor which will be calculated by the Valuer-General will exclude from its calculation non-taxable residential properties and will reflect half the average movement in valuation within a municipality between two actual valuations. It will therefore have the advantage of being a fairer system than the one currently in place.

The advice provided by the Treasurer to Mr David Faram, president of the Law Institute of Victoria, goes a long way towards explaining how this indexation factor will operate and to addressing previous concerns expressed by the institute. My understanding is that the law institute has accepted the explanations given by the Treasurer.

The last area I want to address briefly is the changes made by the bill to the Pay-roll Tax Act 1971. The bill will simplify and clarify the operation of the existing exemption applying to wages paid by schools or colleges, other than technical schools or colleges, which are non-government, non-profit and provide education predominantly at or below secondary level for students aged under 19 years. This particular amendment is required because it seeks to clarify the exclusion of technical schools from the exemption. As honourable members would be aware, this exemption has always existed, but the term 'technical school' is not a defined term in the legislation. It is not a term that is used much these days, and it is necessary to update this particular exemption.

The other clarification being made in this exemption is to the words, 'provides education predominantly at or below the secondary level of education'. This requirement is determined by reference to a school's curriculum and course content and is therefore difficult to administer as it requires the State Revenue Office to determine issues to do with education, curriculum and so on. It is therefore necessary that that exemption also be updated to make it easier to administer.

The final aspect of the bill that I want to touch upon relates to the exemption of agricultural shows from land tax. I acknowledge the role played by the Honourable Roger Hallam in championing this amendment. I have a

copy of a letter dated 7 September 2001 sent by Mr Hallam to the Treasurer, in which he champions the cause as to why this exemption is necessary and asks —

Hon. R. M. Hallam — A very good argument!

Hon. JENNY MIKAKOS — Do you want me to put it on the record, Mr Hallam? He asked for the Treasurer to intervene in this particular case to offer assistance to the Elmore and District Machinery Field Days Inc. and the Kyabram Agricultural Horticultural and Pastoral Society, both of which have previously been unsuccessful in obtaining exemptions from land tax. In the Treasurer's response to Mr Hallam, he indicated that unfortunately he was not able to intervene in the administration of the Land Tax Act but — and I quote from the Treasurer's letter:

... the issue of whether the Land Tax Act should be amended to ensure that societies such as Elmore and Kyabram are exempted from land tax will be considered by the government in the context of next year's budget.

This was a letter that was sent by the Treasurer, the Honourable John Brumby, to Mr Hallam last year, and it is very pleasing to see that this particular exemption has made its way into the bill before the house today. The amendment will operate retrospectively to cover the 2002 land tax assessment year. This is seeking to remove an anomaly whereby certain agricultural societies were assessed for land tax, whereas others obtained exemption under the charitable purposes heading. The amendment will ensure that the policy that such bodies are entitled to an exemption is clearly reflected in the land tax legislation.

Hon. R. M. Hallam — So John Brumby was as good as his word.

Hon. JENNY MIKAKOS — He was, Mr Hallam, and I thank you for being generous in your remarks. It goes to show that when constructive suggestions are made by members of the opposition parties, this government is prepared to listen to them. I thank Mr Hallam for bringing this particular issue to the government's attention — I am very pleased that he has been able to see his suggestion go forward and make its way into the budget this year.

The legislation, as I said, is quite technical in nature. I hope the assurances and undertakings I have given to members of the opposition go some way to addressing the issues they have raised in their own contributions, and I urge them to support this bill.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — Following the contributions of my colleagues the

Honourable David Davis and the Honourable Roger Hallam, who canvassed the provisions of the bill at length, I only intend to speak briefly and generally on some of the points in this bill.

The principal amendment this bill makes is to the Duties Act, which came into effect in July 2001 as a replacement to the Stamps Act 1958. At the time the Duties Act was introduced it was with a purpose of implementing clear and equitable legislation, drafted in, to quote the minister's second-reading speech, 'contemporary language and modern style'.

The further purpose of the Duties Act was to introduce some form of uniformity across state jurisdictions with respect to the levying of duties. The Duties Bill, which this Parliament passed in 2000, was a collaborative effort between the State Revenue Office in Victoria and the New South Wales, South Australian, Tasmanian and Australian Capital Territory jurisdictions. The bill that is before the house tonight introduces a number of measures, again in line with the principles of the Duties Act, which were to ensure the open and equitable application of duties. That principle has been carried forward in this bill.

The bill will amend three principal acts: the Duties Act; the Land Tax Act 1958; and the Pay-roll Tax Act 1971. The point I would like to make is that this is the second bill before the house today which makes amendments to the Duties Act, and, following the passage of this legislation in addition to the other piece earlier today, this will be the ninth piece of amending legislation that has been introduced to this Parliament to amend the Duties Act since it was proclaimed in 2000 and came into effect in 2001. The opposition accepts that many of these amendments which have introduced by legislation have been to improve the operation of the Duties Act.

The Duties Act was a wholesale replacement of the Stamps Act. It was entirely new legislation and in many areas the Duties Act was silent with respect to the Stamps Act and with respect to the procedures and processes followed by the State Revenue Office. Because the office had established procedures, processes and practices it was necessary in some instances to introduce legislation to support its practices. It was merely a case of reinforcing what had been the established practice of the office rather than making policy changes. Nonetheless it has meant that with the passage of this bill Parliament will have amended the Duties Act nine times since it was proclaimed in 2000.

I refer briefly to some specific provisions of the bill. Part 2 deals with the amendments to the Duties Act.

Clause 3 introduces two new definitions, one of which refers to a mortgage-backed security. This definition has been lifted out of the Stamps Act, which was repealed in 2001. Having moved forward with the Duties Act to get a uniform platform for duties, Parliament is now taking a retrograde step in reverting back to one of the definitions from the former Stamps Act. This is not the first time definitions in the Duties Act have been replaced by provisions from the repealed Stamps Act.

The second new definition in clause 3 is the definition of 'prescribed property'. The criticism I make of the definition is that it is based on the Trustee Act 1958, which Parliament has already repealed. The parliamentary draftsman got around that by referring to provisions in the Trustee Act prior to the commencement of its replacement legislation, the Trustee and Trustee Companies (Amendment) Act 1995. Rather than incorporate the full definition in the Duties Act the parliamentary draftsman has taken a somewhat convoluted approach and has referred to provisions in force prior to the repeal of the Trustee Act. That is unfortunate because it requires people wishing to refer to the Duties Act to refer to a piece of legislation that no longer exists. The introduction of references to other legislation could be handled better in future.

Another issue I touch on briefly is the use of retrospectivity. This is a big issue in relation to this legislation. Mr David Davis, Mr Hallam and Ms Mikakos have canvassed those issues, and I do not intend to cover them again, but I make the point there are a number of provisions in the legislation that are retrospective to 1 July 2001. Retrospectivity is never viewed by opposition members of Parliament as something that should be encouraged. It is not something we like to see used in bills like this other than when absolutely necessary. Previous speakers gave examples of why retrospectivity should not be used. It is an issue for the government which will have to be dealt with, presumably during the committee stage. The government needs to be aware of it for the future. Parliament does not like the use of retrospectivity, and this is a prime example of why. A large number of the proposed amendments in the bill relating to the Duties Act introduce retrospectivity.

The opposition does not oppose the bill and recognises the need for provisions clarifying and improving the operation of a number of functions of the State Revenue Office. However, I re-emphasise that this will be the ninth time the Duties Act has been amended since it was introduced into Parliament in 2000. As a matter of principle that is not something that should be

encouraged. I look forward to this legislation being allowed to stabilise so that the people who use it, whether it be the State Revenue Office or practitioners, have an opportunity to become familiar with its provisions so that they operate appropriately.

Hon. S. M. NGUYEN (Melbourne West) — I would like to contribute to the State Taxation Legislation (Further Amendment) Bill, which is the second taxation bill to be debated in this place today. Both bills are important and indicate that the government is committed to improving the taxation system in Victoria. In the contributions on the earlier taxation bill honourable members referred to the provisions that would help first home buyers and concession cardholders when buying their first home. This bill amends the Duties Act 2000, the Land Tax Act 1958 and the Pay-roll Tax Act 1971.

The government wants to make the tax system fairer and more equitable, which will be better for businesses. The bill will have a significant effect on the motor car industry. The government has been working closely with Vicroads, the Victorian Automobile Chamber of Commerce and Consumer and Business Affairs Victoria to assist the motor car industry. A system will be developed between the motor car dealer and the buyer of the car. A new collection system at Vicroads will eliminate the need for the used car dealer to deal with two separate agencies. Many of these provisions were required because of the introduction of the GST. These measures will replace the current motor vehicle duty collections system and will assist the industry to be more profitable.

Licensed motor car traders, both new car dealers and second-hand car dealers, will collect the tax from the buyers. The bill will ensure that it will be easier for buyers and dealers to carry on business. Thousands of people register their cars at Vicroads. The motor vehicle industry generates a lot of business.

The government will ensure the industry clearly understands its responsibilities and at the same time makes a contribution. There will be minimal disruption. The new provisions will commence on 1 July and the State Revenue Office will undertake a new role to inform taxpayers and licensed motor car traders about the changes.

The bill refers to land tax in regard to council rates. As we know, the valuation of houses in Victoria has changed greatly over the last decade; in some places valuations have increased by 50 per cent and in other places by 100 per cent. In some parts of my electorate in the western part of Melbourne, particularly around

Footscray, Yarraville and Williamstown, values have increased by 100 per cent or more. I have been to a few public ratepayers meetings in Yarraville and Williamstown. Many elderly people who bought homes 20 years ago and who would like to stay in their homes for the rest of their lives suddenly find that their rates have increased because of the value of their homes. As a result many pensioners and concession cardholders cannot afford to pay their council rates and meetings have been held with councils about rates. It is a hard task for the mayors, councillors and officers of the cities of Maribyrnong and Hobsons Bay to answer those questions. The new system will allow councils to revalue houses every two years so that there is not such a gap between revaluations. The new system is more flexible with regard to the housing market and councils will be able to value properties that are more relevant to the current market than was the case before. Ratepayers normally do not have an avenue to appeal and are unhappy because they have no say in the process.

