

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

**LEGISLATIVE COUNCIL
FIFTY-SIXTH PARLIAMENT
FIRST SESSION**

Wednesday, 6 February 2008

(Extract from book 1)

Internet: www.parliament.vic.gov.au/downloadhansard

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Privileges Committee — Ms Darveniza, Mr D. Davis, Mr Drum, Mr Jennings, Ms Mikakos, Ms Pennicuik and Mr Rich-Phillips.

Select Committee on Gaming Licensing — Mr Barber, Mr Drum, Mr Guy, Mr Kavanagh, Mr Pakula, Mr Rich-Phillips and Mr Viney.

Select Committee on Public Land Development — Mr D. Davis, Mr Hall, Mr Kavanagh, Mr O'Donohue, Ms Pennicuik, Mr Tee and Mr Thornley.

Standing Orders Committee — The President, Mr Dalla-Riva, Mr P. Davis, Mr Hall, Mr Lenders, Ms Pennicuik and Mr Viney.

Joint committees

Dispute Resolution Committee — (*Council*): Mr P. Davis, Mr Hall, Mr Jennings, Mr Lenders and Ms Pennicuik. (*Assembly*): Mr Batchelor, Mr Cameron, Mr Clark, Mr Holding, Mr McIntosh, Mr Robinson and Mr Walsh.

Drugs and Crime Prevention Committee — (*Council*): Mr Leane and Ms Mikakos. (*Assembly*): Mr Delahunty, Mr Haermeyer, Mr McIntosh, Mrs Maddigan and Mr Morris.

Economic Development and Infrastructure Committee — (*Council*) Mr Atkinson, Mr D. M. Davis, Mr Tee and Mr Thornley. (*Assembly*) Ms Campbell, Mr Crisp and Ms Thomson (Footscray)

Education and Training Committee — (*Council*): Mr Elasmarr and Mr Hall. (*Assembly*): Mr Dixon, Dr Harkness, Mr Herbert, Mr Howard and Mr Kotsiras.

Electoral Matters Committee — (*Council*): Ms Broad, Mr Hall and Mr Somyurek. (*Assembly*): Ms Campbell, Mr O'Brien, Mr Scott and Mr Thompson.

Environment and Natural Resources Committee — (*Council*): Mrs Petrovich and Mr Viney. (*Assembly*): Ms Duncan, Mrs Fyffe, Mr Ingram, Ms Lobato, Mr Pandazopoulos and Mr Walsh.

Family and Community Development Committee — (*Council*): Mr Finn, Mr Scheffer and Mr Somyurek. (*Assembly*): Ms Beattie, Mr Perera, Mrs Powell and Ms Wooldridge.

House Committee — (*Council*): The President (*ex officio*), Mr Atkinson, Ms Darveniza, Mr Drum, Mr Eideh and Ms Hartland. (*Assembly*): The Speaker (*ex officio*), Ms Beattie, Mr Delahunty, Mr Howard, Mr Kotsiras, Mr Scott and Mr K. Smith.

Law Reform Committee — (*Council*): Mrs Kronberg, Mr O'Donohue and Mr Scheffer. (*Assembly*): Mr Brooks, Mr Clark, Mr Donnellan and Mrs Maddigan.

Outer Suburban/Interface Services and Development Committee — (*Council*): Mr Elasmarr, Mr Guy and Ms Hartland. (*Assembly*): Ms Green, Mr Hodgett, Mr Nardella, Mr Seitz and Mr K. Smith.

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Road Safety Committee — (*Council*): Mr Koch and Mr Leane. (*Assembly*): Mr Eren, Mr Langdon, Mr Mulder, Mr Trezise and Mr Weller.

Rural and Regional Committee — (*Council*) Ms Darveniza, Mr Drum, Ms Lovell, Ms Tierney and Mr Vogels. (*Assembly*) Ms Marshall and Mr Northe.

Scrutiny of Acts and Regulations Committee — (*Council*): Mr Eideh, Mr O'Donohue, Mrs Peulich and Ms Pulford. (*Assembly*): Mr Brooks, Mr Carli, Mr Jasper, Mr Languiller and Mr R. Smith.

Heads of parliamentary departments

Assembly — Clerk of the Parliaments and Clerk of the Legislative Assembly: Mr R. W. Purdey

Council — Clerk of the Legislative Council: Mr W. R. Tunnecliffe

Parliamentary Services — Secretary: Dr S. O'Kane

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FIFTY-SIXTH PARLIAMENT — FIRST SESSION

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Drum, Mr Damian Kevin	Northern Victoria	Nats	Peulich, Mrs Inga	South Eastern Metropolitan	LP
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Guy, Mr Matthew Jason	Northern Metropolitan	LP	Smith, Hon. Robert Frederick	South Eastern Metropolitan	ALP
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Wednesday, 6 February 2008

The **PRESIDENT (Hon. R. F. Smith)** took the chair at 9.34 a.m. and read the prayer.

ANNUAL STATEMENT OF GOVERNMENT INTENTIONS

Mr LENDERS (Treasurer) — By leave, I move:

That there be laid before this house a copy of the annual statement of government intentions for 2008.

Motion agreed to.

Laid on table.

Ordered to be considered on Tuesday, 12 February, on motion of Mr LENDERS (Treasurer).

PAPERS

Laid on table by Clerk:

Auditor-General — Report on Local Government: Results of the 2006–07 Audits, February 2008.

Essential Services Commission —

Water Tariff Structures Review, December 2007.

Review of Port Planning, December 2007.

MEMBERS STATEMENTS

Emma House, Warrnambool: funding

Mr KOCH (Western Victoria) — For over 10 years domestic violence outreach services have been provided to women in the Hamilton and Portland districts through Emma House in Warrnambool. These services have been delivered by one outreach worker employed 32 hours per week with hours shared between the centres, giving timely and reliable support over the years to hundreds of women and children suffering from domestic violence.

Demand for outreach and support services is growing, especially in Hamilton, to the point where it is becoming near impossible to adequately address the workload. A trial of amended contact arrangements undertaken last year reduced contact hours with out-of-hours referrals to the women's domestic violence crisis centre in Melbourne. The Hamilton community was initially provided with a service of four days each week, but that has now been cut back to two days, increasing an already overstretched workload.

The services afforded to Hamilton and Portland, with a combined catchment exceeding 30 000 residents, similar to Warrnambool, previously offered women a confidence in gaining immediate personal service that is now not always available through telephone referrals to Melbourne. Although the need for additional resourcing has been previously raised with the Minister for Children and Early Childhood Development, who has portfolio responsibility, clearly Emma House in Warrnambool still needs more resourcing for domestic violence outreach services particularly dedicated to Hamilton and Portland so that the growing number of women experiencing domestic violence can have immediate access to support workers.

Tottenham: chemical fire

Ms HARTLAND (Western Metropolitan) — On the morning of 22 December 2007 a plume of toxic smoke affected the residents of the western suburbs, including those in Tottenham, West Footscray and Seddon. A fire had broken out in a warehouse in Paramount Road, Tottenham, just 200 metres from the nearest home. The warehouse was used to store pool chemicals, and the chlorine fumes caused a range of sudden and extreme health impacts.

Residents in this area thought they were living close to safe, light industry. I have no patience for the argument that residents in the western suburbs knew what they were getting in for when they bought their houses close to industry. Their houses are in a residential zone. All residents of Victoria have a right to expect that residential zones are safe for housing.

Today I will be releasing a report on the community's experience of this event and my recommendations to the government. One of these recommendations is for an integrated telephone alerting system. That dangerous chemical fire unfortunately again highlights the lack of regard for and neglect by both the Labor and Liberal governments towards people in the western suburbs. Those industries near people's homes would not be tolerated in the eastern suburbs.

Kevin Heinze Garden Centre

Mr LEANE (Eastern Metropolitan) — Recently I visited a fantastic place in Doncaster called the Kevin Heinze Garden Centre. This centre is run by a committee of management, part-time staff and a number of volunteers. A number of organisations that deal with elderly and disabled people, and with people on rehabilitation, have their own plots where their clients can garden and have volunteers assist them with their gardening activities. The interaction between the

volunteers and the participants is probably one of the most important things, hence the centre's motto 'Helping people to grow'. Once again I am amazed by the dedication and the preparedness of volunteers in the eastern suburbs to give people assistance where required.

Schools: welcome-to-schools kits

Mr LEANE — I would like to congratulate the 42 700 new prep students who have entered the school system last week and commend the Minister for Education in the other place on the welcome-to-school bags, which contain a number of items that will help the students during the year as well as providing some very important information for the parents. I visited the Yarra Road Primary School and found that the welcome-to-school kits were very well received.

Gaming: Frankston electorate

Mrs PEULICH (South Eastern Metropolitan) — I wish to speak about the failure of the Bracks and now the Brumby Labor governments' electronic gaming machine policy. When the house last debated amendments to the Gambling Regulation Act, which placed a cap on the number of machines per 1000 of the adult population, the Liberal Party made some very strong statements that the formula was problematic and would lead to machines being moved to different local government areas, often abutting suburbs that were not affected by the cap. This has been the case and is causing significant angst to local communities.

One of those vulnerable communities is the electorate of Frankston. On 5 November 2007 a meeting of Frankston City Council discussed concerns about the Labor government policy. The council report states:

Municipalities in the south-east metropolitan area are experiencing increased pressure as EGMs are to be progressively removed from six capped regions in Victoria ... It is estimated that more than 540 EGMs will be relocated from the capped regions ... to other municipalities not affected by the regional cap.

Frankston currently has 589 gaming machines, which is significantly less than the allowable cap of 890 machines ...

Council representatives are naturally concerned that Frankston will become a target, which will indeed be the case. The council concluded that the state government initiative to relocate machines from capped areas will impact significantly on Frankston. The municipality is currently an uncapped area and may be targeted by hotels and clubs which desire to transfer an increased number of machines to their venues. I urge the government to review this failed policy.

Homelessness: Ballarat community awards

Ms TIERNEY (Western Victoria) — Many members of this house attended a range of Australia Day ceremonies in late January. I had the pleasure of attending functions at Portarlington, Geelong and Ballarat, but I want to mention particularly the community awards at the Ballarat ceremony and the importance of local communities recognising issues in their communities and actively working to resolve them. I was particularly impressed with the Ballarat community's highlighting of and working on homelessness at a number of levels and also its acknowledgement of the key leaders who work so tirelessly in the field.

Mr Craig Schepis received the Ballarat citizen of the year award for his work with indigenous communities and in providing accommodation for homeless youth. The Ballarat *Courier* reports Mr Schepis as saying on the night:

We don't do what we do for this type of accolade ...

When you see that glimmer of hope in someone's eyes, it's an amazing feat from being on the streets to making something of themselves and you know you've contributed.

The community event of the year award went to the University of Ballarat's accommodation services Christmas in July charity appeal dinners. The dinners raised more than \$3000 in cash and non-perishable food items, which were donated to the 3BA Christmas in July appeal. I congratulate all the award winners and the community of Ballarat as a whole for identifying and actively tackling the issue of homelessness in their community.

Shane Warne Foundation: Northern School for Autism grant

Mr FINN (Western Metropolitan) — It is rare for the sound of a bedside alarm to be welcomed at 4.30 a.m., but six weeks ago I found myself in exactly that situation.

Mrs Peulich — Which suburb?

Mr FINN — I was in Bulla. The reason I welcomed the 4.30 a.m. rising the day after Christmas was because I had been invited to the Palladium at Crown for the Shane Warne Foundation's breakfast to kick off the Boxing Day test later that day at the MCG. I quite enjoy my cricket, but it was not because I was a cricket tragic that I was delighted to attend that function. I was particularly pleased to be there to meet Shane Warne, who is a top bloke, and to hear him officially announce

a grant of some \$84 000 to the Northern School for Autism, which covers a fair section of my region.

The school had been in need of two minibuses and had for quite some time been seriously raising funds to buy them. The school was forced to use those measures because of the government's relegation of autism schools to the bottom rung of the education ladder. My wife and I were very pleased to introduce the school to the Shane Warne Foundation, and we were delighted when the grant was announced. I pay tribute to the board of the foundation, particularly to Ann Peacock and to Shane Warne himself, who is not just a champion cricketer but also a champion bloke.

Former opposition leadership

Mr ATKINSON (Eastern Metropolitan) — I recently saw a movie which had a concept in it called 'living funerals'. The idea was that if you were terminally ill, you could have all the people who might attend your funeral come along and talk about the things that they had got out of your life and pay their tributes while you were still alive to hear them. This is not exactly an obituary, but I want to place on record my congratulations to Philip Davis and Andrea Coote on the roles that they have played as leader and deputy leader of the opposition over an extended period — five years. I think the contribution they have made to this house and this Parliament has been considerable.

Whilst this government often talks about transparency and openness there is no doubt that the work Philip Davis did with the minor parties — and I also pay tribute to them of course — in establishing the sessional orders and processes of this house will stand the Parliament in good stead in terms of scrutiny going forward. His considerable legacy is his work for the Parliament, the Liberal Party and the community of Victoria. He deserves commendation for his work, which was done with the support of Andrea Coote.

Sergeant Bernie Hair

Mr VOGELS (Western Victoria) — I would like to pay tribute to Sergeant Bernie Hair for his excellent service in charge of the Port Campbell police station for the last 15 years. Bernie has involved himself with community issues since being posted to Port Campbell. Port Campbell, on the Great Ocean Road, now attracts some 3 million visitors a year. Many of these tourists are unused to the local landscape. A frequent hazard on that road is meeting cars driven by international tourists on the wrong side of the road. It is no coincidence that the Port Campbell community consists of many

voluntary groups, which are all frequently called out to assist in emergencies.

It was therefore a pleasure to be present when Sergeant Hair was thanked for his support and assistance by members of the State Emergency Service, the Country Fire Authority, the Port Campbell Surf Lifesaving Club, volunteer ambulance drivers, Alex Green from Parks Victoria and owners of the Port Campbell caravan park, as well as many other community members. I would personally like to pay tribute to Bernie's efforts in ensuring we now have a commitment from the Brumby government to build an ambulance station at Timboon staffed by paramedics. The community wishes Bernie and his wife Linda a happy and successful placement at the Coleraine police station, where no doubt the community will benefit from their commitment.

Deputy Prime Minister: meeting

Mr EIDEH (Western Metropolitan) — I rise to briefly address the house on my meeting with our Deputy Prime Minister, Ms Julia Gillard, and the federal Minister for Employment Participation, Brendan O'Connor. At the end of last year I had the great pleasure and honour of dining with them in the company of the former mayor of Melton, Cr Justin Mammarella. The fact that Ms Gillard is the first woman ever elected to the position of Deputy Prime Minister of Australia made our meeting even more special. I remind members that this is the 100th anniversary of the women's vote in Victoria. Parts of both the Deputy Prime Minister's and Minister O'Connor's electorates include my own electorate of Western Metropolitan Region so we discussed issues of mutual concern and interest.

As a Victorian I took the opportunity to wish them both well in their endeavours as senior members of the national government representing our state. I have no doubt that they, Prime Minister Kevin Rudd, and their other colleagues will strive to do their very best on behalf of all Australians. I wish them all well, including and Minister Nicola Roxon and Parliamentary Secretary Bill Shorten, with whom I also share a constituency across state and federal lines.

LAND TAX AND STAMP DUTY: INCREASES

Mr D. DAVIS (Southern Metropolitan) — I move:

That this house expresses concern at tax increases under the current Victorian government, particularly the increase in stamp duty and land tax, and points to the likely detrimental

impact that state government plans to remove the land tax cap will have on small businesses, investors, retirees and renters.

This is an important motion because, as we saw late last week, former Treasurer, now Premier, Brumby has chosen as one of his early economic acts to remove a protection that was provided by his predecessor Premier Bracks to cap the increases in land tax on smaller holdings. The reality is that this government talks at length about how it has made land tax and other taxes fairer; I think it has a series of slogans that it uses in that regard.

What has occurred with respect to land tax and stamp duty over the period in office of this government is that as property prices have increased there has been massive bracket creep. That bracket creep, which this government has only made minor adjustments to, has led to a massive windfall in revenue for the government. Of course treasurers — and the Premier was the Treasurer for a number of years — and others — —

The PRESIDENT — Order! Mr Thornley could at least do me the courtesy of answering his phone outside!

Mr D. DAVIS — As a massive increase in property values has occurred, the state government has collected an enormous windfall. Treasuries and governments very much like windfall tax revenues.

There has been a strong national economy throughout the period of the Bracks and Brumby governments. That economy set a benchmark internationally over the last eight years during which it was overseen by John Howard, the former Prime Minister, and Peter Costello, the former federal Treasurer. During that period the Victorian economy — and the Victorian government — has been a beneficiary of that strong national setting. Victoria has performed in a middling way compared to other states and has clearly been outperformed by the resource states, particularly Queensland and Western Australia. Nonetheless the underlying fact about these tax increases is that the Labor government, as it is now, has had an enormous revenue windfall and has massively expanded its activities.