The bill makes changes to land tax with regard to community organisations. Charitable organisations and community organisations benefit the community and the government is trying to support them through provisions in the bill. The bill provides for non-profit bodies and also helps agricultural events in rural areas. Both city and country Victoria will be the beneficiaries of the changes to land tax.

In conclusion, I support the legislation because the government is keen to work with and update the demands of our community. The provisions in the bill will help the economy of Victoria to grow and also help community organisations in Victoria to receive a benefit through exemptions. I support the bill.

Hon. G. R. CRAIGE (Central Highlands) — I rise to make a contribution on the State Taxation Legislation (Further Amendment) Bill, in particular clauses 9 to 12. A lot has been said about the need for the legislation, of which I have no doubt. A lot has also been said of streamlining processes, with which I have no problems either.

The issues which I wish to raise concern the continuing to burden of administrative responsibilities that are placed upon businesses when changes are made, in particular to licensed motor car traders. The Victorian Automobile Chamber of Commerce survey acknowledges that clearly this is a move on the right direction.

There is no doubt that licensed motor car traders (LMCTs) view it as a positive move, as does the Victorian Automobile Chamber of Commerce, because

as the central agency Vicroads will streamline the process and there will be benefits from that. On reflection I recall the VACC saying that the bill would help eliminate some of the anomalies and avoidance issues. I cannot help then but logically conclude that while the government indicates that no further revenue will be collected through this process that ultimately it will be.

My colleague the Honourable David Davis would like to see a reduction in the duty payable by the Victorian public. However, I would like to see some recompense to licensed motor car traders in this state in respect of the administrative burden which will be placed on them by this new legislation. I have some examples, but it does not matter whether you take Penfold Motors, a large suburban Holden dealer; Tino Ballan at Werribee; or Neil Beer in Seymour — currently they are all required to submit their returns by the 21st of the month and they all engage staff to carry out that function. Neil Beer from Seymour indicated to me that it currently takes the company about five hours extra a week to compile the records and make sure it meets the deadline. He indicated that if there is a shortage of bookkeeping staff or staff are away ill it can be difficult to complete the process in time. This is especially significant in country areas. The 14-day period makes it more difficult for some of those operators in the country.

I place on record that the government should continue to monitor the burden it places on many businesses in the state. While the provisions in the bill may streamline the process and make it more efficient to collect duty — and as the second-reading speech clearly states the purpose of the bill is to simplify the collection regime — at the same time there is a view that this means that some of those LMCTs will have to meet the burden of doing that. I have nothing further to add other than to say it is a matter I raise legitimately on behalf of motor car traders in this state who currently collect duty and tax for the government and who will continue to be collectors. It seems to me they should not be ignored in this process. The opposition does not oppose the legislation.

Motion agreed to.

Read second time.

Third reading

Hon. C. C. BROAD (Minister for Energy and Resources) — By leave, I move:

That this bill be now read a third time.

In doing so, in addition to thanking honourable members for their contributions to the second-reading debate, in accordance with some earlier discussions I reinforce statements made during the second-reading debate that the government has indicated that if it is shown that any taxpayer is adversely affected by the retrospective commencement of aspects of the bill the government commits to providing appropriate relief through a process which has been discussed.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

TRANSPORT (FURTHER MISCELLANEOUS AMENDMENTS) BILL

Second reading

**Debate resumed from 30 May; motion of
Hon. C. C. BROAD (Minister for Energy and Resources).**

Hon. G. B. ASHMAN (Koonung) — At 10.05 p.m. we are commencing debate on a new piece of legislation. It is indicative of the government's ability to organise its legislative program that as we approach the final days of the sitting a flood of legislation is coming through.

This is the second transport bill we have dealt with in this sitting. It deals again with some of the issues we dealt with in earlier legislation. The bill introduces a number of amendments to the Transport Act, and I will briefly outline them. There are a range of amendments that impact on the hire car industry, some reforms to the taxi industry, extension of the powers of the Director of Public Transport and further reforms to the tow-truck industry.

It also extends the authority of the Essential Services Commission on a number of issues; once again we are amending the Melbourne City Link Act; and it increases the powers of ticket inspectors on public transport. I thought I might deal with each of these issues briefly. I indicate that the Liberal Party will not oppose this legislation, although it does have some criticisms of the government's approach to a number of the issues.

I deal firstly with the changes to the taxi and hire car industry. One of the key changes is the introduction of a late-night surcharge on taxi fares which will apply between 1.00 a.m. and 6.00 a.m. and is payable to the

driver. The government has put this forward in the belief that it will increase the availability of cabs at late hours and remunerate drivers more appropriately. The Liberal Party has a number of objections to this 20 per cent surcharge. As honourable members would be aware, currently a \$1.10 or \$2.20 late-hour fee is applied to taxi fares. It has been put to us, particularly by a number of outer suburban and country taxi operators, that the 20 per cent surcharge will not make up for the reduction of the \$2.20 from their fee as many of their fares are quite small. The distances involved are relatively short and therefore the meter charges will not rack up to a level where the 20 per cent will exceed the \$2.20 that currently applies.

We have had communications from a number of taxi operators in the Horsham, Ballarat and Bendigo areas. I have been contacted by a number of drivers who work in the outer eastern suburbs, who told me that most of their fares are about \$15 and that the 20 per cent surcharge will certainly not make up for the \$2.20 they will lose as a result of this change. The opposition will not oppose these changes but it draws to the attention of the government the fact that they might not deliver the outcome the government appears to be desirous of achieving.

Another amendment is the introduction of security cameras in taxis. I do not think any of us would argue to any great extent that taxis can do with additional security from the perspectives of both passengers and drivers, but some privacy issues come to mind with the introduction of these cameras. I note that the bill contains penalties for the misuse of the images that are captured by the cameras — it provides that the images can only be accessed by the Victorian Taxi Directorate or law enforcement officers. The opposition would want the government to give an absolute assurance that these images will not turn up on shows entitled 'The world's worst taxidivers' or 'The world's worst passengers' or on some other form of the real-life television programs that seem to be so popular at the moment.

The legislation also allows for the introduction of new cab licences. The opposition has some criticism of the way the government appears to be proceeding with the introduction of these licences, although it would not argue that there is not a need for additional licences, particularly in metropolitan Melbourne. We understand the additional licences will be some 300 in number and will enable cab drivers to pick up passengers on seven nights a week.

The taxi industry was suggesting initially that only 300 of these licences should be introduced and that they

should be restricted to operating between 3.00 p.m. and 7.00 a.m. Thursdays through to Saturdays. New conditions on these licences do restrict operation to certain times of the day. I hope that the cost of these licences will be such that we can reduce the growth in the value of cab licences because in my view that is having a significant impact on the cost of fares to the broader public. I also hope that in issuing these licences the government ensures they actually go to existing cab drivers rather than being snaffled up by the major taxi companies. The greater number of licences in this state are now held by a very few number of companies, and it would certainly be in all of our interests if there were a greater spread of licences across the drivers. As a result of introducing new licences the government stands to gain around about \$176 million through national competition policy payments. We should not lose sight of the fact that that money will be flowing to the government.

The legislation also contains a scheme for accreditation of the depots and communication networks. Its stated objective is to provide quality control and assurance to the consumer that there will be a standard of service that is applicable to the needs of the consumer. There may be some justification for this. I hesitate to endorse the proposal given that the industry appears to have worked reasonably well and that I would have expected competition to have been sufficient to ensure that the dispatch systems of the taxi companies met consumer demands; nevertheless, the government is introducing this and some new regulations which will focus on taxi licence holders and cab drivers meeting standards.

Honourable members will recall the changes to this industry that came in under the Kennett government. I do not think there would be a member of this chamber who would suggest for a second that those changes were not long overdue. We all recall the days of dirty, run-down cabs and drivers who were unruly or scruffy, and that is being kind to some of them. Certainly the standard of cabs and the standard of drivers has improved dramatically.

If it takes the Kennett changes on a little further then it is to be welcomed. I would have some concerns if through this process the government was looking at setting fees for depots, because I believe that ought to be driven by customer and user charges. It ought to be left to the private sector to set those fees.

I turn now to reforms to hire car and special purpose vehicle licences. This is a welcome change. The bill substitutes proposed new section 142 which removes the public interest test in the issuing of new hire car licences. The amendments keep the test of the person

applying for a licence at being a fit and proper person, and by removing the public interest test an opportunity is provided for increased competition within this sector.

The government intends to issue these licences at current market value. We are told that is currently \$55 000. In responding to this debate during the third-reading stage, the minister might indicate how the government will continue to determine the market value of those licences. I can think of a couple of scenarios where if I already held a couple of hire car licences and was looking to obtain some additional licences, I might be able to argue that the market value was significantly below \$55 000. I could transfer a licence to an associated company at say \$5000 and reset the market value because that is the price at which the last licence changed hands, and indeed why should there be a value of that on the licence where, as I understand it, anyone who meets the fit and proper person test should be able to get the licence?

The government needs to address some issues about how the licences will be valued. If the licence is available to any fit and proper person, why is the government then setting a market value on those fees? I am not persuaded that the government needs to be in the business of selling these licences. If a person is a fit and proper person to have a licence then it ought to be readily available. If they can make a dollar they make a dollar. If the market forces say the market is flooded with vehicles, then you allow the people to make a commercial decision on whether they stay in the industry or not. I do not see that the hire car and special purpose vehicle sector should be treated any differently from a hardware store, a 7 Eleven store or some other commercial activity.