The figure that I want to put on the public record again is the estimated total state expenditure. In the period 1998–99, \$19.558 billion was spent by the Victorian government. It took 150 years to get to that level of spending. By 2007–08, \$34.951 billion was spent by this government, which is a \$15.39 billion or a 79 per cent increase in spending. Obviously that expenditure is resources coming from state taxes, charges and fines; it

also includes other sources of revenue and sales of property.

The figure also includes the full spread of revenue which comes from the commonwealth in all its various shapes and guises, including GST revenue which is provided and is a part of this massive windfall for the states around the country. Victoria, as a number of commentators have pointed out, has not for a long period received its fair share of national revenue from commonwealth sources. That failure to get a fair share is a long-term issue for Victoria; that is an issue where there is a measure of bipartisanship in this chamber and in Victorian politics.

Notwithstanding those issues at the national level, there have been massive increases in revenue flows. It is not possible to argue that the GST is the cause of those. If you look at the intergovernmental agreement, you will see that the truth of the matter is that GST revenues have been much greater than those envisaged at the time of the intergovernmental agreement. They are windfall GST revenues. There are massive revenues from land tax and from stamp duty.

With the leave of the house I seek to incorporate into *Hansard* a copy of a table that shows some of the increased tax collections under the Brumby government.

The PRESIDENT — Order! Is Hansard aware of the table?

Mr D. DAVIS — Hansard is aware of it. I have spoken to the leader — —

The PRESIDENT — Order! Have you spoken to the party whip?

Mr D. DAVIS — Yes.

Leave granted: see table page 106.

Mr D. DAVIS — This table shows the increases in taxes that have occurred under the Brumby Labor government between the 1998–99 and 2006–07 tax years and gives the actual revenue received in 2006–07. Since 1998–99 land tax has gone from \$378 million to \$961 million, an increase of \$583 million or 154 per cent. The metropolitan improvement levy has gone from \$72 million to \$96 million, a \$24 million or 33 per cent increase. The congestion tax is a new tax that was not in existence until 2006. The government collected \$38 million under that tax in 2006–07. Stamp duty — it is interesting to look at both property taxes — has gone from \$1.006 billion to \$2.961 billion, an almost

\$2 billion or 194 per cent increase in the amount of stamp duty collected.

Police fines have gone from \$99 million to \$406 million, an increase of \$307 million or 310 per cent. Insurance taxes have gone from \$532 million to \$1.095 billion, an increase of \$563 million or 106 per cent. Payroll tax — it has been discussed many times in this chamber, as Mr Theophanous and Mr Gordon Rich-Phillips, in particular, will remember — has gone from \$2.211 billion in 1998–99 to \$3.479 billion in 2006–07, an increase of \$1.268 billion or 57 per cent. Motor vehicle tax has gone from \$885 million to \$1.278 billion, an increase of \$393 million or 44 per cent. Gambling taxes have gone up by \$61 million, which is a 4 per cent increase. These are very significant increases in some of the key categories of taxes.

Mrs Peulich — Shameful!

Mr D. DAVIS — They are shameful, and they are tax increases that have been misapplied in many cases. The community would be less concerned if these massive tax increases had been used wisely and the community was getting the sorts of schools and water infrastructure it requires. It is clear that over the last eight years the government has failed totally to make provision for improvements in water infrastructure, leaving Victorians in both the country and the city exposed in severe drought conditions. Of course the government was not responsible for the drought, which was not necessarily predictable, but it could have made better provision for water infrastructure.

Looking at public transport, those in metropolitan Melbourne who regularly catch trains, as I do, will understand that the crowding on public transport is extreme. At breakfast Mr Guy was bemoaning to me the crush he experienced this morning as he came in on the train with so many other commuters. Looking at health, there has been a massive increase of nearly 90 per cent — I stand to be corrected on that figure, but it is an increase of between 80 per cent and 90 per cent — in the acute health budget, yet we have waiting lists that have not substantially improved under this government over eight years. There have been massive increases in some of those spending areas but not the required delivery of services or the required performance.

There are those who say that increased taxes are not necessarily a bad thing, but even those people in the community want to see —

Hon. T. C. Theophanous — Taxes have come down.

Mr D. DAVIS — They have not come down. Land tax has gone up from \$378 million in 1998–99 to the \$961 million the government collected in 2006–07. That amounts to a 154 per cent increase, and I defy, Mr Theophanous to tell me that 378 million is a greater number than 961 million. I do not care what he says, the truth of the matter is that property prices have gone up. The government has collected the windfall, given back a small wedge of the windfall and creamed off the rest.

The government has hurt small businesses and renters; it has hurt the whole range of people across the community. Those self-funded retirees who have made proper provision for their retirement, who have saved hard over the period of their working lives and are now living off the rent that they receive from properties, are being slugged; they are being hit. There is no question that this cap removal will be a cruel step. Members should look at the way land tax is affecting small business. Very few members who saw the television footage on Friday night of the family-run hardware store in Clifton Hill could have been anything other than shocked and saddened by the impact of the land tax increases on those thrifty small businesspeople.

This government has failed to index, it has failed to use wisely the taxes it has collected and it has failed to give small businesses a fair break. When the last round of massive land tax increases started to really land on small businesses, former Premier Bracks finally caved in. He put a 50 per cent cap on land tax collections, which was a desperate measure at the time because land taxes were beginning to hurt him electorally. That took some of the sting out of the situation, where small businesses were facing land tax increases of 100 per cent or more in one year. Such increases were simply unacceptable; no business can possibly plan for those sorts of increases.

At an earlier point I have raised in this house the matter of a firm in my electorate, D. H. Bradshaw Auto Services, known locally as Bradshaw's, which is an old-fashioned garage at the end of Maling Road. It services and actually looks after your car. The people there are well respected and well known in the community. Their land tax went up by a phenomenal amount — hundreds of percentage points — and there are many cases like that across metropolitan Melbourne and in key regional areas.

There is no doubt that land tax hits Victorian competitiveness. Mr Theophanous shakes his head —

he is the industry minister; he should be very concerned about the competitiveness of our small businesses. The truth of the matter is that all of these taxes are inputs to business costs. Every business that buys a property has to pay those taxes on the land. You wonder why so many businesses move to Queensland and elsewhere — one of the reasons is that land tax and many of the other taxes are lower there.

The Minister for Industry and Trade, Mr Theophanous, who was the small business minister under the Cain and Kirner governments and was part of that period in the late 1980s and early 1990s when the state was ground into the dirt, has to step forward and understand that this issue of competitiveness is a real one. If Victorian businesses are not able to properly compete with businesses in other states and internationally, our exports will be hit. We have talked in this chamber about how Victorian manufacturing exports and services exports have all suffered under this government and about the performance of this government in lifting our exports — —

Hon. T. C. Theophanous — Services exports have gone up.

Mr D. DAVIS — I have to say that they have not over the term of this government, Mr Theophanous. It is a very paltry performance, and you well know that! The share of merchandise exports is down to under 13 per cent — a very poor performance.

Hon. T. C. Theophanous interjected.

Mr D. DAVIS — Mr Theophanous knows the realities and how land tax is hitting. In this recent period we have seen massive rent increases, and those land tax bills that are hitting landlords across the state will inevitably be passed on to those who are renting properties. There is no doubt that a major input cost to rental properties is land tax. In this state it will reduce the supply of rental properties.

Hon. T. C. Theophanous — Do you have to pay land tax?

Mr D. DAVIS — Mr Theophanous, I did, in a previous life, when I was in business. When I was in practice I did pay land tax and I actually do know — —

Hon. T. C. Theophanous — At what rate? Five per cent?

Mr D. DAVIS — I cannot tell the minister the exact per cent at that time. I can tell him that I paid very significant bills, but those bills would be massively greater these days on those properties that I rented in

the 1980s and 1990s. For Mr Theophanous's information I may go and do that little check and find out what has occurred. But it is not just businesses; it is also those families who buy properties in the suburbs. I draw the attention of the house to some sales reported in the *Herald Sun* on Monday, 4 February, which are sales at the weekend auctions. I will pick some examples: a property in Mary Street, Prahran, had a sale price of \$760 000. Let me explain to the house how this iniquitous stamp duty that hits the sale of these sorts of properties will apply.

Mrs Peulich — Say 'stamp duty' and they salivate over there!

Mr Pakula — I want to hear him say 'iniquitous'!

Mr D. DAVIS — Iniquitous, inequitable — whichever you like, Mr Pakula. Mr Pakula may make light of the impact on families and businesses that buy properties, but let me start with Mary Street, Prahran, which had a sale price of \$760 000. In Victoria the stamp duty payable would be \$41 260. By any stretch that is just a huge slug — \$41 000!

In the Australian Capital Territory (ACT) an equivalent property of the same price would attract \$35 450 stamp duty; in New South Wales, \$29 690; in the Northern Territory, \$38 540; in Queensland, \$20 200, which is less than half the hit — half the slug on the purchaser in Queensland for the same property price; in South Australia, \$35 630; in Tasmania, \$27 950; and in Western Australia, \$34 740. As you can see with that property bought in Mary Street, Prahran, for \$760 000 last weekend, Victoria delivers the highest stamp duty. That is not an expensive property compared to many around the metropolitan area these days. It is a significant price, but — —

Mrs Peulich — And what is the member for Prahran doing?

Mr D. DAVIS — In that electorate the member for Prahran in the other place has been silent on these matters and he should step forward and say that the people in his electorate are being slugged massively.

Wolsley Street, Bentleigh, reported in the *Herald Sun*, had a sale price of \$662 500 and being in Victoria the stamp duty paid on that property sold last weekend will be \$35 410. An equivalent property of the same price in the ACT would be \$29 844; in New South Wales, \$25 303; in the Northern Territory, \$33 275; in Queensland, \$16 000; in South Australia, \$30 268; in Tasmania, \$24 050; and in Western Australia \$29 475 in stamp duty.

Mrs Peulich — What has Mr Hudson said about that?

Mr D. DAVIS — And what has Mr Hudson said, indeed? The member for Bentleigh in the other place has been deeply silent about this matter, as he is on many issues that he finds difficult, but those in the Bentleigh electorate, in my view, are not people who are massively wealthy. They are representative of the Victorian community in many respects. They are people who are simply, as families and businesses, trying to do their best. They do not deserve to be slugged with these sorts of levels, and why is it that this state has allowed these tax increases to go to such an extraordinary extent. The fact is that there has been an increase in property prices, and we are all aware of that. We understand how bracket creep works. People are being pushed up. There have been minor adjustments of the brackets, but nothing substantial that has protected people from these stamp duty increases as it has increasingly hit into everyday, standard Victorian families and businesses.

George Street, Ashwood — in the electorate of the member for Burwood in the other place, Mr Stensholt, who is the chair of the Public Accounts and Estimates Committee, and who should understand these things better than most, you would think — had a sale price of \$605 000 last weekend. In the Burwood electorate \$605 000 in this day and age is not a massive sale price. There are many properties sold for much more than \$600 000. The Victorian stamp duty on that \$605 000 property in Ashwood is \$31 960. In the Australian Capital Territory the equivalent stamp duty payable would be \$26 538; in New South Wales, \$22 715; in the Northern Territory, \$30 170; in Queensland, \$13 700; in South Australia, \$27 105; in Tasmania, \$27 150; and in Western Australia, \$26 370. The stamp duty increases in Victoria are a massive hit on ordinary families and ordinary businesses.

The Premier, when he was Treasurer, presided over all this, and continues that behaviour as Premier. Last week he removed the cap on land tax, which will leave the way clear for those whose properties for whatever reason have increased in value to be pushed up through the brackets and cop a massive slug. That slug will hit renters, because in the end landlords will be made to think twice about purchasing rental properties. The land tax increases will hit small businesses and their competitiveness, no matter whether they be in the merchandise sector or in the services sector. It is an input cost that feeds straight into their business bottom line, and there is no doubt that the increases are going to make things more difficult.

Self-funded retirees who have made the effort and very properly provided for their own retirement by purchasing properties, and now live off some of the income from those properties — in many cases, very frugally — are finding it increasingly hard to maintain their properties. I have personally heard their stories. As recently as December last year a migrant couple came into my office to explain that they had been forced to sell one of their properties to pay the land tax on the other three.

There may be some in the socialist wing of the Labor Party who say that this migrant couple who own four rental properties are rich and undeserving, or they may say they are capitalists or something like that. I do not know what the people in the Labor Party think about that, but that migrant family had made good in this country, had brought up their children — —

Hon. T. C. Theophanous — Why did you sell your rental property?

Mr D. DAVIS — I did not have ownership of a rental property but as a tenant I paid the tax. In business people pay the tax one way or the other, Mr Theophanous. They either pay it as they did previously as an outgoing — businesses are required to pay outgoings — or, as your government has changed the rules now which means that outgoings are not allowed to be provided for in the lease in that way, in effect landlords increase the rental component to cover that.

I have to say the government has clearly not understood the significance of its decision on renters, retirees, businesses and the whole spread of the community. That decision is starting to have a very significant impact. It will also impact on superannuation holdings that people hold, because those super funds are forced to cop the land tax sweet.

Mr Pakula — You guys believe in super now, do you?

Mr D. DAVIS — I have always believed in super.

Mr Pakula — You spent 20 years opposing it.

Mr D. DAVIS — I have got to say that I never spent 20 years opposing it; I have always believed in super. What I do not believe in is the government getting in and unfairly targeting people's super by the back door through massive land tax hits. That is what the Victorian government is steadily doing.

I want to return to the figures I used at the start of my contribution. The total state expenditure of \$19.5 billion

in 1998–99 increased by 79 per cent to \$34.95 billion in 2007–08. This is the key point: this government has had plenty of revenue and opportunities. It could have spent that revenue wisely and got the advantages, but it has squandered the opportunities and through inefficient and ineffective government it has not delivered for Victorians.

I want to say something else about stamp duty in particular. I direct the attention of the house to a paper dated June 2007 by Dr Tom Hird, of the NERA Economic Consulting group, in which he looks at the hidden costs of stamp duty taxation. I commend it to the chamber and will summarise quickly what it says. People think of stamp duty as a tax on property, and in one sense that is absolutely right, but the point that is made in that paper is that it is actually a tax on those who move from one property to another and that is the point at which stamp duty clobbers people. Members need to think about what sorts of people in our community are moving from one property to another. We all know the answer to that question, once we think about it. Some are families who have extra children and so need more space. So at a point in the life cycle, as it were, when people need to spend more to buy a bigger property, we put a brake or additional tax on them.

Mrs Peulich — Punish them!

Mr D. DAVIS — Indeed it is a punishment. By having the highest stamp duty rate in the country, the Premier, Mr Brumby, is imposing the biggest punishment on families who seek to have a larger property.

At the other end of the life cycle you see people who, for whatever reason — their children have left home or they have become old and in some cases infirm or otherwise unable to manage in their home — are forced to sell their property. In many cases they are living on their income —

Mrs Peulich — Government policy is to downsize.

Mr D. DAVIS — And there may be every reason why it should be government policy to help people to downsize, but I have to say that stamp duty does not help people to downsize. It actually puts a barrier in front of people who are downsizing. People who are shifting from one property to another face a new, massive barrier that is increased every year under the Brumby government, as it has increased its take. When government members get up to talk about this, members will hear —

Mrs Peulich — Not very many are getting up.

Mr D. DAVIS — I suspect some will, Mrs Peulich.

Mrs Peulich — They are probably ashamed.

Mr D. DAVIS — Some may well be ashamed, when they think about it. What members will hear from them is that we have had little rejigs of the scales, little tweaks here and there, and that people are paying less tax than they would have paid. In a trivial sense it is true that people are paying less than they would have paid if the scales had not been adjusted, but what has not been taken into account is the massive bracket creep on the land tax and stamp duty scales. This is something that in the end the community will have to deal with. It is something that increasingly irritates people. It leads to a distortion of decisions in the community, and some sensible solutions will have to be provided.

Mr Atkinson will say more about the insurance taxes that are being collected under this government. I am very aware of what has been said by spokespeople for the Insurance Council of Australia and others. The full effect of the cascade of stamp duty on top of taxes with GST means that more than half the final insurance premium that people pay is composed of taxes. That leads to massive underinsurance, in the first instance striking those who are poorer, and there is every reason to believe that it has some very bad economic consequences and risks for those who are unable to insure properly. I would have thought that in general government and this Parliament would support people taking out proper insurances rather than penalising them for doing so. Instead, with this government we have seen again the cascade effect. Insurance premiums have increased, with the GST and stamp duty cascade resulting in the total taxes collected being more than half the final premium amount that people are forced to pay.

Police fines have resulted in massive collections. In recent days there has been a lot of discussion about the congestion levy. I am not sure that the so-called congestion levy as it operates in metropolitan Melbourne at the moment is in fact a congestion levy in the real sense. It is a parking tax and I am sure that it is not having the desired effects. There is no evidence that it is having the desired effects.

Mrs Peulich — They cannot get onto a tram or train.

Mr D. DAVIS — Indeed there is that side of it, too, Mrs Peulich, in that the public transport alternatives are not there as they should be.

I want to return to another couple of points. The property taxes directly impact on housing affordability. In this debate Mr Guy will say a great deal about housing affordability. The government's policies on land and tax have worked synergistically in an unhelpful way to make prices of properties escalate massively. The big beneficiary of those price escalations is Mr Brumby, as he has raked it in. Every time property prices go up, he gets more stamp duty and more land tax. He is the big beneficiary.

As I said, over the next two years the scrapping of the land tax cap will have a very significant effect on a lot of Victorians: Victorian businesses, Victorian retirees and ultimately Victorian renters, as those who seek rental properties withdraw increasingly from the market as they are hit again and again with higher taxes.

In returning to where I started, I refer to the Clifton Hill hardware store and the family which runs that shop and which appeared on television on Friday night. That is the sort of heartache and impact that this government is allowing to occur. It appears that Mr Brumby is stone hearted about the impact that land tax is having on such businesses. I suspect that many in the Labor Party do not understand that those in small business have not only their savings but in many respects also their character and whole being on the line.

Mrs Peulich — They don't care.

Mr D. DAVIS — I am sure Mr Brumby either does not care or does not understand.

Mrs Peulich — Probably both.

Mr D. DAVIS — Or both. Those of us who know many people in small business are very aware of the impact that Brumby's taxes are beginning to have and the impact that they will continue to have.

Mr THORNLEY (Southern Metropolitan) — Members just heard a setpiece speech from Mr Davis.

Mrs Peulich — And yours isn't?

Mr THORNLEY — We will see, Mrs Peulich, won't we? Members hear endless discussion on the issue of tax from those opposite, actually regardless of the facts. I understand that members opposite are trying to get their brand to be the low-tax brand, because the opposition does not really stand for anything else, but just talking about it does not make it so. When you actually look at their performance in government, you see that it belies that. When you look at the performance of conservative governments, you see taxes going up very quickly. When you look at the

performance of the former federal government, you see taxes going up rapidly. When you look at the performance of the Bush administration, what do you see? It is complete fiscal ineptitude — just a complete catastrophe. Members of that administration did, I admit, cut taxes — for the wealthiest 1 per cent in America. They just drove the budget into deficit.

This generic pitch is really about cutting services. That is what is so ironic about Mr Davis standing up and on the one hand saying that taxes are too high while at the same time complaining about a lack of infrastructure, about performance in schools or about water. Those are all very important issues that this government takes very seriously. But there is a complete failure of logic in a position that says, 'We are concerned about these services and we are concerned about this infrastructure, and that is why we want to cut tax'. You cannot square the circle. You are either going to drive the budget into deficit, which the opposition claims to oppose, or you are going to cut services. We know what the opposition did last time it was in government: it cut services. Its federal colleagues did the opposite: they put up taxes. But the one thing you can be absolutely certain of is that they will not be cutting taxes and improving services. What they will not be doing is making the hard decisions, and that is what being in government is about.

Nobody would pretend that people like to pay tax. No-one would pretend that it is easy to make the decisions about who in the community should have the fairest share of the tax burden to ensure that we raise the revenue necessary to deliver the services we need to deliver. But that is the hard work of government. I notice that you never see the zero-sum position from the opposition. You never hear put the position of 'We would cut these taxes, and to pay for that we would cut these services'. But then I guess that is the joy of opposition: you can sit in the cheap seats and do that.

Then we heard a parade of economically illiterate statements which, thankfully, Mr Rich-Phillips will not repeat because he seems to be on top of some of the more complex ideas like the difference between capital and recurrent, and the idea that inflation and economic growth tend to mean that the numbers get bigger even if the share of the economy stays roughly the same. But Mr Davis, who has never actually met a businessperson in his life, continues to parade this nonsense about the numbers now being bigger than the numbers were then — and we could continue this. The numbers are a lot bigger now than they were in 1960, and then they were a lot bigger than they were in 1940. That is what happens when you have inflation and you have economic growth.

As everyone knows, the important thing, if you actually want to have a serious debate about it, is: what is the share of the economy that is going? Guess what? That changes very little. It is a vapid ideological debate. People like Mr Davis are desperately trying to continue the last war about government versus private and blah blah blah, and actually nothing changes. The numbers have stayed fairly constant. If you actually want to look at those numbers, what you see is that as a percentage of gross domestic product taxes under this state government have declined from 6.1 per cent of gross state product in 1999–2000 to 4.67 per cent in 2006–07.

What you see when you look at the percentages — I know percentages are a difficult concept for Mr Davis, but he will get his head around it sooner or later — is that the rates have come down. The land tax rate has come down from 5 per cent of the value of a property to 2.5 per cent of the value of a property. He talked about bracket creep. I notice that the threshold for the land tax has actually gone up from \$85 000 to \$225 000, so unless I have missed something fairly substantial, that does sound as if the brackets actually went up quite a lot.

Mr Davis then talked about business competitiveness, and this is where it gets really amusing: to listen to someone who knows nothing about business talking about business competitiveness. Let us start with WorkCover. When Labor governments have consistently worked on workplace safety we have heard the predictable set piece and howls of opposition from the other side — we go back to the Berlin Wall speeches and all that sort of stuff every time we mention anything about the workplace. What actually happened? As a result of working hard with employers, with unions and with employees on workplace safety, workplaces got safer and WorkCover costs declined rapidly: four 10 per cent reductions in a row. That is one of the few ways you can actually square the circle: by changing something, by getting out of vapid deadbeat ideological debates and actually seeing if you can change something so you can get a win-win situation.

WorkCover has been a win-win. It has been a win for employees who work in a safer environment, it has been a win for employers because they have lower WorkCover costs and it has been a win for the state and the rest of the community because the impacts of those workplace accidents are now so much less. That is smart economic work, it is smart social policy work and it has nothing to do with this brain dead ideological debate that the opposition is trying to bring on for want of any other beliefs about what they stand for.

Victoria has the second lowest level of taxes as a percentage of gross state product amongst the states. That is just a fact. No matter how much the opposition might want to characterise it otherwise, that is a fact, so it is difficult to sustain the argument that the way this government is trying to share the tax burden fairly among all Victorians is hurting business competitiveness. In fact all of the data suggests to the contrary. That is why we see the growth in population; that is why we see the outperformance of the Victorian economy versus those of places like New South Wales.

Looking at a little bit more of the detail, the land tax one, I thought, was particularly interesting. Again, we had a set piece played from the opposition claiming that terrible things were happening to land tax when the government was simply continuing what it said it would do as part of changing the way the land tax regime works, resulting in 80 per cent of payers of land tax paying a lower level. The thing about tax is always about how you can share the burden as fairly as possible, and what we have done in land tax, as we have done in so many other areas, is try to ensure that those who are most vulnerable, those who are struggling the most, can have a slightly lesser load.

If you are going to do that without the sort of pretence that you have from the opposition that there is no cost to that, then somebody else bears a slightly higher load and you try to make sure that those who bear that slightly higher load are in the best position to do so — and that is exactly what has happened in the land tax arena. This is not just our view, this is the view of people who are actually in the business and who understand it. I am thinking of people like the head of the Victorian division of the Property Council of Australia, Jennifer Cunich, who was quoted in *The Age* of 2 February of this year as having said:

I don't understand why everyone's jumping up and down and saying that the removal of the cap is a disgrace ... The focus should be on getting the rates lower.

And that of course is exactly what this government has done: lowered the rates from 5 per cent to 2.5 per cent.

Mr D. Davis interjected.

Mr THORNLEY — Yes. Mr Davis is upset about the fact that we are driving economic growth in the great state of Victoria. One of the artefacts of driving economic growth is that the numbers go up, and that apparently is a crime. Where I come from economic growth is a good thing. The good thing is that when you drive economic growth, and when you do it fairly, the numbers go up for everybody.

Mr D. Davis — But not that much.

Mr THORNLEY — They have been, and that is the point. The numbers we have been able to put on the land tax threshold have gone up from \$85 000 to \$225 000. I think even Mr Davis would concede that is a fair bit greater than the rate of inflation. The payroll tax numbers have gone down from 5.75 per cent to 5 per cent. It is hard to argue that that is a problem. WorkCover rates have dropped 10 per cent a year for four years in a row, while inflation and other costs have gone up, so that is a net benefit of about 13 per cent per annum. I know what Mr Davis is trying to do, and I can understand his dilemma at this point, but it is pretty hard to argue that that is anything other than a good result for everybody and anything other than doing the really hard thing to do in this debate, which is to find ways of driving economic growth, of sharing the burden fairly and of creating new value and new wealth. That is what you do when you do things like fix workplace safety.

Let us talk about the issue of business competitiveness. Of course tax is an important question in that, but it is not the only question. Far more important for the ultimate competitiveness of business are the things it relies on government to deliver — things like infrastructure. When you look at the infrastructure investments that this government has made versus those of the previous government, if you want to use Mr Davis's absolute numbers, you see there is a pretty big difference. I am willing to cut them back to real numbers to adjust for inflation, but we are still a mile in front. On the absolute numbers we have gone from less than \$1 billion a year to \$3.8 billion in the forthcoming year. That, by any measure, is a pretty substantial increase in infrastructure investment, and that will directly drive business competitiveness.

Let us look at skills. Skills are one of the key drivers of business success and business competitiveness, and the lack of skilled labour in an economy is one of the things that drives up business costs, so you would think that investing in skills would be an important priority. But when you get opposition members standing up and talking about cutting taxes, it leads you to ask the obvious questions: whose taxes would you cut and who would benefit from that? And more importantly, what would you cut to make those savings? All we can do is look at history and see that Liberal governments have slashed infrastructure investment, slashed investment in schools and skills and slashed the support for the most needy in society in the health-care system and elsewhere.

Opposition members may well claim that that is not what they are going to do this time. They have certainly tried to turn over a new leaf, and I freely concede that it may be that they follow the Howard model and not the Kennett model. It may be that they follow the Howard model and massively ramp up taxes in order to at least do something on the services side, but either way they have to make a decision. Alternatively they can follow the Bush model and cut taxes, not cut spending and just drive the thing into deficit. But we have not seen the alternative budget from the other side. What we have seen is a predictable setpiece play where they pretend to be about lower taxes when in fact they are about lower services.

One of the other elements of business competitiveness that does matter is red tape. What you want to do with the tax system is, firstly, make sure that it shares the burden fairly, and secondly, that the administrative costs, both to the government and to taxpayers, can be reduced so that the work of actually administering the tax does not create additional costs in itself. That again is where our government has gotten rid of a whole lot of small taxes to get rid of those administrative burdens. We got rid of the duty on non-residential leases, we got rid of the financial institutions duty, we got rid of the duty on quotable marketable securities, we got rid of the duty on unquotable marketable securities, we got rid of the duty on mortgages, we got rid of the bank account debits tax and we got rid of the business rental duty.

Again, doing the hard work is one of the ways you create value. By taking out those administrative costs, which add value for neither the government nor the taxpayer, you are actually creating new wealth, in the same way as you create new wealth by reducing workplace accidents and in the same way as you create new wealth by investing in road safety and ensuring that you get a lower road toll. That is exactly what we have done. That is the modern way forward. That is what this debate should be about. This debate should not be a boring setpiece ideological debate by people who claim to be about lower taxes but do not deliver them unless they deliver lower services. What it ought to be about is both sides of politics talking about the hard things, such as how we create new value that allows businesses to be more successful and allows for greater social justice and a strong economic position for the government. We are doing that hard work, and we will continue to do it. I will oppose this motion.

Mr DRUM (Northern Victoria) — I am pleased to say The Nationals will be supporting this motion. There is no doubt that some of what Mr Thornley says is correct. In most instances you do have higher taxes and

therefore higher services, and if you want to cut taxes in most instances you will have to cut services. That premise does have some merit. But the Bracks and Brumby governments, including the Treasurer in this chamber, are all too ready to simply use that excuse whenever they are questioned. We have some of the highest government taxes relating to stamp duty and land. But whenever the proposition is put forward that this government, with its over \$870 million surplus, half of which was unexpected, may be in a position to relieve some of the pain that has been felt within the Victorian community, the same old argument gets brought out: what services do you wish to cut if we cut these taxes?

The Nationals can quite clearly identify that there are other options. It is not simply a matter of services having to go if you cut taxes. In the time that this government has been in power its departments have overspent their budgets to the tune of \$8 billion. If we want to find surplus moneys lying around, how about just getting government departments to adhere to their own departmental budgets? That would have saved over \$8 billion in this period of governance. How about if this government was to bring in some of its major projects, such as the fast rail, on budget? We have the fast rail blow-out — —

Mr D. Davis — Spencer Street.

Mr DRUM — Spencer Street indeed. God knows what these water projects are going to cost this state in terms of the social damage they are going to cause in northern Victoria and the Wonthaggi region. The lack of investment in water infrastructure in this state has been absolutely staggering. If we were able to bring in some of our major projects on budget, there would be enormous savings. This government has to acknowledge that it really has been guilty of enormous waste in handling the huge amounts of revenue that have flowed into government coffers since it assumed power in 1999.

We have a three-pronged issue here: an enormous amount of waste on one side, higher and more taxes that we have to deal with on an ongoing basis and a huge unmet service need. This government faces a real challenge in trying to balance up the taxes, the waste and the unmet service needs. We keep hearing Mr Thornley talk about business and say that the opposition does not understand business.

I would like to put a little scenario to Mr Thornley about being in business. You may be in business and happen to be in the market to purchase new premises to relocate your business. You might buy a building to the

value of, say, \$800 000 in the state of Victoria. Then you will have to pay GST on that purchase, but because it is the place of your business, you are actually going to pay that money only until the end of the quarter. The \$80 000 comes out of your pocket but is going to be returned to you at the end of the quarter. Along the way, though, you are going to have to pay stamp duty on the \$880 000, and that does not come back to you. So while you get your \$80 000 returned, in Victoria stamp duty is paid on the whole whack.

I have umpteen examples here where we in this state are forced to pay a tax on a tax, and in some instances we pay a tax on a tax on a tax. In this instance you pay to the state a tax on a tax that actually comes back to you. Efforts to have this government realise that it is acting in a very opportunistic manner have fallen on deaf ears. The Treasurer has always been happy just to accept the money. That stamp duty is paid on the total amount of the purchase price, including the GST, which is paid and then returned at a later date. So there is a whole range of opportunities in this state to do much more for business.

This land tax, which I will talk about briefly, is a real issue in relation to how we compare with the other states. The tax-free threshold has only just recently been moved up to \$225 000. It sat dormant for many years at, I think, \$120 000 or \$150 000. At the time it was introduced that threshold represented a high-value investment property. Then, after a number of years, it came to represent a one-bedroom unit in Melbourne. People who owned such properties were getting caught somehow or other in this wealth tax. So Victorian land tax now cuts in at \$225 000. Queensland's cuts in at \$599 000, and even in New South Wales land tax cuts in at \$352 000. There is no doubt that this is going to have an impact on Victoria's ability to attract investors into the future.

It is interesting that the media has again recently been picking up on this issue. The situation now with stamp duty is such that we have been acknowledged as having the most expensive stamp duty in the Western World. In Victoria stamp duty on a \$405 000 property is \$6500 more expensive than in New South Wales and nearly \$9000 more expensive than in Queensland. It is absolutely staggering that this government has the audacity to stand up in this place and talk about what it is doing to cut what we would have been paying if we did nothing. But the reality is that it continues to implement exorbitant increases in these taxes as it goes along.

But it is not just the main taxes that we need to talk about. Obviously stamp duty and land tax attract most

attention when it comes to talking about the taxes this government has put in place, and the examples have made it very clear that Victorians are paying way and above the odds compared to other states, but there are other taxes that I think we need to be aware of, including, for example, payroll tax.

Whilst it might look as if we have a low rate compared to the other states, payroll tax kicks in at a much lower threshold. Victoria's kicks in at \$550 000 whilst most of the other states do not apply payroll tax until a business has a payroll of more than \$1 million. We are getting so many more small businesses caught up in paying payroll tax. This is a disincentive to employing people. How can a Labor government lead the way in charging employers for employing workers? It differentiates Labor in government from The Nationals, and certainly this is an area in which we will continue to fight for small businesses to ensure they have a fairer chance of being able to employ people.