There are also some changes to the towing industry. A change will now allow for the trade tow of motorcycles which will bring them into line with the provisions that apply to motor vehicles. As a result of those amendments, the accident towing of motorcycles will now be the same as for motor vehicles.

A minor change will allow for a 72-hour cooling-off period for the authorisation of repairs on an accident-damaged vehicle. This is an increase of 24 hours on the existing 48 hours. It was argued that when a vehicle is involved in a collision on a Friday evening or Saturday morning the cooling-off period for repairs has expired before Monday morning, so the panel shop could proceed to repair a vehicle before the owners have had a chance to say, 'Look, I am not happy with the decision I took at the time of the accident; I want to move it to another workshop'. This

provision will allow consumers additional choices and the time to consider their decision.

The legislation contains a waiver provision for certain vehicles. Ones that come to mind are fleet vehicles, taxis or vehicles generally of a commercial nature where there is an income at risk if the vehicle is not repaired quickly and back on the road in the shortest possible time. There is provision for those commercial operators to approach their insurance companies and get things moving fairly quickly. As I understand it, in the repair industry it generally takes 48 hours to get the vehicle assessed and to get the parts for repair into the workshop, so this pretty much meets that time frame.

The bill will allow the minister to determine through regulation the price paid for towing and storage of accident damaged vehicles. The minister's decision will occur after an investigation by the Essential Services Commission, which the opposition does not object to. It believes it provides a level of protection for consumers.

A number of other minor changes also protect the rights of consumers at an accident scene. I will not go into those in great detail; suffice it to say they deal with a number of issues that have been brought to the Liberal Party's attention, as they appear to have been brought to the government's attention, relating to discrete and subtle touting at accident scenes. About five years ago the former coalition government addressed that issue and thought it had almost removed the problem. However, it appears it is now returning to accident scenes, and it is certainly not a welcome return.

The legislation contains some new powers for the director of public transport. The government tells us that these powers are required in the event that one of the transport franchises is in default in some way and that there needs to be a provision where the director of public transport can take control of the franchise and continue to operate the transport system.

It also has provisions for the director to release and acquire property. My reading of the Transport Act suggests to me that this is an amendment that is not essential. There is a reserve power within the existing Transport Act to provide the director with these powers, but this does no harm in that it at least clarifies the position, if indeed there was any doubt of his powers.

There is also provision for access to medical records. Honourable members will recall that it is not the first time we have talked about that in this chamber in recent times. On 6 June there was an accident on the public transport system in Footscray where it was found that the driver was affected by a prescription medication

and his medical fitness to drive a train had not been properly monitored. This amendment now provides for the Department of Infrastructure to have the power to audit records of rail safety workers and the procedures and processes of the companies.

The other issue I will deal with is the increased powers of the ticketing inspectors, which has received a great deal of publicity in the media. It is also the subject of a report by the Victorian parliamentary Law Reform Committee. I am sure that a number of my colleagues will be referring to that report in some detail. There has been significant concern expressed about the powers of these inspectors. It appears that public transport inspectors and dog catchers have more powers than the police. Indeed, what this amendment seems to do is to provide very detailed powers to the inspectors in terms of demanding names and addresses and verification of that information. I refer to the editorial in the *Herald Sun* of yesterday which suggested that these inspectors needed to curb their manners. It states:

The practice of taking private details from passengers unable to buy a ticket because of faulty machines is, as the committee found, totally inappropriate, especially when it is well known that our public transport ticket machines are flawed and are regularly out of order.

Ticket inspectors should be properly schooled on how to conduct themselves and on how they should treat the travelling public.

Those that don't measure up should be thinned from the ranks, which should include only those individuals who can conduct themselves in a courteous manner.

I could not agree more with those sentiments. I have observed ticket inspectors in Bourke Street and I do not believe their behaviour has been appropriate. They appear to be aggressive and, on observation, they appear to be looking at a particular group of people when they are pursuing their ticket inspections. Given that a large number of people who use public transport are under the age of 18 and do not necessarily carry identification in the form of a drivers licence or credit card the question I pose to the minister here is: what form of identification from those people is going to be acceptable to the ticket inspectors? If you are not carrying identification can you anticipate that you are going to be arrested or detained? Quite frankly, to detain somebody over a tram fare is just not appropriate.

The government needs to look at how these inspectors operate. It should be giving them some very clear guidelines for the way in which they are to conduct themselves and should be getting some clear guidelines for the travelling public on what identification will be acceptable. I certainly know of people from the outer

eastern suburbs using the Connex train system who are travelling without a ticket because the ticketing machines on the stations are not working. These people should not be persecuted; they should be congratulated for using the public transport system. We are trying to encourage people to use it and there should be no disincentive. They should not be treated as criminals if they cannot produce their ticket for a just reason. The inspectors do need to be more considerate of the circumstances presented to them by the travelling public.

The final point I will deal with is in relation to Melbourne City Link passes. Each time a transport miscellaneous amendments bill comes before the house we seem to be amending something to do with Melbourne City Link, but this one is a welcome change. Motorists will be given until midnight on the Tuesday following a weekend to purchase a weekend pass. I have certainly raised on a number of occasions the difficulty of purchasing a weekend pass for cash on the weekend. It is relatively easy to get one with a credit card or by using EFTPOS, although I defy anyone to use one of the gadgets in a Shell outlet. I cannot figure them out. That might just be my failure to deal with technology, although I seem to be able to get on with most other technology. But that particular machine defeats me!

It is a welcome change for people to be able to get a pass using cash, although I do not believe City Link has made it as easy as it could to obtain passes when one is paying cash. The fact that passes have to be bought at a post office or one of its service centres is not satisfactory, but we are slowly bringing them up to the point where they might start to understand what customer service is all about.

This is an omnibus bill which, as I indicated at the outset, brings in seven major amendments. The Liberal Party will not be opposing the bill, but it does have some concerns about a number of the amendments. If the minister can, in responding to the second-reading debate, indicate that the government is taking note of these and is going to put a course of action in place, the opposition would welcome that response.

Hon. B. W. BISHOP (North Western) — It is with pleasure that I rise to speak on behalf of the National Party on the Transport (Further Miscellaneous Amendments) Bill. When National Party members looked at the bill, we thought it was a real grab-bag of issues and it reminded some of us of the old omnibus bills we used to see in the Parliament when many things were rolled together to address a large number of issues. The National Party does not oppose the bill, and

I place on record the good briefing we received from officers in the department. It has been easy to go through this bill.

National Party members had concerns with some of the areas of the bill and were looking to take it into committee to flesh out some of the issues and get some answers. However, it again points to the value of the upper house that while the bill was between the two houses we were able to negotiate to the satisfaction of the people we represent so we will not need to take the bill into the committee stage.

The bill addresses seven major issues. The first is the reform of the taxi and hire car industry to implement the recommendations of the national competition policy review for the reform of the taxi and small commercial passenger vehicle industry which require legislation.

The second is the taxi surveillance camera scheme to enable the regulation and control of the provision of security cameras in taxi cabs and the images taken by the cameras to create a number of offences relating to misuse of images.

The third is tow-truck industry reform. Many times honourable members have seen reform in the tow-truck industry, but this is to implement reforms again following the national competition policy review. It implements a new regime for the regulation of accident towing fees.

The fourth amends the powers of the director of public transport to clarify the director's ability to construct, maintain and operate public transport infrastructure and to run public transport services. The director will also be given power, subject to the minister's approval, to compulsorily acquire land for public transport purposes.

The fifth is access to medical records to provide the Secretary of the Department of Infrastructure with the power to inspect the medical records of rail safety workers and to insert a regulation-making power in the act for the audit of medical records of rail safety workers maintained by accredited transport operators and their contractors.

The sixth is the verification of name-and-address details to clarify the power of authorised transport enforcement officers to request a person to provide verification of name-and-address details.

The seventh is the backdating provisions for Melbourne City Link passes — that is, to amend the Melbourne City Link Act to extend the backdating provisions by an additional two days. Without being too presumptuous, the National Party can claim some

victory in this area because it raised this quite strongly in the committee stage of the previous City Link bill. It was going for a five-day extension and would have been delighted to get that. But I will say, and I will add to it later on, that the two days granted make it substantially easier for country people who happen to get onto the freeway and have not got a pass and wish to catch up.

The first issue I want to address is the hire car industry provisions in the bill. The public interest has been removed from the process of gaining a hire car licence. The public interest was always an interesting process. The advertisements went out and in the process almost everyone appealed. Inevitably the process then more than likely went to the Victorian Civil and Administrative Tribunal and was seen as a real barrier of entry for someone wanting to enter the hire car industry itself.

The public interest goes and quite properly we have retained the fit and proper persons part of the regulation. As I understand it, the cost of a licence would be at market value — I think at the moment that varies between \$54 000 and \$55 000. There has been some question as to whether this would drive some of those licence values down, but I suspect that the market will be the only true mechanism to reflect what actually happens, and the National Party will watch with great interest when this bill comes into effect.

As part of the deregulation of this part of the industry we have seen the removal of some issues and the retention of others. Among the issues raised with the National Party relating to this sector was the concern expressed by the hire car industry about the ability to utilise the instalment process to encourage people into the industry. It was pointed out to us that that may encourage unviable entrants into the industry who could run out of resources and make it quite difficult in the system.

Again the system that exists between the two houses of Parliament deserves all the credit I can give it, because in the time the bill was between the two houses, following a series of negotiations with the departmental officers the Minister for Transport was kind enough to write to me. The letter is in four sections, and with the house's indulgence I will read the parts that are relevant to whichever issue I am addressing at the time. This issue relates to hire car fees. I raised this with the minister and he responded as follows:

Hire car fees: The Transport Act currently contains a provision to allow payment of taxi licence fees by instalments, and a decision was made in drafting the bill to retain the power to allow payment of licence fees (taxi or hire

car) by instalment. However, I confirm that it is not intended to allow hire car licence fees to be paid by instalment and they will be required to be paid by a once only lump sum payment.

This should alleviate some of the difficulties that were raised with the National Party relative to that part of the bill.

Before I move on to taxis I would like to say how pleased the National Party was to see the standards and accreditations talked about yet again in this community service industry:

... performance level standards for taxis and taxi depots will be established together with a taxi customer service charter to be developed in conjunction with the industry and the community: the Minister for Transport will report industry performance to Parliament and publish the results as is now done for other public transport modes.

The National Party commends that innovation as we believe it will make the industry more accountable, and also make the minister more accountable in reporting to Parliament. A second part concerns the accreditation of taxi depots and networks:

... dispatch bookings will be introduced with incremental levels of accreditation applying to licence-holders who are not operators, existing taxi operators or new entrants to taxi operations. All taxi operators will need to be accredited by the Victorian Taxi Directorate.

Again this is a good move in lifting the standards of this industry.

During the briefing process the National Party asked what the accreditation process was and what the relative standards and guidelines were. Given the lateness of the evening I will not present the taxi industry accreditation document the National Party received, but I would like the house to note that it is very comprehensive and goes through every aspect of drivers, depots, and licensed brokers and licensed owners who do not operate taxis. It is an extremely good document and one we commend to the industry. The National Party commends these initiatives and hopes they will raise the standards of taxi service delivery across all sectors of Victoria.

I refer now to the vexed issue of the new taxi fare structure proposed in the bill. There has been substantial resistance to this proposal from the taxi industry. I know most honourable members would have received a pamphlet from the industry which clearly sets out its resistance to this fare structure.

Hon. Andrew Brideson — What did it say?

Hon. B. W. BISHOP — It says fares are to rise by 20 per cent under proposed Bracks government taxi

reforms. It goes into some detail about the processes we are talking about tonight. Going through the processes in detail, as we went through the briefings and listened to the arguments about this bill we heard that the 20 per cent fare structure is proposed to encourage drivers to work through that tough shift between 1.00 a.m. and 6.00 a.m. It is a tough shift and a period when more cars are damaged than during any other shift. It is a difficult shift for drivers as well. During the research undertaken by the National Party we have had varying reports of taxi availability between 1.00 a.m. and 6.00 a.m. No doubt if a person is looking for a taxi during that period they want one, and you do not want there to be a shortage of taxis. The community would strongly support the availability of taxis at that time.

The National Party believes the industry is cross with the government not so much because of the 20 per cent surcharge but because it believes the government is trying to interfere with the bailor–bailee agreement which manages what the driver will be awarded from the fee. During the briefing we requested information about what happens in other places, and it was produced very quickly. In the city area of Melbourne a \$1.10 surcharge applies from midnight to 6.00 a.m. and a proposed 20 per cent distance surcharge during the period 1.00 a.m. to 6.00 a.m. will go to the driver, whereas previously the \$1.10 was split.

Sydney has a 20 per cent surcharge on distance between 10.00 p.m. and 6.00 a.m.; Brisbane has a \$1.20 flat rate between 8.00 p.m. and 6.00 a.m.; Adelaide has a \$2 flat rate between 9.00 p.m. and 6.00 a.m.; Perth has a \$1.30 flat rate between 6.00 p.m. and 6.00 a.m.; and the Australian Capital Territory has 15 per cent on distance between 9.00 p.m. and 6.00 a.m. There is a spread of views across Australia to encourage and reward taxidrivers who want to work that tough shift and to ensure there are enough cars to meet demand during those times.

As I said, in the city the \$1.10 surcharge applies between midnight and 6.00 a.m. and it is proposed to replace that with a 20 per cent surcharge between 1.00 a.m. and 6.00 a.m., which will go direct to the driver with no fifty-fifty split, as there is in the bailor-bailee agreement. We understand this is proposed to encourage the driver to work that shift. An owner-driver will pick up the full amount. The National Party ran into a fair bit of trouble in that we could not see from the bill any differentiation between the city and country operation of taxis. Our research clearly showed there was a remarkable difference between the operations of metropolitan and country taxis. In the country there is a \$2.20 midnight to 6.00 a.m. surcharge — twice that which applies in the city. There

is no doubt that in the country areas runs are shorter so therefore any proposal to apply a 20 per cent surcharge on distance and take off the \$2.20 surcharge that already exists would have a substantial effect on the country taxi industry.

When we talked to the operators they said, ‘Leave us alone. Don’t fix it; it is not even broken’. One of the best examples came from a country area. We had people call and write to us from Mildura, Ballarat, Bendigo, Sale, Shepparton, Swan Hill and Stawell, just to mention a few places. I bring to the attention of the house a letter from a constituent of my colleague the honourable member for Wimmera in another place, who lives in Stawell and which was forwarded to me. The letter is written by Lynn Pitcher of Stawell Taxis, 36 Griffith Street, Stawell. It states:

Please find enclosed figures for the last eight weekends showing the effect of the proposed taxi fare reforms.

I could have made these figures read worse than they do by using weekday night figures as well. I didn’t use them because it would include only two or three jobs per night.

The loss to the drivers of \$20.48 is negligible over an income of \$3928.60 but the object of the reform is for the drivers to earn more!

I also don’t understand why the owners/bailors have to lose out. Over the last eight weekends I would have lost \$704. That is a huge amount of money for an industry that is already struggling financially.

Thank you for your interest and help.

Mrs Pitcher supplied us with a full page of spreadsheets and documented figures that prove without doubt that the proposed 20 per cent surcharge would not be applicable in country Victoria. It is excellent evidence that provides us with a good base to plead the case with the minister. I commend the minister and his department for their prompt action in recognising this issue. As I said, the full page of spreadsheet figures is good research documentation and is required to put forward this argument. The research we have done shows this amendment is not applicable to country areas.

We have had advice from the minister’s office in relation to a couple of issues where it may be difficult to assess the 20 per cent surcharge in country areas. It may also be difficult to do that in the city areas, particularly for people who want to use cash. One of the issues raised with us by country taxi people is their belief there may be confusion in working out the 20 per cent if the meter cannot do that. We decided it is not needed in country Victoria following the representations made to us. We believe country Victoria has different requirements and needs, with

different trip lengths and times. The representations made to us were very strong.

In response the minister has written to me. The relevant section of the letter states:

Late-night surcharge: I want to make it very clear that the 20 per cent late-night tariff will not be applicable to country taxi services but will be applied only in the metropolitan and outer suburban taxicab zones. I have requested Glenyys Romanes, member for Melbourne, to put the government's intention on this issue on record in *Hansard* during the debate on the bill.

Further to that, I have a letter addressed to Stephen Armstrong, chairman of the Ballarat Taxi Co-op in Ballarat, which states:

Dear Mr Armstrong, I write to clarify elements of the government's taxi reform package, specifically legislative changes to the Transport Act currently before Parliament.

Section 10 of the Transport (Amendment) Act empowers the minister to impose a 20 per cent second tariff to operate between 1.00 a.m. and 6.00 a.m., payable directly to drivers, be they bailee drivers, owner drivers or operating under an assignment.

This 'night tariff' will encourage drivers and taxi owners to operate their cabs during the night shift, a time when there is shortage of taxis in central and suburban Melbourne.

The recently announced taxi reform package will allow drivers to levy the night tariff in the Melbourne metropolitan and outer suburban taxi zones. There is no intention for this tariff to apply in country/urban country areas, where demand can be met with current taxi fleets.

Furthermore, the \$2.20 night surcharge will remain, and continue to be subject to the existing conditions set out in bailment agreements.

Country taxis will also benefit from the instalment of security cameras over the second half of this year. This will help stamp out the sorts of inappropriate and threatening behaviour outlined in your letter.

Thank you for your continued interest and involvement in rural taxi issues.

Yours sincerely,

Steve Stanko

Director, Victorian Taxi and Tow Truck Directorate.

The National Party believes that closes off that particular issue in the representations that we have received over this issue.

We have had other issues raised with us, and I am sure my colleague Mr Craige would be interested to hear that. A number of the taxidriver who spoke to us thought that many of these things could have been done through the powers of the Victorian Taxi Directorate. They were interested in or inquiring about the

responsibility and powers of the directorate and how those responsibilities tie up with the taxi licence holders. I do not wish to pursue that any further, but, as a side issue, it was interesting to get comments coming through from many of the taxidriver with whom we spoke.

We note that the determination of setting taxi fares is now the responsibility of the Minister for Transport, which we believe is appropriate. That is then able to come under the full accountability of the Parliament, which is a good move. We also note that when those fares are set up the director of public transport and the Essential Services Commission can certainly play a part in researching what the fee requirements will be. I cannot help but wonder how busy the Essential Services Commission must be. This Parliament seems to be dropping a lot of responsibility and work on it, and it gets more work with this bill. I am sure it will be able to handle that.

I turn to the digital cameras, the installation of which is part of the licensing provisions. We are advised that the cameras will all be installed by the end of June 2002. It is an offence to use the images unless someone is working for the Department of Infrastructure and they have its written authorisation or agreement. The police are exempted; they can use these images for law enforcement work. There are severe penalties, and so there should be, in place for anybody who misuses those particular images.

It is interesting to note that a number of the taxi operators said that the images are fine but asked why audio could not be used as well. I note that the police can use audio recordings in a taxi in the course of their duty, which is fair enough, but drivers cannot. We raised that issue with the minister in an effort to represent the people who said, 'Well, if you get caught it might not be a bad idea if we can do some of the audio recording in the cab'. The response from the minister in his letter to me is as follows:

Audio recording in taxis: the Privacy Commissioner strongly opposes audio recording of taxi passenger conversations because of concern about misuse of the information and the difficulty of ensuring that the material is kept confidential. The emergency response alarm in all taxi cabs allows recording of sounds from a taxi when the driver engages the alarm. Such recording is only made when the emergency alarm is engaged.