We are also very aware of some of the other smaller taxes that do not tend to make the headlines. I would like to take the house through the example of paying the fire insurance premium. This is another levy that is used to pay the Country Fire Authority. If you have an insurance premium of \$100, you then have to add the fire insurance levy of around \$50 — the highest in Australia. We then have the GST applied to the whole of that, so it is a tax on a tax. The \$100 insurance premium attracts the \$50 fire insurance levy, totalling \$150. GST on that brings it up to \$165. Then, in Victoria, stamp duty is applied to the lot — so this is where we have a tax on a tax on a tax. You end up paying \$181.50 for \$100 worth of insurance. It is obvious why so many businesses are absolutely furious that the government refuses to come up with a fairer and more equitable way of funding the fire services in this state.

Another area that we have done a lot of work on concerns the taxes that are applied to poker machines. Victorian poker machine gamblers lost over \$1.3 billion in the past six months — and it looks like we will have an annual loss of around \$2.56 billion. That is an increase of around \$55 million over the last six months. In Bendigo the loss in the last six months has been about \$22 million; and in Geelong, \$58 million in the last six months.

Now a whole raft of taxes that are taken out of the gaming machines, which used to be returned to the community, are no longer so returned. The taxes are simply taken out of the gaming sector and put straight into general revenue. This government receives well over \$1 billion from gaming machines. It also applies

the health levy to each machine in this state; initially that levy generated about \$45 million; it then doubled to \$90 million. Now it has again increased. The health levy from gaming machines is now well over \$135 million.

The Community Support Fund was initially established so that some of the proceeds of gaming machines could be returned to the respective communities in which the money was lost in the first place. But that fund has been commandeered by the government, and all of those moneys are quarantined and used in effect to replace what was always line item expenditure in the budget.

Time after time this government has been the recipient of enormous amounts of new money. Instead of trying to come up with a fairer or more equitable way of returning some of that money to the community via additional services or a reduced tax burden, this government is happy to run up huge waste on major projects and a huge overspend on its departmental budgets. It is happy to put aside the extreme surpluses which it announces each year, which are, somehow or another and luckily, much more than it expected to have returned.

New taxes are not the only thing that is of interest about this government; hidden taxes are another thing. This government not only put a 5 per cent water tax on everyone's water bill but it also legislated to ensure that when you read your water bill, you cannot see that tax disclosed. It is law in this state that we have additional tax on our water bills, but it is also law that the Victorian public will never see that tax written on their bill; it has to be hidden.

The levy on parking that was introduced the year before last was introduced by this government under the guise of a congestion tax. The government tried to deter people from coming into the city. We know what a congestion tax is — it was introduced in London. It is a significant tax. If we want to stop people driving their cars into the city, we have to increase the opportunities for public transport and substantially improve the ability to get around once you get into the city. This government had 50 cents each way. It raised taxes so it would sting people just a little bit. The government said, 'We will increase parking fees and increase the taxes on private car parks, but we will make sure that we do not do it too much because we do not want to stop people coming into the city because we need additional moneys'.

The mother of all beauties in relation to taxation in this state has been the sneaky way and deceitful manner in which the government has introduced indexation for all

state government fees, fines and charges. Without anyone doing anything, this government has introduced a system that simply increases fines, fees and charges. The government just sits back and the increasing amounts of revenue roll through. That will damage the state in the future because it creates so much pain for people who are getting caught up in fees and fines. We need to make the public aware of this issue and let them make their own decisions as to how they go about reckoning the performance of a government that has record surpluses and was given record amounts of revenue in the first place.

There are continual comparisons between the depleted and economically unhealthy state that the Kennett government took over back in the 1990s; it tried to restore the financial health of Victoria. When this government came to power, it had an operating revenue of around \$19 billion. Now that revenue has nearly doubled and so has the government's spending. As I continually say in this chamber, there are very few family budgets which have doubled over the last eight years. If there are any families out there that have had their budgets doubled in the last eight years, I will bet they do not want for basic services that this state continues to lack.

Mr BARBER (Northern Metropolitan) — The fact that the Liberals have brought forward a debate and argued that taxes are too high, particularly business taxes, would not bowl anybody over, but I have had to be around for a few governmental cycles to learn that the Liberals in government do not actually cut taxes.

Mr Guy — Where have you been for the last decade?

Mr BARBER — They do! I am talking about the last two decades, Mr Guy!

Mr Guy — New Zealand?

Mr BARBER — Sure, they will find ways to cut taxes or hand over money to a tiny elite. It is not as if the broad bulk of us have particularly noticed that being under a Liberal government — as I now have been under state and federal Liberal governments on a couple of occasions — we end up paying less tax. A true liberal government in theory would withdraw government interference from the economy and from many aspects of our social and personal lives. In doing that, it would find itself in a position where it would have to tax less because government would be smaller. That would be a true liberal government.

Probably deep down David Davis is a true liberal; if the Liberal Party were just him, that is the direction in

which it would head. Over these cycles I am talking about we have had conservative governments rather than liberal governments wanting to interfere in people's social and personal lives, trying to enforce their beliefs about bedroom and reproductive behaviour and continually prop up parts of the economy — if you can call them that; I call them make work schemes — for certain constituencies who happen to vote Liberal. They provide government subsidies to keep the constituencies alive.

I am talking here about the resource industries — for example, the forest industries. It is not so much an industry at all as a sort of Tamagotchi toy, the things that Japanese kids used to have. The toys keep crying, 'Feed me, feed me', but eventually they just die anyway. Of course that is what a conservative government does when it gets into power. When they are not in power, when they are in opposition, the Liberals talk a big game on this stuff, but at the same time they keep shifting ground. You can never really catch up with them to say, 'Okay, but what would you do if you were in government tomorrow? Would you stick a stake in the ground?'. Under our policies, we in the Greens always stick a stake in the ground and, as a result, frequently get run over. I suppose you would say that the Liberals are a bit smarter politically. They just keep the caravan moving constantly so that nobody can ever really run them over.

The Kennett government was an absolutely classic example of that. People talk about the Kennett miracle, referring to the sort of financial miracle he delivered when he got into government. To my mind a miracle is something that is unexplained by any known natural phenomenon. Mr Kennett did not perform a miracle; he just massively increased taxes and massively reduced services. Not surprisingly, anybody who does that repairs the budget pretty quickly. The legacy of Jeff Kennett and his government is thrown around in this chamber pretty frequently. It is like the guy is still here. Just yesterday members of the Labor and Liberal parties were throwing the name of Jeff Kennett across the chamber at each other as if we still cannot close the book on that era.

But Labor accepts, benefits from and lives by the vast majority of Jeff Kennett's changes. It uses them as a starting point for what it does and how it governs. The story Labor members tell says in effect, 'Look, Jeff Kennett did a whole bunch of things which we now endorse, but he blew it. He went too far'. Then they list a range of situations where he went too far. It is almost like a cautionary tale. They say, 'We would never go that far. We want to keep in place everything that Jeff Kennett did from privatising electricity to

semi-privatising water and privatising public transport. We are prepared to endorse pretty much the bulk of everything Jeff Kennett did as our starting point’.

If we are going to talk about cutting this tax then it is only right that we talk about our priorities for cutting tax. Many times David Davis has talked in here about all the new taxes that have been introduced under Labor and the amounts by which it has increased them. Labor and Liberal both voted for a new tax last year without even calling it what it was. Under the bay dredging facilitation bill they gave the port the capacity to increase levies. It has an absolutely blank cheque. The Liberals voted for a measure that allows the port to introduce a whole range of levies with no bounds around how they are to be charged or who is to be charged. It effectively turns the port into a tax office but without a taxation code it has to implement. As the price of bay dredging goes up and up and up the port will try to get it back from the users, and when the users finally scream too loudly the taxpayer will pick up the residual. That is one new tax that has been introduced recently, and as the years go by I will be fascinated to see how that particular tax take will rise.

The way the state government is going to bring more revenue into its coffers is going to be absolutely brutal. I am talking about increases in public housing rents, to which there has been pretty faint opposition from anybody other than the Greens. Members should check this as the most brutal tax you could imagine. Public housing tenants are already some of the most vulnerable and needy people in Victoria. The state government wants to dig into what is effectively, I suppose, the federal government cash flow and will start charging families in public housing who receive the family tax benefit more rent. The more kids you have, the more family tax benefit you get and the more rent you will pay back to the state government. When this proposal is in place it will mean an extra \$20 a week in some households that do not have even \$20 left at the end of a week. These are families in which the parents would sit looking at \$5 in their wallet while trying to make a decision about whether their child is so sick they should go to a doctor or whether or not they should take them down the street to buy some medicine. That is what \$20 a week means to many families. For a lousy extra \$6 million in its coffers the state government is going to tax — charge through rents — some of the poorest and most vulnerable people.

Contrast with that situation the hundreds of millions of dollars the government will be handing out to first home buyers — again endorsed by the Labor and Liberal parties in the first piece of legislation that

passed this new Parliament — and the fact the bulk of that money will go to the top two quintiles of income earners in Australia. The Productivity Commission has told us that 55 per cent of first home buyers are in the top two quintiles of income earners — and they will get the bulk of the benefits offered by the state and federal governments for first home buyers.

I am familiar with the sorts of issues and problems that land tax can throw up, such as rising property prices. People getting a revaluation of their asset and jumping a tax bracket at the same time — —

Mrs Peulich interjected.

Mr BARBER — Right. This frequently occurs at the local council level, without the tax bracket issue, so it is not as though I am not familiar with the problems of property-based taxes. At the local council level it applies across the whole community, including to many people who are relatively asset rich but cash poor. In the area of that particular tax expenditure — that is another term for the state government concessions — the state government has insulated itself from paying too much extra through that stream by capping the amount of rate concession it offers at \$173 plus consumer price index (CPI) increases. While you may pay increased council rates the state government has at least ensured that its contribution to that will rise at no more than CPI. Many councils are increasing their rates faster than increases in the CPI, predominantly because they are addressing decades of backlog in infrastructure and cost shifting. I have to say from my own experience of having to restructure a local council that much of that problem seems to have coincided with Jeff Kennett’s introduction of rate capping for local councils.

There is another tax that we will all be paying soon, but it is not going to be called a tax. It will be a desalination tax. It is quite clear from the government’s approach to changing water tariffs and from the Essential Services Commission’s report that was tabled here this morning that we will be paying a higher fixed component on our water bills to pay for the desalination plant. That is a tax you cannot avoid by saving water. It makes perfect sense from the point of view of government instrumentalities, because if you have a desalination plant with huge fixed costs, then you want a fixed revenue stream to match that.

If you are trying to pay off a desalination plant with a variable income stream — that is from the water consumption part of your water bill; and people are either suffering water restrictions or getting smart on conservation — there is massive volatility for you at the other end if you are the owner or guarantor of the

desalination plant. This will be every bit as regressive as Jeff Kennett's \$100 per household debt reduction levy. It is like a poll tax basically; it is a tax on every house in Victoria, from granny flat to Toorak mansion. We will all cop it on the fixed rate of our water bills.

It will be a massive multibillion-dollar disincentive to water conservation. If I install a whole range of water-saving devices and a bunch of water tanks on the side of my house — and even if I made myself completely self-sufficient in water volume — I would still be paying the fixed charge, and the fixed charge would be going up and up and there would be no way for me to avoid it, apart from taking myself completely off the grid. So the desalination tax will hit everybody in metropolitan Melbourne, for a measure that is completely unnecessary. If the Liberals had got into government and had their preferred model of a desalination plant, I am sure they would have been accepting the exact same model for financing it.

Yesterday I asked a question of the Treasurer about those other tax expenditures, the state government budget concessions line. A quarter-of-a-billion-dollar line item in a \$35 billion budget is a pretty significant line item to be keeping an eye on; yet the Treasurer professed that he did not know what impacts the rising — in double digits, 15 per cent, 17 per cent — electricity, water and gas bills would have on his state budget six months from now. He also avoided committing himself to not pushing more and more of that back onto low-income households.

While that particular measure is going ahead the deregulation of electricity prices is being pushed onto us at the federal level by Martin Ferguson, at the same time as the world's newest superhero, Kevin 07, is proposing to be the champion of every household's shopping basket. The state government is moving to insulate itself from any volatility.

Then there are pokies, which I have mentioned many times before and which Mr Drum has mentioned. Of course there is compulsion associated with the collection of taxes, but when you use poker machines as your tax collector, it is not just compulsion but addiction that you are relying on to keep the state budget surplus propped up.

This sort of debate has been a fairly classic, setpiece, ideological discussion between the Liberals and Labor. Both parties have tried to shift ground and get out of that. But to get the true Liberal and business-backed position you have to go to someone who is prepared to be a little bit more open about it and has less of that political agenda of looking for people to vote for them

at the end of the day. Members should listen to what the new head of VECCI (Victorian Employers Chamber of Commerce and Industry) said the other day — which, coincidentally, was in relation to bay dredging — which showed up the ideology absolutely perfectly:

If you want Melbourne to become Adelaide, don't do this project.

Here is the sting:

But if you want to pay your teachers and nurses more, if you want to invest in a decent public transport system, you've got to have a strong state economy. Simple as that.

That makes absolutely clear, I guess, the understanding of both the proponents of the bay dredging project.

Mr Pakula interjected.

Mr BARBER — Mr Pakula interjects and says, 'I would have thought you would have agreed with that'. That is my point exactly. The proponents of the bay dredging project, which are both Labor and Liberal, have the attitude of VECCI: that you have to run this project to keep your economy strong and if you want to pay your teachers and nurses more and if you want to invest in a decent public transport system. In other words, paying teachers and nurses more is not an investment, it is a form of consumption. It is what you do with all this leftover wealth. You go ahead and pay teachers and nurses more, like it is a luxury item, like going waterskiing or something. What do you do with all the money that you have made? You pay teachers and nurses more, if you want to.

The Greens see it very differently of course. The Greens see that paying your teachers and nurses more in order to ensure that you have an educated and healthy population is the absolute basis on which you could run an economy, before anything else. With regard to investing in a decent public transport system, it is pretty clear that the city is about to grind to a halt. On the way in this morning I was bypassed by one tram, the no. 55, and there were people who were bypassed by two trams. You could see by the look of desperation on their faces how many trams had gone past. But on Planet VECCI you run an economy which falls out of nowhere and does not require any basic sort of social infrastructure and you use the leftover money, the economic surplus, to pay teachers more and pay nurses more because we like them.

Mr Pakula interjected.

Mr BARBER — I say to Mr Pakula that I reckon they absolutely belled the cat with that one, and they finished up by saying, 'Simple as that. You have to

have a strong economy in order to be able to afford to pay teachers and nurses more and to be able to afford a public transport system. If the economy is weak, we do not do those things. Those are luxury items and we cut back on those if we have not quite got the economic growth that we wanted'. Never mind that those things — a healthy, educated population and the ability for people to move around to access opportunities and go to work and go to study — would have to be the most fundamental aspects of a society, except maybe sewerage, but I have not noticed that sewerage has become particularly controversial lately. But for some reason teachers, nurses and the public transport system are quite controversial, in that they have to be traded off against other environmental objectives in this case.

Mr KAVANAGH (Western Victoria) — It is said that two things in life are inevitable: death and taxes. No doubt they are. That does not mean that either is desirable, but it does suggest that governments need to collect taxes in ways which minimise harm to the economy and reduce harm to families and to individuals.

I am concerned that the way the government is collecting taxes does neither of those things. In fact several categories of taxation do exactly the opposite. In particular I am concerned about land tax. In principle perhaps land tax is not a bad idea — to make the asset rich pay a contribution towards the running of the state. However, that contribution should be assessed in terms of the possible revenue from that asset. Mr Thornley referred to a 2.5 per cent tax rate on the value of the asset. That does not strike us as being very excessive. However, there are many properties from which it is impossible to gain revenue of 2.5 per cent net a year.

There are people who have struggled to accumulate a rental property or two for their old age. There are some aged pensioners who get a lower pension because they have some income coming in from their investment property. It is quite possible that they might get 3 per cent or 4 per cent growth from that property, but may get under 2.5 per cent net, meaning that although the tax on the capital is at 2.5 per cent, the tax on the revenue may be at 100 per cent or 130 per cent or more. What kind of disincentive is that to looking after yourself in your old age? It is a massive disincentive.

In terms of small business we have seen that people are very badly affected by land tax. In fact we have seen some businesses going out of business because of the excessive rate of land tax. Indeed, it has always struck me as an outrage that landlords should put the burden of land tax, which is the burden of land ownership, on tenants. That tax should be paid by the owner of the

asset, not by someone who rents the asset. I think there is a case for making that illegal.

In the case of stamp duty, David Davis spoke about it at some length and gave the example of a property in one of the more glamorous parts of Melbourne — Prahran. For an ordinary little house in Prahran now, the tax is \$41 000, I think he said. Mr Davis then compared that with other states in which the stamp duty on a similarly priced property would be considerably less. My understanding is that in another comparable jurisdiction, New Zealand, the stamp duty would not be less, it would be zero. There is no tax or stamp duty payable whatsoever on a home in New Zealand.