I believe that answers well the particular issue.

As has been mentioned by the Honourable Gerald Ashman, the bill contains changes to the tow-truck industry. I wonder, as we think about this, how much discussion and investigation has gone into the tow-truck

industry in Victoria over the years. I note that there has been a review of the industry based on the national competition policy requirements. A reform package for the tow-truck industry has now been endorsed, and some elements require amendment to part 6 of the Transport Act 1983. The objectives include protection of consumers in their dealings with tow-truck operators/vehicle repairers, safe and timely clearance of damaged vehicles from accident sites, and prevention of undesirable behaviour by tow-truck operators. That is a reasonable process as we go through that particular part of the bill.

The other matter relates to access to medical records, which came about following an independent investigation into a collision between two suburban trains in Footscray on 6 June 2001 which found that the driver was affected by prescription medication and that his fitness for driving had not been properly monitored. It was recommended that the Secretary of the Department of Infrastructure, or an authorised inspector, be provided with the power to audit and inspect medical records of rail safety workers. The National Party has no problem with that proposal as it advances the level of safety on our public transport system.

The bill also deals with verification of names and addresses. It is necessary to have the correct name and address so that enforcement and infringement notices can be efficiently served and proceeded with. That provision has been included in previous laws, but these powers are clarified in the bill. The bill also inserts penalties for improper use of information.

The increased backdating of the City Link passes we claim as an achievement for the National Party. On the last occasion the City Link bill was debated in committee we raised the proposition that more time was required for country people to obtain passes if they found themselves inadvertently on the freeway without them. There could be a situation where they received a message late on a Friday afternoon to make a rush trip to Melbourne to help a sick relative, or for whatever reason. They could find themselves on the freeway without a pass because they may not have had the opportunity during the short time they were in Melbourne to organise a pass or they may not have wanted to use a credit card or been able to operate the touch screen systems. The two days the bill provides for will allow them adequate time to get home, go to the post office and pay for a pass with cash or a credit card. We commend the government and City Link for putting that in place. It will be a great contribution for country people.

I have one last comment to make on the bill, and that is about fencing — a long and treasured issue with members of the National Party and the people they represent.

Hon. R. M. Hallam interjected.

Hon. B. W. BISHOP — It has been in the act for many years that entities such as the railway system are exempt from sharing the cost of fencing with adjoining land-holders. We in the National Party recognise that situation.

Hon. R. M. Hallam — We don't like it.

Hon. B. W. BISHOP — That is true, Mr Hallam, we do not like it but we do recognise it. On behalf of the National Party I have again discussed the matter with the minister and suggested that while it may have been in place for many years, the times they are a-changing. That is because of the review of the Fences Act 1968 carried out in November 1998. A subcommittee headed up by the Honourable Carlo Furletti was set up to look at the issue of fencing. Other members of the committee were the honourable member for Doncaster, Mr Victor Perton, the honourable member for Rodney, Mr Noel Maughan and the former honourable member for Melbourne, Neil Cole, from the other place and the Honourable Monica Gould, Leader of the Government in this place. What the committee came up with is interesting. While it might be said we are drawing a long bow on this, recommendation 8, which I am sure Mr Furletti would remember, states:

The proposed dividing fences and boundaries act should provide that owners of adjoining land are liable to contribute to the cost of fencing works.

That would be absolutely lovely! There is only 7000 kilometres of fencing required for railway land, but tongue-in-cheek aside, it is a substantial cost for rural land-holders to fence the property to ensure the safety of their animals and prevent them from straying onto railway tracks. It is a contentious issue. After discussing it with the minister he has again written a letter — and it was an extremely good letter — where he talks about the fencing of rail land. He states:

The rail and tram industry has been exempted from fencing requirements confronting normal land occupiers for the last century or more (presumably because of the huge cost involved in fencing —

I was right —

more than 7000 kilometres of railway track). The Rail Corporations Act 1996 (section 61) provides that transport operators have no obligation to fence. Amendments proposed

in the current transport bill extend this exemption to the director of public transport, so that should he ever need to step in and operate a transport service he would be subject to the same rights, obligations and liabilities as any other transport operator.

That is the response from the minister. After discussions with the minister I will raise that matter on the adjournment debate at another time so we can get some more discussion on this issue of importance to many of our constituents in country Victoria.

I conclude by thanking the minister for his cooperation in providing the letter in response to the issues raised and again make the point about the importance of the two houses of Parliament. We were able to negotiate what I believe is a reasonable settlement of a number of issues between the houses. Again I state that the National Party does not oppose the bill.

Debate adjourned on motion of Hon. G. D. ROMANES (Melbourne).

Debate adjourned until next day.

ADJOURNMENT

Hon. M. R. THOMSON (Minister for Small Business) — I move:

That the house do now adjourn.

Frankston: safe boat harbour

Hon. M. A. BIRRELL (East Yarra) — I wish to raise a matter with the minister to pass to the Minister for Planning which relates to the overwhelming need for Port Phillip Bay to have a new marina or safe harbour. Over five years the Frankston community, and in particular the Frankston council, has been considering a forward-thinking proposal to create a safe boat harbour at Frankston. It is a welcome project given there is strong support for the concept of providing new boating destinations on Port Phillip Bay. We need to achieve the goal of further boating destinations that are attractive, safe and environmentally sound.

I was pleased to read in the Bracks government's 2002–06 tourism strategy an explicit reference to the idea of supporting the development of a significant new boating harbour at Frankston. The idea of a boat harbour or marina has strong public support and is essential if we are to boost the proper use of Port Phillip Bay and to promote it as a tourism asset. Providing one in Frankston was also consistent with the identification of Frankston as a key node in the Victorian coastal strategy.

The consultation that occurred on this important major project included a full environment effects statement (EES) conducted under the last government. That EES gave the idea a clean bill of health. There will of course always be opposition to any project, as has always been the case. I encountered the same under the former government with my colleague Mr Baxter when we were involved in installing new boating ramps further down the bay. However, I believe we should not allow that opposition to kill what is a necessary project and which is part of the Bracks government's tourism strategy too.

I urge the Minister for Planning to facilitate this project to ensure that some people in the area do not drag their feet and certainly to not allow people to oppose it on the grounds that 'it is a good idea but not in my backyard'. Frankston is well placed, it has done the planning, and it will create an asset that will bring economic and social advantages to that area as well as to the whole of Port Philip Bay.

Roads: Tubbut

Hon. P. R. HALL (Gippsland) — I wish to raise for the attention of the Minister for Transport in the other place road conditions in the Tubbut area. In early March I visited a good gathering of local people to discuss matters that affected their local community. By far their major concern was with the road conditions in their local area. On 7 March following my visit I wrote to the Minister for Transport and expressed their concerns. On 14 March I received an acknowledgment of my letter but to date there has still been no formal response from the minister to my letter of 7 March.

On 16 May I received correspondence from the Tubbut community expressing further concern that no action had been undertaken since my raising this with the Minister for Transport or since the community's earlier meeting with representatives of Vicroads at Tubbut. In a letter of 16 May the local residents make these comments:

We were under the understanding that a re-sheeting of our roads was to take place, but so far only patchwork has been done.

We have asked many times, and we asked again after the school bus accident which happened nearly 10 months ago now, to have scrub on the edges of the road to be cut ...

Cutting the shrubs right beside the road is not enough; wattle trees that appear near the road but indeed have roots further down the bank, need to be cut as well, and so far this has not happened.

The letter states also that there are places on the Cabanandra–Tubbut–Deddick stretch of road where big

rocks are above the road surface level, so there is a requirement for re-sheeting of these roads. The road itself has not seen any major changes in decades. There needs to be some long-term planning, and major works such as widening of bends and sealing of works need to be put on the agenda. The local people express their frustration that nothing has been done despite their best efforts to get some attention to these matters in recent years. They conclude their letter by saying:

We are not a pack of whingers and do not wish to be treated as such. We want our roads to be brought up to the standard that every Victorian enjoys.

They are not a pack of whingers. They are a good bunch of people who receive very few services from government. All they are asking is to have a decent road network. It is a most reasonable and modest request, and I urge the Minister for Transport to respond as a matter of urgency and to implement some action to improve the road network in the Tubbut area.

Rail: Footscray station

Hon. S. M. NGUYEN (Melbourne West) — I raise with the Minister for Small Business as the representative of the Minister for Transport in the other place the major redevelopment of the Footscray railway station precinct around Irving Street and the pedestrian entry point from the redeveloped railway station to the Footscray shopping centre. After consultation with many local people, groups and traders the community is very keen to see the redevelopment of the Footscray railway station precinct go ahead.

The City of Melbourne and the Department of Infrastructure have worked with the Chinatown community to provide a culturally sensitive entrance to Parliament station to connect with the Chinatown precinct, and the project is a very successful tourist attraction. I hope a process can be undertaken by the Department of Infrastructure and the City of Maribyrnong to develop a similar strategy in Footscray. I ask the minister to inform me and my constituents when the project will start and whether a similar culturally sensitive public arts treatment could be incorporated into the public space design at Footscray.

Touring Victoria program

Hon. B. N. ATKINSON (Koonung) — I raise a matter with the Minister for the Arts in another place. Arts Victoria has through the Community Support Fund supported the Touring Victoria program. That fund has contributed some \$2.65 million over the past five years to support the staging of theatre productions around Victoria's suburbs and regional areas. The

funding has been at the level effectively of \$500 000 a year, but this year no funding allocation has been made from the Community Support Fund.

The Whitehorse City Council raised with me its concern and I, like the council, have been unable to determine whether any alternative funding has been provided to maintain this program in the future. The Touring Victoria program is a particularly successful one. As I said, it has provided a considerable amount of theatre experience to audiences throughout Victoria, often taking production of original Victorian works to country areas and indeed to some metropolitan theatres such as the arts centre that the City of Whitehorse runs at Nunawading. The Whitehorse community has enjoyed shows such as *Secret Bridesmaids Business*; *Scissors Paper Rock*; *Daylight Saving*; *Talking Heads*; *Salt*; *The Carer*; and *Girl Talk*. The Whitehorse council informs me that those productions have been particularly popular with elderly people in the community who have had limited access to productions in central city venues.

The City of Whitehorse and I urge the minister to reinstate funding for this Touring Victoria program. I also seek clarification of when those funds might be provided to maintain this program and from what budget allocations they might be made.

Minister for Small Business: adjournment response

Hon. R. M. HALLAM (Western) — On 24 April this year during the adjournment debate I raised with the Minister for Small Business her obvious confusion as to what constituted unquoted marketable securities and the fact that her attempted explanation to the chamber earlier that day had included the quite bizarre and misleading statement that such securities included those listed on the Bendigo Stock Exchange. Quite apart from the obvious nonsense that a security described as unquoted could be listed somewhere, the minister's statement sent an absolutely inaccurate message to investors as to the application of duty on transfers, and to that extent totally misrepresented the status of the Bendigo Stock Exchange and its marketing strategy as a new exchange. Given that misrepresentation I called on the minister to put an unqualified correction on the record and to table her letter of apology to the Bendigo Stock Exchange.

The minister in the house at the time, the Minister for Education Services, undertook to refer my request to the Minister for Small Business, and of course I would acknowledge that the minister had the chance to later read *Hansard*. But now some five weeks later I have

not had the courtesy of a response. Just in case the minister is under any misapprehension and thought I was not fair dinkum, I now wish to repeat my request and call on her to explain why she has not felt the need to correct the record or publicly apologise to the Bendigo Stock Exchange. I for one am not prepared to accept such shoddy standards from a minister of the Crown, and the minister should expect me to pursue this issue until she tenders a correction and an apology for her lack of care and abrogation of responsibility.

Princes Freeway: barriers

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — It is ironic that I follow Mr Hallam on the issue of tardiness, because I also wish to raise that matter with the Minister for Transport in the other place.

On 16 April in this place I referred to the Berwick bypass at Soldiers Road, Berwick and raised a couple of issues. One was about the fences surrounding the freeway at Berwick, which have been cut, allowing pedestrians, including children, to cross the freeway. Honourable members would appreciate that is a particularly dangerous practice. I sought the minister's attention to ensure that those fences were repaired at the earliest opportunity so that the children and other people using the crossing as a pedestrian thoroughfare from Berwick South to Beaconsfield were not put at risk.

I am appalled to report to the house that it is now some seven weeks since I raised that issue for the attention of the minister, and when I drove past that part of the freeway on the weekend I saw that those fences have not been repaired and children and others have used that area as a pedestrian thoroughfare across the freeway. This is completely unacceptable and is an issue of the safety of children crossing the freeway where the fences are down.

The minister was asked to act on this seven weeks ago and no action has been taken. No care is given by this minister. Frankly, if injuries, accidents or a death result due to the fences not being repaired the people of Berwick will hold the Minister for Transport responsible. I again ask the minister to get on to this issue and get the fences fixed.

Firearms: licences

Hon. W. R. BAXTER (North Eastern) — I raise a matter with the Minister for Small Business for reference to her colleague the Minister for Police and Emergency Services in another place relating to the renewal of firearm licences. It seems that persons

applying to renew their firearm licences are more than likely to experience what some of my constituents have experienced in the last week or two and receive what appears to be a standard letter back from the registry saying that their application is incomplete and inviting them to provide further documentation. I quote briefly from one such example which says:

Unfortunately your application cannot be processed as you have not fully completed the parts highlighted below.

The letter lists the nine parts of a standard application and part 3 is highlighted in green. Attached is a further copy of part of the renewal application. It also highlights part 3, which says:

If you are renewing an existing shooters licence you only have to provide one form of identification from the list below. If this applies to you, take both the original and a copy of your identification document to an acceptable referee, who will sign the copy as a true copy of the original.

That bit is also highlighted. When one reads further instructions in part 3 the following appears:

If you have submitted a firearm licence application or personal information form, supplied identity documents and a declaration by a referee since 29 April 1997 (i.e. since the new firearms laws commenced) you do not have to supply this information again. If this applies to you, simply cross the 'yes' box at the start of part 3 and go to part 4.

That is exactly what my constituents who have spoken to me over the last week or two have done. Because they had previously supplied this information they had ticked the appropriate box in part 3 and gone on to part 4 as instructed, yet they have had their applications sent back to them with this standard letter saying they are incomplete. It is either that they and I cannot understand what appears to be plain English on these application forms or someone in the firearms registry is putting their own curious and pedantic interpretation on these instructions.

I ask the minister to have inquiries made and have the issues clarified so that my constituents are not put to unnecessary trouble.

Statutory charges: increases

Hon. D. McL. DAVIS (East Yarra) — My adjournment matter is for the attention of the Treasurer and concerns statutory charges, including fire service levies, GST charges and obviously stamp duty charges, and the state government's take from those statutory charges. Recently I was fortunate to hear a presentation by Alistair Mitchell from Marsh Pty Ltd in which he talked at length about the impact of statutory charges and the interaction between those charges and the

increases in insurance premiums that have flowed out of recent events.

The actions of reinsurers overseas both before and since 11 September are obviously events outside the control of any state or national government; however, those events have caused increases in insurance products generally and a consequent cascading effect on insurance and statutory charge increases. A windfall will be received by the state government or its agencies through the fire services levy, the GST — while it is collected by the federal government it will flow back to Victoria — and the stamp duty that has been talked about a number of times in this house. I refer to an example of a company that was mentioned at the briefing. The statutory charges on its insurance totalled \$988 000 in 2000–01 and increased to \$2.792 million in 2001–02 — a 183 per cent increase and a huge increase in the take of the state government.

I seek from the Treasurer an examination of this matter and the provision of some information to me and others in this place about the increase in take from the fire services levy, although it may not be directly his responsibility; the increase in the take from GST collection, which he may be able to provide to this house indirectly via a federal colleague; the size of the flow from insurance products and the change in this recent period; and the increase in take from stamp duty, which he could certainly provide to this house. I ask him to examine the increases in statutory charges that have flowed since 11 September in a fair-minded way to find out whether there is some way the impact of that windfall can be ameliorated.

Land: divestiture

Hon. B. W. BISHOP (North Western) — My adjournment issue is directed through the Minister for Small Business to the Minister for Finance in the other house. How do you divest yourself of land you do not require? This situation exists generally if someone owns or inherits land in an isolated area which they do not want and have been unable to sell. A number of constituents have asked me what options are available for a person to divest themselves of such land. It may well be a house block in a town with little or no housing remaining. Generally such land has been offered to the local municipality but the municipality wants only the value of the rates owing on it.

My research has revealed that there appear to be three options. Firstly, in the case of inheritance, the inheritor may disclaim the probate, if no-one else in the deceased family wants it, at a cost of about \$1000. Secondly, the municipality can resume the title then attempt to sell the

land to cover the costs of rates owing. Thirdly, if the land is adjacent to existing Crown land or required by the Crown for a specific use it could be offered to the Crown. However, this action needs to be initiated by the Department of Natural Resources and Environment and not the owner.

Will the minister advise me whether there is any method by which a person who has inherited a parcel of land by way of a deceased person's will or someone who simply wants to divest themselves of a block of land which they do not wish to own can more simply divest themselves of that piece of land?

Disability services: home care

Hon. W. I. SMITH (Silvan) — The matter I raise for the Minister for Community Services is in regard to a constituent, Mr Graham Harrower, who came to see me on Friday morning. He has a 20-year-old daughter Nicole who suffers from ataxic cerebral palsy. She is severely handicapped and requires intensive nursing care. Her parents have kept her home for the past 20 years because that is where they want her to be. Nicole was nursed by her mother for that time but the mother died four weeks ago. The family is in absolute crisis and the son and the father are staying home to nurse Nicole. The father does not want to give up his job and has put in an application for the Homefirst program.

I followed this application through on Friday, and I have spoken to the team manager from the eastern metropolitan region. I have also spoken to the minister's adviser on this issue to track the request because, as I said, the family is in crisis. There are letters supporting their application from the daughter's paediatrician and a range of other medical people. I understand that the application has been received but is sitting in a pile for urgent attention. I am told by the bureaucrat from the department that the budget has allocated a total of 72 places to Victoria. Unfortunately they have not been allocated to a location. The eastern region is expecting to receive a couple of those places, and when they come through they will look at their list of urgent applications and then decide which is the most urgent. As I said, I have spoken to the minister's office, and I again request that this application from a family in crisis be looked into. It would be greatly appreciated.

I also ask the minister if she could look at the 72 places that are budgeted for and make a decision, because I understand that no decision has been made. It would be extremely useful for these families needing urgent care and for the people who are trying to place them and get

them home care if the minister would make a decision on those places and where they are.

Burgundy Street–Rosanna Road: traffic control

Hon. C. A. FURLETTI (Templestowe) — I raise a matter for the attention of the Minister for Transport regarding a bank-up of traffic for about 50 metres east of the Burgundy Street–Rosanna Road intersection and in the general precinct. On 1 March and 1 June 2000 I raised the matter of the problems arising there with the banking up of traffic because of the volume of traffic that passes from Manningham and Banksia roads in the Bulleen and Templestowe areas across into Heidelberg. I complained at that stage that the volume of traffic, the traffic lights and the bank-up of traffic were causing great concern to residents, particularly people travelling in vehicles from the east Heidelberg area, if I can call it that — the Banksia Flats area — and entering Burgundy Street where it becomes Beverley Road.