Indeed this points to another big mistake in our system. It would have been much better if we had developed a stamp duty system years ago based on the sale of property. The sellers of property would pay the stamp duty after they had accumulated their capital gain, which almost all landowners do, and they could afford to pay it. Instead we slug people who are trying to put a roof over their children's heads.

Even in less glamorous areas, maybe — we could take Glenroy perhaps, or Fawkner, Frankston or Dandenong — we are now at the point where for an average, modest, decent home people are paying perhaps \$20 000 in stamp duty. Maybe that does not strike us as terrible for us, but imagine an ordinary working man whose wife perhaps stays at home to look after children and he has an ordinary job. How long does it take a person like that to save \$20 000 to pay to the government in stamp duty?

Mr Barber raised a point that has been raised many times by those on the left side of politics in Australia: outrage about the first home owner grant. A first home owner grant represents probably 30 per cent or 40 per cent of the amount of stamp duty that is paid on a home. So not only is the ordinary working man having to look after his own family and pay tax but he is also subsidising the very people Mr Barber expressed concern about. He is providing for his family and relieving the government of the obligation to house that family in the long term. He is doing a great favour to society and to his children when he does that, and in addition to paying a huge tax burden he should not be criticised for it, in my opinion.

Decades ago the Democratic Labor Party introduced some help for first home buyers, and the help that still exists is derived from those initiatives of the DLP. It is something I am proud the DLP did, and I would like to see it not only continued but extended, because a family home is not just an economic asset, it is of value to

society because it changes the relationship of not only the parents but the children to society. It gives people a sense of security and belonging, which is a very valuable asset, apart from the bricks and mortar.

In terms of payroll tax I could not put it better than Mr Drum did a little bit earlier. It strikes us as absurd to tax somebody for employing another person. Fortunately these days we have very low unemployment. The reasons for that are debatable. In these days of low unemployment perhaps people are not as concerned about payroll tax as they might be in the future if unemployment takes a sharp rise.

In terms of gaming revenue, in 2006–07 the government collected, according to the figures David Davis gave us, \$1508 million. What are the costs of that revenue? The costs of that revenue to the community, to families and to individuals include people not eating well because of the money that is being put into poker machines; broken families; bankruptcies; depression and — I am reluctant to say because it is not a good thing to talk about, especially as a political point — it even includes suicide.

As I have said before in this chamber, in my opinion it is not entirely a bad thing to obtain gaming revenue, but that revenue should be gained from people who understand that they are likely to lose the money that they are putting into poker machines: people who know that the odds are against them, and soberly they decide to enjoying gambling with money which they can afford to lose. That is not the situation at present.

There are alternative sources of revenue, good sources of revenue, and there are examples of government waste and inefficiencies where not only the taxation total pool could be cut but it could be collected more intelligently and with much less harm to the economy and to individuals.

I understand that there are difficulties for the government and there are lots of pressures. In our federal system, unfortunately, there are not so many options for state governments to collect revenue. We now have the situation where every state and territory government and the commonwealth are controlled by one political party. Many people see some danger in that, but as the Chinese say, 'In crisis there is opportunity', and it does present an opportunity for perhaps a degree of cooperation to resolve some of the problems of federalism that need to be solved, and to renovate, renew and update commonwealth-state relations, including the tax base of the states.

I am concerned about the way in which Victoria's taxation revenue is collected, the balance of revenue and the harm that particular taxes may do to our state, to individuals and to families. We all need tax. We all get our wage here from the tax take, but I think that things could be improved. On that basis I would support the motion to express concern about taxation in Victoria.

Mr RICH-PHILLIPS (South Eastern Metropolitan) — I am pleased to join the debate this morning on the motion moved by the Leader of the Opposition. I am also pleased to follow Mr Kavanagh and his comments. He has raised a couple of issues that I would like to pick up on over the course of this debate.

It is very easy for any opposition to accuse any government of raising record taxes, because it is inevitable with inflation that any government of the day will have higher levels of taxation than its predecessors. It is also equally the case that any government of the day will be able to claim higher expenditure on health, education and transport than any of its predecessors, so it is a fairly weak argument —

Mr Lenders interjected.

Mr RICH-PHILLIPS — I take up the Treasurer's interjection; there are of course always exceptions, but as a general rule every government will claim higher expenditure on key areas than any of its predecessors. It was interesting to hear Mr Thornley in his contribution attempt to have a bet each way. His defence of David Davis's complaint about the level of state taxation was to say, 'Due to inflation of course the government is going to collect record taxation. All governments do'. As soon as he had made that point he went on to attack the former Howard government for its record high level of taxation. It seems hypocritical for Mr Thornley in virtually the same sentence to try and have it both ways — to defend his own government for record taxation while criticising the former federal government on exactly the same basis.

Going into the 2006 election the then Bracks government produced a document entitled *Keeping Victoria's Finances Strong*. On page 7 of that document the government outlined a number of tax changes that had been introduced by it since 1999. It reads:

Since 1999, the Bracks Labor government has announced five major tax reform packages worth more than \$4 billion. The government has abolished seven taxes, making Victoria one of the lowest taxing Australian states — compared to the highest taxing when we came to office.

Then there is a list which says that payroll tax, land tax and duty on non-residential leases had been cut; financial institutions duty had been abolished; business rental duty was to be abolished on 1 January 2007; WorkCover premiums had been cut; and that there were increased exemptions from stamp duty for concession card holders. The list goes on, and Mr Thornley ran through it at some length in his contribution to the debate. At the bottom of the same page is a chart entitled 'Victoria's tax competitiveness', which shows tax revenue as a percentage of gross state product (GSP). Sure enough you see the trend of tax revenue flow along at roughly 6 per cent to the year 2000. Then the GST changes came in, and there was a consequent substantial drop in state tax revenue as a proportion of GSP. We have seen the trend continue at roughly 4.7 per cent, which is where it continues to be today.

I have referred to that chart and that page in some detail because it goes to the heart of the debate this morning. The government will say, and no doubt the Treasurer, if he speaks, will say, 'We have made these changes to tax rates, we have reduced tax rates, we have reduced thresholds et cetera, we have cut taxes for the Victorian community and the Victorian business community'. But what the chart at the bottom of this page really demonstrates is that after the GST changes of 2000 the tax take of the Victorian government as a proportion of GSP has been essentially constant at roughly 4.7 per cent. All of these changes that the government hangs its hat on as cutting taxes for Victorians are merely compensating for what is effectively bracket creep — the nominal growth in the base on which Victorian taxes are levied. The impacts of Victorian taxes on the Victorian community are just as high as they were eight years ago, despite the rate changes we have heard about through the course of this debate. It demonstrates that there has yet to be ongoing, real tax reform in Victoria.

This is a matter that was raised by the commonwealth last year in the commonwealth budget papers, which lament the failure of every state and territory government to undertake ongoing tax reform after the tranche of tax reforms that took place with the GST agreement of 2000. It was a point noted in some detail by the commonwealth that no state and territory governments were undertaking subsequent tax reform — and that is what we see in this chart on the bottom of the government's own policy document from the 2006 election.

That position on state taxation would be fine if we existed in a closed economy where Victorian taxpayers — individuals and businesses — had no alternative but to pay whatever taxes the Victorian

government levied. The Victorian government would have a free hand. If interstate and international borders were closed, the state government could levy whatever taxes it wanted to raise whatever revenue it wanted and it would not matter. The Treasurer would have a free hand, and we would see whatever expenditure the government wanted matched by whatever revenue it desired.

Resident domestic taxpayers do not have an option. I have here some examples in the form of recent property sales in my electorate of South Eastern Metropolitan Region where we see this effect. A property in Canberra Street, Carrum, recently sold for \$437 500 and the successful buyer was slugged with just under \$22 000 in stamp duty, which would be the highest of any state or territory barring the Northern Territory. We had an example in Mordialloc where a property sold for \$540 000 and the stamp duty payable was \$28 000. Again, that is the highest of any state or territory bar the Northern Territory; likewise with other property sales throughout the electorate.

Those taxpayers, those people buying residential property in Victoria, do not have any option but to pay the rates of stamp duty that are levied by the state government. But of course our economy is not closed. Businesses in this state have the option of taking their business elsewhere. They can take it interstate where lower rates apply or they can take it overseas. That is something we need to keep in mind in this debate. While Mr Thornley made the point that if you cut tax you have to cut expenditure, or, as he termed it, services, what I would put to the house is that the government needs to do more, more efficiently, with the revenue it is raising.

We saw a prime example of that last night when Mr Finn raised in the adjournment a Department of Justice calendar that was sent out to all members of Parliament and no doubt far wider than members of Parliament at enormous expense to the taxpayer. Mr Finn quite rightly asked why that money was being wasted on a calendar rather than being spent on service delivery. No doubt it would have cost tens of thousands of dollars for a print run across the sector and the Parliament. I am sure the Treasurer would agree that expenses like that add up. It is fine for Mr Thornley to say we need to raise taxes because we need to spend on services, but there are clearly thousands of examples where the government could be spending far more efficiently the revenue that it is raising.

As I said earlier, this debate would be fine if it was being conducted in the context of a closed economy where taxpayers were trapped and had no option but to

pay the taxes levied by the Treasurer. But the reality is Victoria is but a small player in the regional and international economies. We have a population of 5 million in Victoria, and in Australia a population of only 21 million. Victoria and Australia are small players in the region and in the global economy. It is for that reason that we need to ensure we are competitive not only with the other states but also with our competitors in the region.

I know many members of this chamber were invited to a function put on by the Hong Kong government and Invest Hong Kong at Crown Casino last night. Invest Hong Kong is the Hong Kong government's foreign direct investment agency, a very aggressive agency in attracting foreign investment into Hong Kong from nations like Australia. And Hong Kong is not the only one. Singapore is equally as aggressive in attracting investment from nations like Australia. I have to say that their in-country efforts, such as those that take place in Australia, seem to be far stronger than similar efforts by Invest Australia and Invest Victoria in the markets we are targeting. We had a very strong presence last night. If the house had risen earlier, I am sure there would have been more members of the Council at that function, because I know that many were invited.

This reflects the type of nations Victoria needs to compete with when considering its business-tax mix. I would like to reflect on some of the differences between the business tax regime imposed in Victoria and those imposed by our international competitors like Hong Kong and Singapore. I say at the outset that the issues I raise are not confined to state taxes, they also apply to federal taxes, because the federal government needs to be equally cognisant of its international competitors.

In Singapore an employee on an average Australian income of around \$45 000 per annum is paying only 8.5 per cent in annual income tax — the marginal income tax rate — versus 30 per cent in Australia. A company in Singapore pays 18 per cent in company tax compared to the 30 per cent rate set in Australia. The Singaporean GST is but 7 per cent.

Mr Pakula interjected.

Mr RICH-PHILLIPS — We will come to the area of state taxes now, Mr Pakula. Mr Pakula wants to compare state taxes, and I will do that by looking at the taxes levied by the state of Victoria as opposed to their Singaporean equivalents. The key ones include stamp duty, which is a focus of the motion before the house this morning. The Real Estate Institute of Victoria

estimated the median Melbourne house price for December 2007 at \$485 000, although there are varying measures such as those of the Australian Bureau of Statistics and the Commonwealth Bank.

In Victoria a property sale at \$485 000 would attract stamp duty of \$24 760, or 5.1 per cent of the price of the house. In Singapore that same property sale would attract stamp duty of only \$13 000, or 2.1 per cent of the value of the property. The amount would be similar in Hong Kong — \$10 900 or 2.25 per cent. Our regional competitors have substantially lower transfer duties on property.

Another focus of this motion this morning is the impost of land tax. I found this particularly interesting because of the different ways those two international competitors elect to levy their property tax or their land tax. As members of this chamber know, in Victoria the basis of the levying of land tax is the unimproved capital value of the property. In Singapore and Hong Kong the basis of the property tax is the net value of the property as it is being used at the time the tax is levied. It is not levied on the basis of best use, it is levied on the basis of current use. If the property does not yield a return, the owner is not subject to land tax.

I note that in his contribution Mr Kavanagh made some comparisons with New Zealand. To continue the theme of comparisons, on a \$1.8 million commercial property with a yield of 2.25 per cent in Victoria the owner would pay \$13 400 in land tax. The equivalent property in Singapore would attract only \$4000 in land tax, and in Hong Kong, \$6500 in land tax. Again, there are substantially lower rates of property taxes in our competitor nations to the north.

Another area of interest in this debate is payroll tax. I acknowledge that on 1 July payroll tax in Victoria will fall to 5 per cent for payroll above \$550 000. But again, consistent with the government's own document on taxes, that will be merely maintaining the status quo as to the tax take as a proportion of GSP (gross state product).

Mr Lenders interjected.

Mr RICH-PHILLIPS — As the Treasurer well knows, it will merely maintain the level of state taxation as a proportion of gross state product (GSP). If the Treasurer were serious about tax reform, the state tax take would fall below the current 4.5 per cent of GSP. Only when that occurs can the Treasurer claim to have undertaken real tax reform.

By comparison, we see that in Singapore there is no payroll tax. Until 1984 Singapore had a payroll tax of

2 per cent, but since then there has been none. In Hong Kong the situation is similar. On a tax-for-tax basis, Singapore and Hong Kong remain substantially more competitive than Victoria, given the taxes that are imposed on Victorian businesses.

My point is that it is very easy to say that taxes are high under this government. What we really need to look at is how they are being applied and how they compare with the other states and other nations with which Victoria competes. I make the point also that the way that taxes are applied — that is, the complication inherent in the application of Victorian taxes versus those in other jurisdictions — is also a factor in how competitive Victoria is on tax. It is easy in this debate for members of the government to say, ‘We have high taxes because we have high services’ and it is easy for opposition members to say, ‘You have high taxes’, full stop.

What we need to keep in mind is the relative competitiveness of the Victorian tax system. Despite the adjustments to thresholds and rates, we are seeing the level of taxation in Victoria no lower than it was following the initial changes introduced with the GST in 2000. If the government is serious about competing in Australia and the region, we need to see from the Treasurer meaningful tax reform and a drop in the level of state taxation below the consistent 4.5 per cent that it has been for the past eight years.

Mr PAKULA (Western Metropolitan) — I rise to oppose the motion because the whole premise that it is founded on is wrong. David Davis’s motion is that the house ‘expresses concern at tax increases under the current Victorian government’, but he totally misunderstands what has happened in real terms in taxation over the life of this government.

So far today members have seen two opposition members playing their part in the audition for the role of shadow Treasurer. They have heard the upper house’s new Alpha dog, David Davis, attempt to convince us about his level of understanding of the economic issues that confront the state. They have also heard Mr Rich-Phillips, who, to give him his due, seemed to portray some understanding of the difference between real and nominal tax increases — and yesterday he showed his command of the use of the word ‘recurrent’. But even Mr Rich-Phillips blotted his copybook with his simplistic comparison of tax rates in Victoria with those in Singapore and Hong Kong without any appreciable attempt to compare standards of living, wages, housing, pensions or anything like that. To simply compare tax rates without comparing

the other elements that make up the economy is essentially meaningless.

No doubt, after question time members will hear next from the great unifier, Mr Guy, who will have his time on the casting couch. I suspect Philip Davis ruled himself out with his interjection before Christmas, when he said that you cannot have debt and surpluses at the same time. I think that showed a Wellsian understanding of economics. The Leader of the Opposition in the other place, Mr Baillieu, has an opportunity in the next week to reshuffle his front bench. Not that he would ever take my advice, but if he were to do so, it would be to appoint as shadow Treasurer someone who has some grasp of economics, because clearly the current shadow Treasurer does not have that, which has been demonstrated time and time again.

Mrs Peulich — He’s just an accountant!

Mr PAKULA — My recollection is that he was a human resources manager. Before members get too irate, I make the point that everybody on this side of the house thinks it, and I know that many members opposite think it. If I need any more evidence, I have found it in a document which clearly comes out of the Liberal Party somewhere. The website is www.hewhostandsfornothing.blogspot.com.

Mr Dalla-Riva — On a point of order, Acting President, I think we have listened enough to the diatribe from the member opposite; he may wish to get back to the motion before the house.

The ACTING PRESIDENT (Mr Vogels) — Order! There is no point of order.

Mr PAKULA — This is a debate about economic performance and economic understanding. As much as Mr Dalla-Riva might not want me to refer to this document, the author says, about Ted Baillieu I assume:

...Ted could start sharpening his attack on the Brumby government by actually putting some good people into key portfolios. Replacing that invisible seat warmer Kim ‘Who dat’ Wells ... would be a good start.

That has come from the bowels of the Liberal Party.

Honourable members interjecting.

Mr PAKULA — Getting back to the motion, opposition members have hit upon what they obviously consider a clever political strategy of opportunistically appealing to this or that disaffected group in the hope that somehow they can cobble together a majority of the people of the state.

Mr Guy interjected.

Mr PAKULA — I will come to that; I will take up that interjection in a moment, Mr Guy.

It is a strategy that delivers a total which is less than the sum of its parts because before that strategy can work there has to be a general acceptance in the community that members of a party that bids for government have a degree of economic competence. My federal colleagues, members of the party that is now the government in Canberra, quite frankly did struggle with that for a period of time. For a number of years voters in Australia were somewhat sceptical about whether the Labor Party had its act together in that regard. It took the hard work of members of the new federal government in Wayne Swan, Kevin Rudd and Lindsay Tanner to finally present a case to the Australian people which convinced them that members of the Labor opposition, as it was, had what it took to govern at a national level.

I say to members of the current opposition that they will not be a credible alternative government so long as they put forward the proposition that nominal dollars are more important than real dollars and that percentage falls in taxation rates do not count as long as raw dollar tax receipts are going up.

Mr Rich-Phillips interjected.

Mr PAKULA — I will give Mr Rich-Phillips his due: he did not argue that, but a number of his colleagues in this place have, over and over again. Members opposite will not be credible so long as they argue that we should disregard taxation rates as a proportion of gross state product and the fact that those taxation rates are lower now than they were when we took office.

They will not be credible so long as they disregard the fact that the consumer price index has gone up over eight years, so long as they disregard rises in living standards, disregard rises in wages, disregard rises in property prices, and so long as they claim that the appropriate measure of fiscal rectitude is not the tax take as a proportion of gross state product but the tax take in raw dollar terms. That is what a number of members of the opposition, including David Davis as the lead speaker, put forward.

If you use that measure then the most fiscally responsible government ever was probably our first government in the 1860s. You might think that is absurd, but it is really no more absurd than what opposition members are putting forward today — that the only measure you should look at is total tax dollars

taken by the state. Opposition members would not make this argument outside the chamber because they would be laughed off the park by the serious economic commentators in the state. They only make this argument in here as a debating point, because it is a nonsensical argument.

The facts are these, and they have been gone through by Mr Thornley and referred to by Mr Rich-Phillips. There have been in fact \$4.6 billion worth of tax cuts since this government took office. Payroll tax has come down from 5.75 per cent to 5.05 per cent and it is going down to 5 per cent per cent on 1 July. Land tax was 5 per cent when we took office and is now 2.5 per cent. If we had the same land tax rates that we had when the Kennett government was in office, the land tax take by this government would be \$1 billion higher than it is today. We have cut motor vehicle duty. WorkCover premiums have come down by 10 per cent on four successive occasions — —

Mr Lenders — How many occasions?

Mr PAKULA — Four occasions, Treasurer. They have come down because this government, unlike its predecessors, has been serious about workplace safety and serious about reducing death and injury in the workplace. All of that has occurred in an environment where for every dollar — —

Business interrupted pursuant to sessional orders.

QUESTIONS WITHOUT NOTICE

Planning: Narrawong

Mr GUY (Northern Metropolitan) — My question is to the Minister for Planning. I refer the minister to the development plan overlay (DPO) 7 issue in Narrawong, where the minister placed dozens of local properties under a development freeze meaning that people cannot even build a garden shed on their own land, and I ask: given that the minister's spokesperson said that exemptions to the freeze will be granted wherever possible, can he now inform the house how many exemptions have been granted to date in respect of DPO 7?

Hon. J. M. MADDEN (Minister for Planning) — I welcome Mr Guy's question, and I welcome the opportunity to be the first minister to speak at midday. I also recognise Mr Guy's graciousness in vacating the field when it comes to the leadership aspirations in this chamber. I hope this is not a sign that he is happy to vacate the field when it comes to policy as well.

This is a very serious and long-running issue that not only I pay close attention to and am particularly concerned about but members of the opposition have also noted in the media that they are concerned about it. To give the house a bit more information — —

Mr D. Davis interjected.

Hon. J. M. MADDEN — It has not taken you long, Mr Davis, to build up your enthusiasm to be here as leader, but I hope your performance is similar to the former Leader of the Opposition in this chamber and is worthy of recognition.

The PRESIDENT — Order! Relevance!

Hon. J. M. MADDEN — This is an issue of particular importance and one to which I have paid particular attention. To give the chamber a bit of background, this is an area in and around the city of Portland where permission for subdivisions has been given by the council in areas that I suppose are somewhat questionable. We had to, in a sense, intervene at the request of the council to sort this out with the council. We have asked the council to go back and do some fairly significant work in relation to much of this land.

It is a particular issue because managing our coastal and fragile environment is very significant. It has become even more important because of climate change. Where we have low-lying coastal areas there is an increased risk of future inundation from tidal surge and particularly extreme weather incidents. This matter relates partly to some of those issues. I understand that the shire council is currently reviewing the existing development plan overlay schedule 7, known as DPO 7, planning controls in the Portland-Narrawong coastal area. I also understand the council is conducting an audit of planning permits that have been issued an order to determine what limited amount of development may be allowed in this vulnerable area.

I also want to inform the house that the current controls were put in place at the request of the council. I have, however, written to the council stressing the urgency and the priority of this issue. I want to see this matter resolved as soon as possible, but there needs to be accurate information to support these proposed new planning controls. I look forward to making sure that we can make further announcements in relation to this matter as soon as possible, but at the moment the ball is in the court of the local government in the area. I look forward though to responding to the work they do in relation to this matter.

Supplementary question

Mr GUY (Northern Metropolitan) — I thank the minister for his answer. I note that many of the families involved in his development freeze in Narrawong now have crippling financial issues caused by the freeze, while others have disability access issues for their children that can only be rectified by urgent home modifications, which are also outlawed by the government. Will the minister now provide the people of Narrawong and the house with a date when he will finally solve the mess he has created?

Hon. J. M. MADDEN (Minister for Planning) — I thank Mr Guy for his question. Basically it is important to note — and I can hear the sort of confab going on across the chamber — that in these circumstances, as I said in my earlier answer, this is a matter of urgency. I have put that position to the council, and I want them to act on this in a responsible way. But they do have to do the body of work that is necessary.

I am also conscious of the personal issues of many people in this area that require this matter to be resolved as quickly as possible and the difficulties associated with it. It is critical that this not occur again. We make the point to local governments that they have to be thorough in the work that they do before they give away permits for areas that might be fragile or at risk in the future.

What I can guarantee Mr Guy is that this is a matter of absolute priority. I have made that point to the council. The council has to confirm the body of work that it has been asked to deliver. As soon as that has been provided to the minister's office and we are across that information, I am enthusiastic about getting this matter resolved urgently and at the earliest possible time.

Mitsubishi Motors Australia: Adelaide plant

Ms TIERNEY (Western Victoria) — My question is to the Minister for Industry and Trade. Can the minister please outline to the house the effects of the closure of the Mitsubishi manufacturing plant in Adelaide on the Victorian automotive industry?

Hon. T. C. THEOPHANOUS (Minister for Industry and Trade) — I thank the member for her question and for her ongoing interest in the automotive industry.

Yesterday Mitsubishi Japan announced that the Mitsubishi car assembly plant in Adelaide will cease production at the end of March this year. I received a call earlier in the day from Robert McEniry, the Australian chief executive officer (CEO) of Mitsubishi,

to inform me that this was taking place. He informed me that 600 staff would leave the company at the end of March, but he also assured me that those staff would receive full entitlements. He indicated that a further 330 staff would leave over the subsequent 12 months, and again that those staff would receive full entitlements. He also indicated that he was putting in place with the assistance of the South Australian government a system of assistance for the affected staff, including finding other potential employment.

I want to echo the comments of the South Australian Premier, Mike Rann, in saying that the priority does have to be supporting these workers and their families, in particular ensuring they are able to find other employment that will allow them to continue to play a useful part in the community.

I might say that the CEO of Mitsubishi did inform me that the production of Mitsubishi cars in Australia now represents about 2 per cent of Australian production of cars, which is an indication of just how low production levels had fallen with respect to Mitsubishi cars. He was indicating that it is not viable at this time.

Let me just make some comments about the impact on Victorian supply chain companies. The first thing to say is that this government has supported the automotive industry and has been a champion of that industry over a protracted period of time. It is all very well for David Davis to come in here and to try to make cheap points about the Victorian industry, but he has absolutely no idea about the Victorian industry. He has never taken an interest in it. He has been absent on duty from anything to do with that industry, and no-one in the industry takes him seriously.

For those members who are genuinely interested, let me just go through the effect on the Victorian industry. The majority of Victorian automotive supply chain manufacturers provide parts and components for Ford, Holden and Toyota as well as in some cases for Mitsubishi. The total annual value of Victorian-made automotive components sold to Ford, Holden, Mitsubishi and Toyota was \$2.9 billion in 2006 — a significant amount. The value of Victorian-made components sold to Mitsubishi in 2006 was \$140 million — in other words, Mitsubishi's share of the \$2.9 billion was \$140 million, which is less than 5 per cent of the overall component manufacture out of this state.

Having said that, the complexity here is whether the fact that Mitsubishi is going to vacate the market will mean an increase in production by other vehicle manufacturers. That is our aim — that is, to try to

ensure that that occurs and that any slack is taken up. It is true to say that the Victorian automotive industry has gone through a restructure and faces a number of challenges, as does the Australian industry. The most important of these challenges is the declining propensity of Australians to purchase Australian cars. We now have a circumstance where 19 per cent of overall car sales are of Australian cars. That declining proportion does have and has had an effect on the automotive industry. However, what the Victorian and the Australian governments have attempted to do is take up that slack in other ways, particularly through exports. We are now in a position where we can say that about 50 per cent of total production is dedicated to exports. That has been as a result of deliberate strategies, and I will mention three of them. They are the Toyota Camry strategy, which is delivering a large number of exports into the Middle East; the Pontiac VE Commodore strategy, which is exporting Commodores disguised as Pontiacs into the United States of America; and a number of other export initiatives that are taking place.

I finish by saying that one of the indicators of just how this industry is changing is that if you look at the industry today, you see 4000 people employed as designers and engineers who are designing and engineering products which are not necessarily made in this country. That 4000 is a larger number of employees than the number employed in any of the production plants that actually make cars. The industry is restructuring and changing. However, in Victoria it is very resilient, and we expect there will be minimal impact on the Victorian car industry as a result of Mitsubishi closing down.

Hazardous waste: Tullamarine

Mr FINN (Western Metropolitan) — My question is directed — —

Honourable members interjecting.

Questions interrupted.

SUSPENSION OF MEMBER

The PRESIDENT — Order! Unfortunately very early in the year I have to restate a previous ruling about members referring to a member on their feet by their first name. Unfortunately for Mr Somyurek I heard him refer to Mr Finn by his first name. Consequently I will use standing orders and ask him to remove himself from the chamber for 30 minutes.

Mr Somyurek withdrew from chamber.

Questions resumed.

Mr FINN — My question is directed to the Minister for Environment and Climate Change. Will the minister confirm that some of the 200 million litres of highly toxic chemicals at the Tullamarine waste dump has leaked into Melbourne Airport and Moonee Ponds Creek? If so, how long has the government been aware of this environmental disaster?

Mr JENNINGS (Minister for Environment and Climate Change) — It is important that Mr Finn be reminded — this is an issue he has raised in the chamber before; he has not asked me a question about this matter, but he has asked a question of my ministerial colleague — of the control mechanisms that relate to the Tullamarine site and the intention of the government to facilitate the closure of that site and to ensure that the community has some confidence that there will be an absolute reduction in the amount of material that will be prevalent within that community in the years to come. With that precursor, I think it is very important for us to understand that that has been and continues to be the intention of the government.

Under the regime that currently applies to that site there has been extensive work, guided by the EPA (Environment Protection Authority), to try to provide improved containment within the facility by designing a new containment element on the site and by the commissioning of those improved arrangements. There are issues in relation to the integrity of the sealing of that material, and that is something the EPA is continually vigilant about. It is seeking improved performance from that site. Those issues continue to be addressed. The environmental performance of the site is under continual monitoring. It is the intention of the EPA to make sure that environmental standards are maintained and that any adverse effect does not warrant the alarm of the community. I am advised that in fact that is not the case. I am very keen to ensure that community concern about this — —

Mr Finn — Go out and tell them that — that they are not concerned. Go out and tell them they are not worried.

Mr JENNINGS — I am quite happy, like other members of this government, to engage in conversation with the community about relevant issues. I am not reluctant to participate in community conversations about these issues, because it is important that the community has confidence. I am advised that at the moment there are no reasons for the community to be particularly alarmed in relation to the environmental performance of this site, but I will make sure that the

EPA watches this closely and informs me on an urgent basis of any issues that may be of particular concern to the member or his constituents.

Supplementary question

Mr FINN (Western Metropolitan) — Will the minister give residents in the vicinity of the Tullamarine toxic waste dump, as well as the thousands who work at or visit the airport daily, a personal guarantee as to their safety from the effects of such a leak?

Mr JENNINGS (Minister for Environment and Climate Change) — In line with the substantive answer I have already given, I have not been advised of any issue that would warrant any alarm or concern about the wellbeing of the community or visitors to Tullamarine airport. No evidence has been given to me of the suggestion of impending risk that is embedded in the question.

**Information and communications technology:
regional and rural health**

Ms DARVENIZA (Northern Victoria) — My question is for the Minister for Information and Communication Technology. I refer to the Premier's statement of government intentions that was given yesterday in the other place. The Premier spoke about 'investing in the services families need'. Can the minister outline how the Brumby government's investment in cutting-edge information and communications technology has provided regional Victorians with access to new health programs?

Hon. T. C. THEOPHANOUS (Minister for Information and Communication Technology) — I thank the member for her question. I know she is very interested in this area. What we have been able to realise in recent years is that information and communications technology (ICT) and our capacity to transmit information digitally have an enormous number of potential applications in the health sector to assist and diagnose patients. The Broadband Innovation Fund — a \$15 million fund — has been put in place, and I want to mention three programs under that fund that have assisted people in regional Victoria: the Loddon Mallee Health Alliance Connecting Clients to Care project, the Hume regional broadband digital imaging project and the South West Alliance of Rural Health virtual services project.

I want to refer especially to the Connecting Clients to Care project, which introduces remote patient monitoring to the Loddon Mallee region. Last month I

visited Mildura Base Hospital, one of the hospitals participating in this project, and went to a patient's home to learn firsthand how it affects not just the patient concerned but also the rest of the family. I met Peter Hubble and his wife, Wilma. They are a very pleasant couple, and I had a very enjoyable time at their home. Peter suffers from high blood pressure and a lung condition, but he also has the task of looking after his wife, Wilma, who has other health complications.

Through the monitoring system that has been set up, Peter is now able to check his own vital signs on a daily basis. He checks his blood pressure, his heart rate and other vital signs that are important to his condition. The information is then instantly transferred to the hospital by a secure connection. The hospital is able to receive daily information as to the condition of patients, in this case Peter. This has allowed Peter a much greater level of flexibility and enabled him to stay at home and help look after his wife in specific circumstances where he might not have been able to do so. This is an example of how remote monitoring of people's condition, particularly in regional Victoria, can have such an important impact on the lives of those people.

This program allows conditions like diabetes, high blood pressure and heart and lung conditions to be monitored through this specialised equipment. This is not the only one of these programs that we have put in place. I want to also mention the Hume regional broadband digital imaging project, which is a \$2.2 million-plus project located in Wodonga which provides a digital imaging and radiology information system. The project is not only the first of its kind in Australia, as all of these projects are, but it is also only the third in the world that has been put in place. It allows fast turnaround of images and reports, particularly for the small rural communities that are hardest to reach.

The last program, the South West Alliance of Rural Health Virtual Services project, is a \$1.9 million project, and again an Australian first. It is delivered by multiple health-care agencies to remote and rural communities via a broadband network. Time does not permit me to go into the detail of all of these programs. I will just say that, increasingly, the use of ICT technology will be the way in which we are able to make sure that people in remote communities get the same level of health care as people are used to and entitled to in metropolitan Melbourne.

Ford Australia: government assistance

Mr D. DAVIS (Southern Metropolitan) — My question is to the Minister for Industry and Trade.

When did the minister find out about the Rudd government's proposal to cut \$20 million from the \$52.5 million provided by the previous coalition government to support the development of the Ford Focus in Victoria, and what has he done to prevent this body blow to Victoria's automotive industry?

Hon. T. C. THEOPHANOUS (Minister for Industry and Trade) — I was hoping that in his transition to leadership Mr Davis might have learnt some lessons about checking his facts. But it seems that Mr Davis has learnt no such lesson. He continues on his merry way, taking whatever he reads in the *Herald Sun* as gospel. The sad part about it is that half the time what he reads in the *Herald Sun* is what he has fed into the *Herald Sun* for its reporters to write.