Recently a resident of Dora Street, which is the extension of Burgundy Street, came to me in a very concerned state about the difficulty pedestrians were having in crossing the road, which was aggravated by the volume of traffic. He had complained to the council, which in typical style had brushed him off saying it was a matter for the state authorities. Vicroads has said more pedestrians are needed there before it will put in a pedestrian crossing. I called some time ago for traffic lights east of the principal intersection of Burgundy Street and Rosanna Road to accommodate vehicular traffic. It would appear that if that suggestion had been implemented it would have precipitated pedestrians crossing the road in that busy and dangerous part of Heidelberg.

I ask the minister if he will again take up the original matter, which is still unresolved and still presents problems. Last time I drove along there it was as busy as it has ever been and traffic was banked up as far as ever. It would assist my constituent, who has asked me for assistance for pedestrians who need to cross the road at or near the junction of Burgundy Street and Jika Street.

Diamond Creek Road–Civic Drive–Greensborough bypass roundabout: traffic control

Hon. BILL FORWOOD (Templestowe) — I raise an issue tonight with the Minister for Small Business for referral to the Minister for Transport in the other place. Honourable members would be aware that earlier this year there was a wholesale change in the Shire of

Nillumbik — eight of the old councillors went out and a new broom came in. The area now has a sensible, straightforward and progressive council headed by Lex de Man, who is the new mayor. He has written to me seeking my assistance in relation to the Diamond Creek Road–Civic Drive–Greensborough bypass roundabout. He says:

I write to seek your strong support to obtain immediate state government funding for the installation of metering signals at the above intersection.

He says he has written to the Minister for Transport formally requesting a meeting and his immediate intervention to fund a solution. He has asked for my support and that of my parliamentary colleagues. I know that my colleague Mr Furletti would support this and I am sure the honourable member for Eltham in the other place would also support it. Mr de Man goes on to say:

The significant growth in traffic using this intersection over recent years has generated major delays on two of the intersection's legs during the a.m. and p.m. peak. This has had a major impact on road safety.

I wonder if the minister could pass this on to the Minister for Transport and seek his agreement to meet with the Shire of Nillumbik on this matter so that he can hear at first hand the important issues of this matter.

Scoresby freeway: access ramps

Hon. ANDREW BRIDESON (Waverley) — I too have an issue to raise with the Minister for Transport in another place. It has come to my attention today that the Scoresby freeway is going to be significantly altered by the on-off ramps not being constructed where the Scoresby freeway will intersect with the Monash Freeway. Apparently this is simply a cost-cutting measure, and it will lead to absolute traffic chaos in that area.

There is going to be traffic congestion in Wellington Road, Ferntree Gully Road, Heatherton Road, Police Road and all of the other east–west roads. It seems crazy that any government could consider such a drastic change. I do not know of any interchange with two major highways intersecting each other where there are not ramps. It takes me back to the days of the Cain and Kimer governments when they built the South Eastern Freeway and put traffic lights at all of the major intersections. It took the Kennett government about \$100 million to fix that freeway.

My constituents want to know what the rationale is for removing the Monash Freeway ramps. Was it just a simple cost-cutting measure? What will be the

anticipated cost savings and has there been a detailed traffic study of the impact of this crazy decision?

Maroondah Hospital

Hon. A. P. OLEXANDER (Silvan) — I raise the chronic parking shortage surrounding the Maroondah Hospital and seek the assistance of the Minister for Health in the other place. A local resident and constituent brought to my attention the seriousness of the parking problem around the hospital. She recently took her partner to the emergency department late one night and had to drop him off at the door. After driving around the hospital three times looking for a legal parking place, she found herself having to park illegally on a grassed area after midnight and then walking a long distance in the dark towards the hospital.

Construction on an extension to the hospital is about to commence and that will increase the amount of traffic in and around the hospital grounds from what it is now, and the need for parking places will be exacerbated. Currently hospital staff are parking opposite the hospital and behind it in residential streets. It is quite clear that there is inadequate parking at the hospital. As local residents are so concerned about the issue they have formed a committee to help advise the hospital and developers of alternatives to the on-site and street parking options. I am informed there is a vacant block of land nearby which would be suitable, but it is currently owned by Maroondah City Council. I urgently request the minister to investigate the parking problem and to seek to integrate extra parking into the planning of the new extension to the hospital so that this chronic issue can be alleviated.

E-government innovation fund

Hon. P. A. KATSAMBANIS (Monash) — I raise an issue with the Minister for Information and Communication Technology relating to an announcement she made regarding the establishment of a Microsoft e-government innovation fund.

On 14 May the minister announced this new supposed investment by Microsoft and said it was a \$5 million investment that would be used to undertake Microsoft software research and development projects focused on e-government applications. That is all well and good but unfortunately on 16 May in the *Australian Financial Review* a story titled 'Victoria breaks ranks on software pact' highlighted the fact that the minister was being rather mischievous in this announcement. In fact the announcement related to the signing of a contract between the government and Microsoft for Microsoft to supply software to government

departments to the tune of \$80 million over four years. Microsoft agreed that it would set up this innovation fund, but in the article Microsoft also says:

... the level of funding would depend on the number of licences bought by the government.

In effect the more licences the government buys, the more Microsoft will put into its e-government innovation fund worth up to \$5 million. To me, this smells like an attempt by the government to indicate that it was attracting investment from a reputable corporation when in fact government money is being applied. The more licences the government buys, the more money Microsoft will put back with the other hand. The \$80 million contract with Microsoft seems to have built this fund into the cost. I will give the minister the opportunity now to explain to the house whether this is in fact an investment of \$5 million by Microsoft that is separate from the contractual agreement, or whether Microsoft's \$5 million investment in the e-government innovation fund is in fact taxpayers' money that is being applied to this innovation fund.

Mornington Peninsula: helicopter refuelling

Hon. R. H. BOWDEN (South Eastern) — I seek the assistance of the Minister for Local Government through the Minister for Small Business. I refer to a newspaper report on page 3 of the *Frankston-Hastings Leader* of 27 May under the heading 'Chopper fuel row'. Apparently Melbourne's television networks are extremely concerned that as of 6 May the Mornington Peninsula Shire Council has slapped a ban on the refuelling of Melbourne television channels' helicopters at the Sorrento base of the Southern Peninsula Rescue Squad. The base is available and has safe, sophisticated refuelling which is required for helicopters of the types used by the television networks. The safety aspect is further compounded because on many occasions the helicopters used by channels 2, 7, 9 and 10 are required to spend considerable time in the air and must have access to safe refuelling and landing situations.

On 6 May Mr Peter Morris, a senior reporter with Channel 7 acting on behalf of Channel 7 and the other television channels and accompanied by the chief pilot of Channel 7, Mr Neil Robertson, attended the Mornington Peninsula Shire Council meeting where the ban on safe refuelling access was slapped on the television channels. There was no opportunity for the representatives to speak on behalf of Channel 7 or any other channel. Indeed, according to reports that I have, they were refused the opportunity to speak to the council.

The TV stations need to serve the Victorian public and their helicopters need to get access to safe refuelling. They are being denied that access by the Mornington Peninsula Shire Council and as recently as today my information is that the channels are in a quandary. What can they do?

In my opinion the council has overreached its authority, and the ability of these major community services to gather news has now been compromised, not to mention the safety of the crews involved. I ask the minister to urgently investigate this seemingly arrogant decision by the Mornington Peninsula Shire Council and its blatant disregard for the safety of the television crews and the wider community. An immediate meeting should be called, to be attended by the television channels and supervised by the local government department, so that the council and the television media can work out a solution to what is quickly becoming a farce.

Dingley bypass

Hon. N. B. LUCAS (Eumemmerring) — I raise a matter with the Minister for Transport in the other place in regard to the minister's recent announcement that the Dingley bypass, commonly known as the Dandenong southern bypass, will not go ahead. As a result, the City of Greater Dandenong commissioned a report by a traffic consultant. The report, which was quoted in the *Dandenong Journal* on 3 June 2002, reveals that:

... the state government's backflip on the Dingley bypass will seriously affect the financial viability of shopping centres, industry and the proposed Dandenong stockyard project.

The report states that traffic will dramatically increase on roads to the city central business district if this bypass does not go ahead. That is of great concern. Still quoting from the *Dandenong Journal* of 3 June:

The report also stated that the increase in traffic would include a large percentage of trucks and that without the bypass, the economic viability of the Dandenong CBD, Parkmore shopping centre, Dandenong South industrial area, and the proposed Dandenong stockyard residential development, would be financially disadvantaged.

A number of members recently attended a meeting with the City of Greater Dandenong at which this issue was raised. A summary of similar discussions is in the *Second City News* of June–July. Cr Paul Donovan, the mayor, is quoted as saying:

Without the Dandenong south bypass there will be traffic chaos. Motorists will be fuming and this will slow business development in the Dandenong commercial centre and Dandenong South.

The *Second City News* goes on to quote transport planner Mr Roy McCartney as saying:

Without a major bypass, thousands of vehicles will spill onto local streets. It's complete madness.

So in the space of a few days we have two decisions by the Minister for Transport firstly, not to have any connection between the Scoresby and Monash freeways; and secondly, not to go ahead with the Dandenong southern bypass. This will create chaos in the Dandenong area, and that is of great concern to honourable members in this place who have an interest in Dandenong, of whom there are many including the Honourable Maree Luckins and my colleague the Honourable Gordon Rich-Phillips who also represents Eumemmerring.

I ask the Minister for Transport to review all the information relating to the Dandenong southern bypass, including submissions from the City of Greater Dandenong, and to reconsider his decision not to fund this important project.

Possums: control

Hon. C. A. STRONG (Higinbotham) — I would like to raise a matter with the Minister for Environment and Conservation in another place dealing with the rampant possum plague which is sweeping through the bayside suburbs of Melbourne. There is absolutely no doubt that there has been a very severe problem with possums attacking vegetation throughout the area. Trees in parks and along the streets are being adversely affected. You only need to talk to people in that area to understand the concern of those who are trying to develop and nurture any sort of garden, only to have it ruined by possums which are in plague proportions. That fact is acknowledged by all experts in this field.

Possums are a protected species, and therefore there is little people can do to deal with this critical problem, whether they be in local government or private citizens trying to develop and grow a garden.

I call on the minister to take note of this possum plague, investigate what action she can take to authorise some cull or allow people for a period to deal with the plague themselves. I see some honourable members smiling, but it is a serious issue. Victoria and Melbourne are well known for their fine gardens and the citizens of the state are very garden conscious, as are local councils with their parks and gardens. In the bayside suburbs trees and gardens are being destroyed by possums. The minister should be aware that the problem is subsiding a little, because it is the season when possums slow down, but in spring they will be out there in greater

quantities, hungrily eating and destroying the trees and gardens of Victoria.

The PRESIDENT — Time!

Road safety: driver education

Hon. ANDREA COOTE (Monash) — I raise for the attention of the Minister for Transport in another place the ongoing training and education of Victorian motor car drivers. I refer to an article in the June issue of the *Royalauto* magazine written by the president of the Royal Automobile Club of Victoria Dr Max Lay, who has recently returned from an overseas trip. He was commenting on driving practices in Victoria and speaking more specifically about getting onto and merging traffic with freeways.

I have a lot of problems with merging freeways in my electorate particularly getting from Kings Way onto the West Gate Freeway, which is an enormous problem. Dr Lay noted that overseas drivers were far more polite and better mannered in letting traffic in and allowing traffic to flow through onto freeways. He did not experience the excessive emphasis on minor speed infringements, as is the situation in Victoria. He suggested that if we are intent on reducing crashes our enforcement effort should be directed elsewhere rather than raising revenue. I ask the minister whether the government will provide funding for continued education and awareness training for Victorian drivers on safe conduct on modern roads.

Timber industry: East Gippsland

Hon. PHILIP DAVIS (Gippsland) — I raise a matter of some urgency for the attention of the Minister for Environment and Conservation in the other place relating to timber resources in far East Gippsland. It concerns the operation of Hallmark Oaks Pty Ltd sawmill operated by its proprietor, Mr Bob Humphreys, who raises the concern that the arrangements that are ordinarily in place to secure a stockpile of timber prior to the onset of winter conditions, which seriously curtail access to the bush for harvesting and haulage teams, has not been managed at all well this year. It is vital that during the winter period there is a stockpile of sawlogs available. Indeed, the advice from Mr Humphreys is that in three of the four months from January to April the shortfall in receipt of sawlogs compared to those requested to build the stocks amounted to a net shortfall total of more than 8000 cubic metres.

Mr Humphreys has been raising this as a matter of concern with the Department of Natural Resources and

Environment and has met with little response. Phone calls and correspondence have been unanswered, including the most recent correspondence of 20 May. Mr Humphreys is concerned that as the major employer in far East Gippsland 52 employees are directly dependent on the continuum of sawlogs being available. If the stock of sawlogs is depleted, as inevitably it will be because the stockpile is very limited, it could be only a matter of a few weeks before there will be a cessation of processing which means that those people will no longer be employed. I ask the Minister for Environment and Conservation to ensure that her department's officers actually return phone calls and reply to correspondence from Mr Humphreys so that he can develop a contingency plan to ensure there is an ongoing processing of timber in East Gippsland.

Children: foster care placement

Hon. M. T. LUCKINS (Waverley) — I raise for the attention of the Minister for Community Services in another place an issue concerning a constituent whom I will refer to as Jason. He has two children in the foster care program after they were removed from the custody of their mother, who has a problem with alcohol.

An incident report was made on 15 January 2001 in which one of the children informed a foster parent of abuse in the previous foster parent placement. This did not come out and was not brought to the father's attention until one month after, during a court hearing about access to the children. Since then Jason has been seeking answers about the investigation of the alleged abuse, what action has been taken against the foster parent concerned and what psychological assessment and follow-up his son received after the alleged incident.

It has been exacerbated by the fact that there have been three or four different child protection workers on the case. No addendum has been made to the report, nothing was produced to the court and no notification was made to the parents about the abuse. The incident report, as well as running through the alleged abuse, says at the bottom that ever since this interview both children have been getting up during the night four to five times seeking comfort if they are scared, especially the child who was mainly abused. They have both been bed-wetting almost every night.

It took a long time for the father to even gain access to this report. The honourable member for Clayton in the other place, Mr Hong Lim, has made representations to the former Minister for Community Services, the Honourable Christine Campbell, on behalf of this

constituent and was informed he would be advised by the department. The federal Leader of the Opposition, Simon Crean, has also made representations to the minister, and she states in response to his representations:

I have asked the department for a report regarding this case, which I have now received. I will write directly to ... about these matters. Out of consideration for client privacy I am not willing to discuss the details with you.

That seems acceptable except that the minister's reply to Jason said, 'I understand protective workers have offered to meet with you and discuss any concerns', which they have not done. Jason has been seeking the assistance of the former Minister for Community Services and the now Minister for Community Services, the Honourable Bronwyn Pike, for some time. I wrote to the minister on 3 May requesting further information about the case. Jason is not willing to just wait for the details of this. He wants to ensure his child gets adequate care and counselling as required and I seek the minister's urgent response.

Responses

Hon. M. R. THOMSON (Minister for Small Business) — The Honourable Mark Birrell raised a matter for the Minister for Planning relating to a new marina or safe harbour in Port Phillip Bay. He supports the Frankston City Council's project for a safe harbour and urges the minister to facilitate the project. I will raise that with the minister for her direct response.

The Honourable Peter Hall raised for the Minister for Transport the Tubbut area roads condition, and I will pass that on to the minister for his direct response.

The Honourable Sang Nguyen raised for the attention of the Minister for Transport in the other place the matter of the Footscray railway station precinct upgrade and when it would start.

The Honourable Bruce Atkinson raised a matter for the attention of the Minister for the Arts in the other place in relation to the Touring Victoria program and how the funding arrangements for that will continue. I will raise that with the minister for her direct response.

The Honourable Roger Hallam raised the issue of the Bendigo Stock Exchange. I clarified that matter quickly and put the record straight.

The Honourable Gordon Rich-Phillips raised a matter for the attention of the Minister for Transport in the other place concerning the freeway fence at Berwick, and I will raise that with the minister for a response.

The Honourable Bill Baxter raised a matter for the Minister for Police and Emergency Services in the other place concerning the renewal of shooting licences and the instructions that have caused some confusion. I will raise that with the minister for his direct response.

The Honourable David Davis raised a matter for the Treasurer in the other place in relation to statutory charges, and I will pass that on to him for his direct response.

The Honourable Barry Bishop raised a matter for the Minister for Finance in the other place concerning divesting of land that is not wanted yet cannot be sold and whether there is some method that can be taken into account to assist these people. I will pass that on to the minister for a direct response.

The Honourable Wendy Smith raised a matter for the Minister for Community Services in the other place concerning Graham Harrower and his daughter who has cerebral palsy and whose mother died four weeks ago. Mr Harrower is in need of the Homefirst program. She asked whether the minister could look into that as a matter of urgency, as well as the decision in relation to the 72 places. I will pass that on to the minister for her direct response.

The Honourable Carlo Furletti raised a matter for the Minister for Transport in the other place concerning the Burgundy Street and Rosanna Road intersection. I will pass that on to the minister for his direct response.

The Honourable Bill Forwood also raised a transport matter concerning the Diamond Creek Road and Civic Drive roundabouts, and I will pass that on to the Minister for Transport in the other place for his direct response.

The Honourable Andrew Brideson also raised a matter for the Minister for Transport in the other place concerning the Scoresby freeway, and I will pass that on to him for his direct response.

The Honourable Andrew Olexander raised a matter for the Minister for Health in the other place concerning parking shortages at Maroondah Hospital and asked that he investigate the provision of extra parking in the expansion of the hospital. I will pass that on for his direct response.

The Honourable Peter Katsambanis raised with me a matter regarding the Microsoft \$5 million fund. I make it clear that that was part of the \$80 million contract struck with Microsoft, which is in fact a good deal for the government.

The Honourable Ron Bowden raised a matter for the Minister for Local Government in the other place concerning the *Frankston-Hastings Leader* article on the banning of refuelling of television helicopters and asked whether the minister could investigate this issue to see whether it can be resolved. I will pass that on to the minister for his direct response.

The Honourable Neil Lucas raised a matter for the Minister for Transport in the other place concerning the Dingley bypass, and I will raise that with the minister for a direct response.

The Honourable Chris Strong raised a matter for the Minister for Environment and Conservation in the other place concerning the problem of possums in the bayside area and whether she will investigate what can be done. I will pass that on to the minister for her direct response.

The Honourable Andrea Coote raised a matter for the Minister for Transport in the other place concerning continued driver education on modern roadways, and I will pass that on to him for his direct response.

The Honourable Philip Davis raised a matter for the Minister for Environment and Conservation in the other place concerning timber resources in far East Gippsland, particularly in relation to Hallmark Oaks sawmills. I will raise that with the minister for her direct response.

The Honourable Maree Luckins raised a matter for the Minister for Community Services in the other place concerning a constituent Jason, who has two children in protective custody, and an incident report of 15 January 2001 in relation to abuse by a previous foster family. She asked about following up on the psychological assessment and the assistance the son has received. I will ask the minister to respond directly.

Motion agreed to.

House adjourned 12.08 a.m. (Wednesday)