I make the point that it was a sad occasion when Ford decided that it would no longer produce engines at Geelong. As the minister for industry I was involved, along with others, in negotiations and discussions leading up to that. We did everything we could to try and ensure that we could look after the workers involved and find a longer term future for Ford as one of our big and important players in this state. Part of that was to redirect some support that had been provided to Ford in relation to the engine plant on the basis that it would produce a Ford Focus in Australia. That is a hugely important project for us. A four-cylinder car will be produced here in Australia as an Australian product at the Ford factory in Campbellfield. Of course it does not replace the engine plant in Geelong, but it is an important project.

Negotiations took place to ensure that that occurred, and Victoria was at the forefront of pushing to make sure that there was compensation and that Ford committed to this program. We were able to convince our federal colleagues at the time and the federal minister at the time to assist us in doing that. To his credit the then federal minister was prepared to do that. My understanding is that that situation has not changed and that there is no suggestion that it has changed. There is a story in the *Herald Sun* today that suggests that somehow the federal government is not going to abide by that commitment. My information is that the story is completely inaccurate and that the federal government is committed to the arrangements. I do not know where Gerard McManus, the *Herald Sun* reporter, got his story, but I suspect it would have been from somebody who wanted to stir something up, and I would not be surprised if it was David Davis himself.

Supplementary question

Mr D. DAVIS (Southern Metropolitan) — I welcome the minister's assurance to the house that that \$20 million will be coming from the Rudd government. This appears to be an example of the much-vaunted cooperative federalism, with which there is confusion, it appears. I ask the minister to assure the house that there are no other industry support programs in jeopardy from the Rudd Labor government.

The PRESIDENT — Order! I am not satisfied that Mr Davis's supplementary question relates directly to his original question, but I am happy to give him the opportunity to rephrase it to make it relevant to the actual question he asked.

Mr D. DAVIS — President, thank you for the opportunity. The point is the minister has indicated to the chamber that he is assured that that \$20 million is safe, so I therefore ask him: is there any other automotive industry program that may be under threat, or can he give a similar guarantee for all the automotive industry programs?

The PRESIDENT — Order! I am satisfied that David Davis has not been relevant with his supplementary question, so I rule it out of order.

Planning: government initiatives

Ms MIKAKOS (Northern Metropolitan) — My question is to the Minister for Planning, the Honourable Justin Madden. In 2007 the Brumby government undertook a range of initiatives in relation to Victoria's planning system. I ask the minister to advise the house what action is being taken by the government to ensure that Victoria's planning system continues to support strong communities right across our state.

Hon. J. M. MADDEN (Minister for Planning) — I welcome Ms Darveniza's question.

An honourable member — It is Ms Mikakos!

Hon. J. M. MADDEN — It is Ms Mikakos. I am sorry, I am a bit vague today. I know that she has particular interest in building communities, as does the Brumby government. We are committed to creating and supporting communities rather than just subdivisions. It is about planning by choice, not by chance. I am pleased to advise the house that there are a number of initiatives, and I will try to get through them quickly.

In October of last year we released a report entitled *Making Local Policy Stronger* together with our five-point priority action plan for implementation. We

are now working on those priorities. They include priorities such as delivering a suite of new residential zones to give clarity to the planning system, restructuring the state and local planning policy frameworks and establishing expert working groups to ensure policy can be more effectively delivered, particularly with clarity. I am looking forward to making further announcements in the near future in relation to that action plan.

As well as that, members would be aware that we currently have another piece of work under way, which is the five-yearly audit of Melbourne 2030. Submissions are now being considered by the independent audit expert group. There has been extensive consultation by that group with a range of stakeholders such as community groups, the development industry and councils. I look forward to receiving that report and acting on it in the near future.

It is important to reinforce that we are not re-examining fundamental policy principles of Melbourne 2030, because we have policies. Unlike the Liberal Party, we will continue to protect green wedges. We will not vacate the field when it comes to green wedges. We will continue to provide housing and employment opportunities in activity centres. We will continue to provide housing opportunities close to shops, parks and schools through strong policy. With the Growth Areas Authority we will continue to confront the challenges of precinct structure plans. For the information of the house, those plans are master plans for subdivisions. It is important to have clarity so that as those suburbs and communities develop they accord with those master plans and we can realise the vision of developing communities and not just suburbs. Already we have seen 8 of these precinct structure plans being fast-tracked, 2 of which have already been approved and another 20 of which are currently under preparation. As well as that, we want to bring about improvements in the planning system to cut red tape and streamline the planning approvals process.

There are other initiatives. There is plenty happening in the portfolio. Initiatives such as the retail policy review, the heritage review and advertising sign review will also inform the planning system. As well as that we will continue to work with the community, particularly councils, community groups and developers, to deliver on our major transit city infrastructure projects. That is being led by VicUrban in centres such as Dandenong, Footscray, Geelong and Ringwood. We will not vacate the field when it comes to delivering for the future growth of Melbourne. As well as that, we are seeing renewal in the areas of Dandenong and Footscray through significant investment from this government.

Communities are at the forefront and centre of the Brumby government's actions. We will not vacate the field; we will not take a backward step.

Mr Jennings — We'll stay on the field!

Hon. J. M. MADDEN — That is right. We will not take a backward step. We will not balk at the challenges that confront us. We will grasp the nettle. We will step up to challenges, and we will continue to deliver the communities that people wish to live in.

The PRESIDENT — Order! Before I ask the next member for their question, I wish to remind the house of the guidelines covering the asking of supplementary questions. The guideline I have relied on is from a previous President's ruling. It states:

Supplementary questions must be actually and accurately related to the original question and must relate to or arise from the minister's response.

Water: north-south pipeline

Ms LOVELL (Northern Victoria) — My question is for the Minister for Planning. I refer to the minister's decision under the Environment Effects Act 1978 not to conduct an environment effects statement process on the Sugarloaf interconnector project, also known as the north-south pipeline, but instead to require the preparation of an in-house project impact assessment report, which will incorporate environmental studies and be reviewed by an advisory committee. How can the minister claim that his in-house project assessment can possibly be open and transparent when it is to be completed merely to the satisfaction of the Department of Planning and Community Development, which has no regard for the concern of local communities?

Hon. J. M. MADDEN (Minister for Planning) — I welcome Ms Lovell's question in relation to this matter. Somehow I expect it will be a recurring theme in this chamber in the near future as these projects and the approval process by the planning authority are under way.

With regard to the information that was released on the day the announcement was made in relation to this project, I remind Ms Lovell that the project is similar to many other projects of this nature, particularly pipeline projects. What we have seen with regard to those other projects — so there is consistency — is that they have not necessarily required an environment effects statement per se because of the nature of the projects and the degree of flexibility within those projects.

Mr D. Davis interjected.

Hon. J. M. MADDEN — As was announced on the day, Mr Davis.

Mr Lenders interjected.

Hon. J. M. MADDEN — I will take up Mr Lenders's comment about the Wimmera-Mallee pipeline. I am sure The Nationals and the Liberal Party would be the first to say, 'Get this project happening as quickly as possible. Get it happening! What is holding it up?'. This is where the Liberal Party and, from time to time, The Nationals come from, but not on this occasion. This is where they cannot make up their minds. They want things to happen in a hurry but they do not want process. When we have processes, they are not happy that the process is extensive enough. The community will still have significant — —

Ms Lovell interjected.

Hon. J. M. MADDEN — Can I just say, as I hear the squeak coming from across the chamber, that I am trying to answer the question and give Ms Lovell an answer, but she wants to interject. The community will have a sufficient opportunity to provide input. It will be consulted extensively as part of the process to ensure that the approval process is undertaken in a way which has due regard to the community and to all of the significant environmental effects that might take place through the mechanism which I have already announced.

Supplementary question

Ms LOVELL (Northern Victoria) — As the advisory committee that will review the project impact assessment will be appointed by the minister, will he guarantee that this will be a truly independent committee and that no member of the committee will be a government paid employee, contractor or consultant so as to ensure independence? Or does the minister intend to appoint another *Yes, Minister* committee, hand picked to deliver the response the government wants?

Hon. J. M. MADDEN (Minister for Planning) — I am not quite sure what Ms Lovell is on about. I will say why I am not sure what she is on about because the planning system, the panel system and the expert individuals who normally comment on these are experts in a particular field. There are not many of them. If we had more of these people, we would want to include them in the process.

Honourable members interjecting.

Hon. J. M. MADDEN — I know I sometimes raise my voice very loudly in this chamber and from time to time it aggravates people, but I am trying to give the new format or line-up here an opportunity to keep me quiet, but they are very noisy.

If Ms Lovell understood the planning system and the way in which panels or independent groups were established, she would know that these people are experts in their particular fields. Not only do those experts have the technical skills to consult broadly and to synthesise the information as it comes to hand but also they have the technical skills to understand the critical issues that the community might raise.

What I will give Ms Lovell on this occasion is the undertaking that whatever advisory group is formed in relation to this — the expert group, and of course they will be experts, hence their name ‘expert’ — will provide that advice to me and to the department. We will make that assessment, and as we always do as it comes into the system and is released, we will make that information available.

It is important that the community has confidence. What I can say to Ms Lovell is that the community will have confidence in this process because there will be extensive consultation. The information will be synthesised and digested, provided to me and to the department and will be given due consideration.

Gippsland: fire season

Mr VINEY (Eastern Victoria) — My question is to the Minister for Environment and Climate Change. It has now been a year since we had the major fires in Gippsland. There has been significant work, even though perhaps not the publicity, on protecting Gippsland and, I am sure, other parts of the state. I ask the minister if he could update the house on the current fire season and how the Brumby government is further protecting our state’s key assets from fire.

Mr JENNINGS (Minister for Environment and Climate Change) — I thank Mr Viney for his question and for his concern about the wellbeing of Victoria’s natural environment and the wellbeing of Victorian communities. Indeed, in the lead-up to this year’s fire season and now, subsequently, I am very pleased to talk about the collaborative effort that has taken place across the Victorian community, and for my part about to the good officers of the Department of Sustainability and Environment, who work in collaboration with Parks Victoria, the Country Fire Authority, with the emergency services agencies across Victoria and with the thousands of ordinary men and women volunteers

throughout our communities in far-flung regions of the state of Victoria who play a very significant role in mitigating the risk of fire and face adversity by confronting fires. As a community we owe them a great debt of gratitude.

In terms of this fire season, coming off the back of a very precarious summer last year, all the preconditions leading up to this summer indicated that the fuel load and the potential risks to the Victorian community continue to be extreme. I hope I do not offend anybody who is slightly superstitious about this issue by talking about this current fire season and tempting fate by saying that the remainder of this fire season may actually turn this profile around. I hope I do not offend you.

The story we can share at the moment of the current fire season is that despite the fact that 477 fires commencing in the natural environment across Victoria during this summer season is a 19 per cent increase on the 30-year average and is well in excess of the number of fires that have been lit or have commenced because of lightning or other circumstances, there has been a significant reduction in the number of hectares burnt. The 30-year average of fires to this point indicates that 144 000 hectares would have burnt during the course of the summer season. This year 29 000 hectares have burnt. A very significant impact has been made by our collective efforts — the government’s efforts, the agencies’ efforts and the community’s efforts — to reduce the fuel load, to intervene early and to make sure fires are put out at the earliest opportunity.

This week’s fire report indicates that 682 permanent firefighters have been engaged on those fires and are on immediate alert. Indeed one of the significant stories of this summer has been the telling efforts by repellers, who have been located in a number of places including at Heyfield and in Ovens. They have been involved in repelling fires and getting them out at a very early stage. Hence, the very good result in relation to limiting the number of hectares burnt.

We do not intend to rest on our laurels, and a number of members on the other side have asked me about this question. On a number of occasions Ms Petrovich has asked me about our fuel reduction efforts. In Victoria we embarked upon an extensive fuel reduction program — 130 000 hectares — between the last fire season and this season to reduce the fuel load. Indeed coming into February we anticipate moving again into fuel reduction burning when seasonal conditions allow us to do so.

Also, during the course of the emergencies last summer extensive firebreaks were created around the Melbourne catchments; approximately 200 kilometres of strategic firebreaks were installed. As recently as yesterday gazettal arrangements were announced to enable us to continue the strategic firebreak program to try to ensure that our catchments and our towns are protected from imminent risk and to augment the fuel reduction effort. These firebreaks are very important in terms of how they are delivered and in terms of their complying with state and commonwealth biodiversity legislation.

Honourable members interjecting.

Mr JENNINGS — This is a matter that the opposition may not care about, but I am sure that some members of this chamber are acutely concerned to ensure that the creation of those firebreaks is consistent with state and federal biodiversity legislation and that they comply with the vegetation control requirements. It is our intention to make sure they are complied with.

I want to talk about the very important issue of the effort and the contribution of members of our community. I want to report to the house the tragic death of Stephen Jamieson, which occurred in the early hours of 2 January. He was fighting a fire near Bendoc, his home town, in the high country. He was making an outstanding contribution to the local firefighting effort. He was part of a community that has rallied time and again to fight fires and reduce the risk and threat to his and to other communities. He made an outstanding contribution, and it was a tragedy that he lost his life.

I can let the chamber know that I travelled to Bendoc and to Delegate on 11 January to join the community in their grieving and their sense of loss for Stephen Jamieson's contribution and for his tragic death. It was a very affirming ceremony in terms of the solidarity that was shown by that community. In their adversity members of that community wanted to pull together to remind themselves of the value of the contribution to the firefighting effort.

I pay my respects to Stephen Jamieson and his family for the profound sacrifice that he has made and his family has made and give an unswerving commitment that we will support the family by making sure we provide support and encouragement for them to rehabilitate their lives and rebuild their hopes and aspirations for the future following their tragic loss. Stephen Jamieson's contribution will not be forgotten by any of us and is a reminder to all of us about the risks taken and the massive contribution made by members of our community in fighting fires.

Port Phillip Bay: channel deepening

Ms PENNICUIK (Southern Metropolitan) — My question is to the Treasurer. The Treasurer would be aware that the cost of the channel deepening project has jumped from an estimated \$230 million in 2001 to \$969 million at the end of last year. I notice that that is printed in the statement of intention, but surely it is not a fixed figure. The *Queen of the Netherlands* is sitting in the port of Melbourne with its meter ticking over at a quarter of a million dollars a day. Given that we have an environmental management plan now produced with increased monitoring and reporting requirements that will supposedly protect the bay but will surely cost more money, does the government have an updated cost for the channel deepening project, and at what point does the government say that the channel deepening project has become economically unviable?

Mr LENDERS (Treasurer) — I thank Ms Pennicuik for her question. The question comes in some parts, but I will start with the basic premise about a project being viable or unviable. What the channel deepening is all about is jobs and the provision of goods to the community. Ms Pennicuik's colleague Mr Barber yesterday asked me the question about concessions for low-income Victorians. Let us not forget that if we do not get the channel deepening project working, and working successfully, what we will see is jobs —

Ms Pennicuik interjected.

Mr LENDERS — There are 14 000 jobs involved around the port of Melbourne. Ms Pennicuik's question relates to the economic costs. We are talking of 14 000 direct jobs around the port of Melbourne which are affected by this. We are also talking about every single consumer in this state who will have greater costs — and they include the vulnerable consumers that the Greens party claims to speak for — if we do not proceed with channel deepening. What this government and the port of Melbourne have done is go forth with the most rigorous environmental standards of any project.

Ms Pennicuik talks about costs. Part of the reason the costs of this project have gone up is that this government has actually listened, it has responded and it has put the environmental standards in place to meet those community concerns. I find it a tad rich that someone who has been advocating from day one for more and more and more checks, more and more and more delays, more and more and more red tape, then comes forward and says the project is actually costing more money. It is one or the other!

I will give the Greens credit. Its members have been consistently opposed to channel deepening. They might not care about the 14 000 jobs, they might not care about the jobs of young Victorians, they might not particularly care about what it does to consumers, particularly vulnerable consumers, but they have been consistent, unlike the Liberal Party, which tries to be all things to all people — it is a friend of channel deepening with the Victorian Employers Chamber of Commerce and Industry and an opponent of channel deepening if it happens to be with the editor of the *Age*.

In response to Ms Pennicuik's particular question, this is an economic issue, it is an environmental issue, it is a social issue — it is a triple-bottom-line issue. This government deals with all three of those. On the economic side we want the next generation of Victorians, whether they be in Melbourne or regional Victoria, to have the opportunity of the jobs that come from channel deepening. We cannot in the 21st century believe international shippers will come into the port of Melbourne with their ships partially full because the Greens party or some in the Liberal Party think there are votes in this.

We also on the social side cannot ignore what it does to consumers, including vulnerable consumers, for the prices of household goods to rise in this state as part of a global economy because we will not make the port of Melbourne efficient. On the environmental side the issues have been thoroughly covered by a number of my colleagues in the state and federal jurisdictions.

In response to Ms Pennicuik, we will continue to update the community on the cost of this project. But this project is going through daily challenges of various sorts that affect the cost of it. We will continue to keep the Parliament informed in an open, transparent and accountable manner that. We will also look forward to responsibility from all in this Parliament on the triple bottom line — economic, social and environmental — to get right the balance that will deliver for the future of this state in jobs and affordable prices for all consumers.

Supplementary question

Ms PENNICUIK (Southern Metropolitan) — The Treasurer tells me that there will be jobs lost, but the port conceded a long time ago that there will be no jobs lost if channel deepening does not go ahead. The Treasurer was unable to tell me what the updated estimate for channel deepening is, and we do not know who will pay. The government has said all along that its approval is dependent on a sound financial strategy,

which would include the costs and who will pay. When can we expect to see the sound financial strategy?

Mr LENDERS (Treasurer) — On the issue of economics I take the liberty of responding to Ms Pennicuik saying there are no jobs involved. I did not say that 14 000 jobs employed directly by the port of Melbourne are at stake, but I did say that the jobs of Victorians are at stake.

My colleague Mr Theophanous got a question from Ms Tierney earlier on about the fate of Mitsubishi in Adelaide. Companies compete because we keep costs under control. Victoria is a manufacturing state. Our exports depend on us removing as many of the impediments to costs as we can. Improving the port of Melbourne is a critical one that everybody in this Parliament, I would believe, accepts. Perhaps Ms Pennicuik does not, but I would expect that 37 of the 40 members of this house would accept that creating jobs and removing impediments to the port of Melbourne is critical. So it does affect jobs. Decisions of companies to invest in this state for manufacturing will depend on reducing cost bottlenecks.

This government has addressed many of those infrastructure bottlenecks. We have addressed issues like WorkCover premiums and state taxation levels, but unless we deal with the critical infrastructure issues of this state we do not have a great future in manufacturing. That is where the jobs are involved. Secondly, if we start forcing up prices for consumers, and particularly the vulnerable consumers the Greens party claims to speak for, clearly basic economics means there will be less scope for expenditure in other areas that will help stimulate our economy and improve the standard of living of those individual Victorians. What I would invite the house to do is to reflect. My response to Ms Pennicuik's question is that the economic consequences of inaction are severe — we will continue to monitor the costs of this, but it is a moving feast — and the social consequences are severe, particularly for vulnerable consumers. The environmental consequences have been absolutely dealt with in the most open, transparent and accountable process that I can recall has happened.

Government: performance

Mr LEANE (Eastern Metropolitan) — My question is to the Treasurer. Since 1999 the state Labor government has been striving to make Victoria a great place to live, work and raise a family. Can the Treasurer update the house on Victoria's performance in key service delivery areas?

Mr LENDERS (Treasurer) — I thank Mr Leane for his question and for his interest in these measures. It is quite timely, given that we have just had a long and rambling debate on taxation when my good friend Mr Rich-Phillips digressed randomly across the world on various taxation measures, to actually be able to respond to Mr Leane with an objective measure that we have in place to answer some of his question — that is, the report of the Productivity Commission on government services, which was released on 31 January, just one week ago.

Why this is important is that it actually benchmarks the state of Victoria against its comparable jurisdictions across Australia. Mr Rich-Phillips might well learn from reading the Productivity Commission's report. I am sure he will delve through it to find some of the adverse findings, but I point out to Mr Leane and the house that it is an objective measure of how this state performs against its peers.

Mr D. Davis interjected.

Mr LENDERS — David Davis might learn something from this, and I suggest that he read the Productivity Commission report as well. Knowing that members of the house will read the report, I will just go through some of the highlights.

In the area of education, the Productivity Commission says that Victoria has the highest participation rate of 15 to 19-year-olds and that our year 12 completion rates are better than the Australian average. If we are looking at where Victoria stands, at our strengths and skills, our strengths in dealing with the infrastructure bottlenecks, the Productivity Commission actually gives Victoria a big tick on education. It also shows that the proportion of TAFE graduates who were in employment or continuing with further study was better than the Australian average, so that is important in the key area of skills.

In health the Productivity Commission showed that Victoria performed at better than the national average on a range of key health outcomes, including mortality — how long people live — where we performed better. We also performed well in other measures such as life expectancy, infant mortality and birth weight.

The reason I respond to Mr Leane on these issues is that many members in this house talk Victoria down all the time. These are some of the strengths of our state which make it competitive and help it go forward. Victoria also had the best performance in emergency department patients treated within benchmark waiting times. My

colleague Mr Jennings, through his previous portfolio, would hold this fact dear to his heart: Victoria was above the national average for the number of older indigenous people who received annual health assessments.

Breast cancer detection rates among women aged 50 to 69 is at 80 detections per 10 000 above the national average. In community services we have a greater number of people accessing disability accommodation and care services in Victoria than in the rest of the country, and a higher number of people accessing employment services. We have a greater number of children than the national average attending preschool.

The statistics go on and on. In the area of justice, which will be near to the heart of Mr Finn, who has such an affinity with the chief commissioner, we have a higher level of satisfaction with police services than any other jurisdiction, and it is higher than the national average. We also have one of the lowest levels of victims of personal and property crime, which rates significantly below the national average. In corrections we have the lowest number of incarcerations, or prisoners, of any jurisdiction.

In emergency services we also have the highest proportion of households with smoke alarms. There are a range of other areas, including the fastest response times to structural fires. In terms of ambulance service delivery, we have the highest cardiac arrest survival rate in Australia.

The reason I raise these points in response to Mr Leane's question is that Victoria has a lot going for it. This is how you measure it, and you can benchmark how we go against other states. I have obviously presented the good parts of the Productivity Commission report. There are other parts in that report which show Victoria can do better. This government knows that it needs to benchmark against how other states perform. We need to check on those areas. There is more to be done, and we will continue to work in those areas where we do not benchmark as well against other states.

The main thing is that this is a great state. This is a state that is growing strongly. It is a great place to live, work and raise a family — and the more Victorians of all political persuasions get behind the state and talk it up, the better chance we will have politically to do these things.

I am absolutely delighted to have read the Productivity Commission report. I urge all members of the house to read that report because it is a great report card for the

state of Victoria and offers helpful advice on what things we can do to make Victoria an even better place to live, work and raise a family.

Sitting suspended 1.02 p.m. until 2.26 p.m.

LAND TAX AND STAMP DUTY: INCREASES

Debate resumed.

Mr PAKULA (Western Metropolitan) — Just to recap, I was in the middle of reminding the house that this state government has engineered \$4.6 billion worth of tax cuts since 1999. There has been a reduction in the rate of payroll tax from when we took office from 5.75 per cent down to 5.05 per cent, and it will go down to 5 per cent from 1 July this year. The land tax rate, which was 5 per cent when we came to office, is now 2.5 per cent, and to pick up on David Davis's contribution, if the land tax rates were today what they were when we took office, we would take an extra \$1 billion per annum in land tax. We do not do that because we have reduced the rates.

We have cut motor vehicle duty and, as I said, we have reduced WorkCover premiums by 10 per cent on four occasions, something that was only possible because of the government's concerted effort to deal with the issue of workplace death and injury. All of that has occurred in an environment where for every dollar of goods and services tax paid by Victorians only 88 cents comes back to Victoria.

In accordance with the intergovernmental agreement we have also abolished duty on residential leases, financial institutions duty, duties on quoted and unquoted marketable securities, mortgage duty, bank accounts debit tax and business rental duty. The question that emerges from all of that — —

Hon. T. C. Theophanous — How many did Kennett abolish?

Mr PAKULA — I do not think he abolished any, Minister. In fact he levied a whole lot of new ones and increased those that already existed.

The question that emerges from all of that is: what is the opposition's actual proposition in regard to tax? Opposition members have said in this place and in the other place over the time that I have been in Parliament that the government should spend more on infrastructure, on roads, on rail, on hospitals, on schools and on water. But they appear to be saying in the debate that we are having today that all of that extra

expenditure and all of the significant challenges that face this state, which is fundamentally a non-resource state even though we have some resources, are not enough. It is not enough that tax rates are being reduced in percentage terms, it is not enough that tax has been reduced as a proportion of gross state product, it is not enough that debt has been reduced as a proportion of gross state product — none of that is enough.

What the opposition — or at least Mr Davis — seems to be arguing is that all of those tax receipts should be lower in nominal terms, in actual dollars collected. What it seems to be saying is that unless they are lower in nominal terms the government is not doing its job. That is, frankly, as Mr Thornley indicated, not a credible position. It is not a credible position because it is not possible.

Mr D. Davis interjected.

Mr PAKULA — It is not a credible position, Mr Davis, because, frankly, it is impossible. It is impossible to increase your expenditure in all of those important areas of state infrastructure while your tax take is going down in nominal dollar terms. It is absolutely impossible. For opposition members to have credibility on this issue they need to come into this Parliament — —

Mr D. Davis interjected.

Mr PAKULA — Mr Davis has suggested it because he continually talks in nominal numbers, unlike Mr Rich-Phillips, who at least seems to get it a bit. Mr Davis comes in here and talks in nominal numbers and says that because taxes have gone up in nominal terms that is a sign that the government is remiss on tax. Mr Davis can come into this chamber and show his perceived command of this issue week after week if he likes. He can come in here and we can have this debate and compare the tax regime that is in place now to the tax regime that was in place the last time the Liberal Party was in power.

If Mr Davis wants to have those debates, we will have them. Once upon a time members of the Liberal Party would have been embarrassed to put that forward as a proposition. They would have had more self-respect than to argue that what matters are nominal dollar amounts. Members opposite just prove that when their former leader in this place, Philip Davis, says that nobody seems to know what they stand for, the reason is that members opposite do not know what they stand for. No-one else can figure it out because those opposite cannot figure it out for themselves.

Instead of coming into the Parliament with stunts such as this, to establish some credibility on economics members of the Liberal Party need to demonstrate that they understand the difference between real and nominal money, between recurrent and capital expenditure and between real tough and phoney tough. Then they might get somewhere.

Mr GUY (Northern Metropolitan) — It is a pleasure to be speaking about taxation in my first contribution in this chamber for 2008. It is always a pleasure to speak on a motion on taxation as moved by David Davis. A few members on this side have listened to the contributions from members opposite — —

Hon. T. C. Theophanous interjected.

Mr GUY — Such as Mr Theophanous.

Mr D. Davis interjected.

Mr GUY — Very right, Mr Davis, who is a failed small business minister — and also one who is presiding over one of the highest business taxing regimes in this state's history. What I find amazing about it is that every time we in this chamber talk about taxation, we hear members of the Labor Party, in a well-worn tactic of the Labor Party, trying to explain away or confuse away taxation issues. They say that it is nominal dollars, percentage terms — —

Mr Pakula interjected.

Mr GUY — No, Mr Pakula, this is the crux of your speech, in which you focused on terms which not only you but no doubt everyone else will find confusing to read in *Hansard*.

Referring to where we in the state of Victoria are at the moment, it took from day dot until 1999 to arrive at around \$19 billion in revenue — that is, from the 1850s until 1999 Victoria went from zero revenue for the government in this state — —

Mr D. Davis — Over 150 years.

Mr GUY — It took 150 years to get to \$19 billion in revenue. Over the life of this government — —

Mr Vogels — They've doubled it.

Mr GUY — Over the life of this government, revenue, as Mr Vogels says, has almost doubled, up to around \$34 billion.

Honourable members interjecting.

Mr GUY — Let us take all this in context. Members opposite will run around, as former Prime Minister Keating did in the 1980s, and say that these are nominal terms and that tax rates have gone up in keeping with everyone's wage growth. Can anyone in this chamber tell me that they have had a 70 per cent wage growth in the past eight years?

Mr D. Davis — Mr Thornley might have!

Mr GUY — Mr Thornley may have, although it may have been put off when he bought his seat in this chamber. The reality is that the average income of people in this state has not gone up by 70 per cent, so let us talk about nominal terms. Let us compare that figure to incomes or, as Mr Pakula focused on in his speech, service delivery.

Are the trains running 70 per cent better? Are waiting lists 70 per cent shorter? Are crime figures 70 per cent lower? Let us talk about the money that the government has had, in percentage terms. If members opposite want to talk about the money that has come in, let us talk about outputs, the results for the money that has come in. Is the state running 70 per cent better? Is it running 10 per cent better?

Mr D. Davis — The trains are running slower — and they are more crowded.

Mr GUY — As Mr Davis says, trains have slowed down in the past 10 years to accommodate the lack of investment in infrastructure by this government.

Hon. T. C. Theophanous — You closed down hospitals and schools.

Mr GUY — If you want to talk about educational outcomes, Mr Theophanous, let us talk about educational outcomes from your government and your promise.

The PRESIDENT — Order! Talk about tax — it might be more relevant.

Mr GUY — I refer to the promises of this government to fund education in a manner that would be in keeping with taxation revenue. Mr Davis raised the issue of land tax, and it is very important to go back to that issue. When this government was elected in 1999, \$378 million was collected annually from land tax. In 2006–07 it was \$961 million, which is a rise of 154 per cent. Does any member of this chamber know whether the average income in this state has gone up by 154 per cent in that time? Have services improved by 154 per cent?

What about stamp duty? In 1998–99, \$1.006 billion was collected; and in the 2006–07 financial year, \$2.961 billion was collected, which was an increase of 194 per cent.

Hon. T. C. Theophanous — What about the taxes we abolished?

Mr GUY — What about that, Mr Theophanous — the 194 per cent increase in stamp duty in the life of this government? Yet members opposite shamelessly say in this chamber, ‘We are running this state better than it had ever been run before, and we are collecting fewer taxes than any other government’. The terrifying thing is that they believe their own rhetoric.

As I said, this is the highest taxing government in Victoria’s history. I accept that the population has risen, that land values have gone up and that there has been economic growth over periods of that history. But the reality remains that the percentage growth in state taxation as opposed to the percentage growth in wages and service delivery do not match. Any government that prides itself on attaining huge budget surpluses and does not commit to meaningful taxation reduction is engaging in the boast of a thief.

I am yet to hear any major commitment by this government to taxation reduction. Earlier I heard Mr Pakula refer to three or four — five at best — taxes that have been supposedly abolished by this government. I note that some of those taxes he mentioned were committed to be abolished by the Kennett government. So now members of the Labor Party, who attack and rail against the Kennett government, are claiming credit for tax cuts which were committed to under the Kennett government when it signed the GST agreements.

Let us talk about the GST, because it delivers \$88 billion in revenue to this state every year. Who opposed the GST? The answer is: members of the Labor Party; they opposed it from start to finish. What about the Ralph review of business taxation in this country? It was opposed from start to finish by the Australian Labor Party. Any meaningful taxation reform in this country in the past decade has been opposed by those opposite, yet then they walk into this chamber and try to pride themselves on being economic masters of taxation.

Let us look at the taxes that have been imposed by this government in the 10 years of its life: the gaming machine levy; payroll tax on fringe benefits; payroll tax on apprentices and trainees; stamp duty on mortgage-backed debentures; annual indexation of fees,

finances, and charges; the transit city tax; stamp duty exemptions on land-holding bodies; payroll tax on employing agencies; the 5 per cent water levy; the long-term parking tax, which is why we have the so-called congestion tax; land tax development duties coming on; and the extension of stamp duty on inbound international airfare insurance.

That list mentions just 13 taxes, yet in his speech earlier Mr Pakula raved on about three or four — maybe five at best — taxes that the government abolished. It is classic behaviour for the Labor Party, which gives with one hand and takes back with a bigger hand. While members of the Labor Party come into this chamber and preach their virtue on taxation reform, which to them is an obligation, the reality is that only one party in this chamber has constantly talked about the taxation burden upon average Victorians, and that is the Liberal Party.

I think it is also worthwhile talking about stamp duty while I have a bit of time. Stamp duty has been a big boon to taxation revenue under this government. It is interesting to note that in the 2006–07 year — we were talking before about the amount of stamp duty collected in Victoria of \$2.961 billion — Victoria collected a greater amount in stamp duty than Queensland, which is one of our competitor states. Minister Theophanous is always talking about how we are competing with Queensland and have to remain competitive with Queensland, but what is the reality? The reality is in the 2006–07 year Queensland built 2000 more homes than were built in Victoria yet the Victorian government collected close to half a billion dollars more in stamp duty revenue.

Members opposite would have you believe that we are tax competitive with Queensland — which is why we are losing business to Brisbane in the portfolio predominately of Minister Theophanous! That does not concern Labor members because they are interested in spin, not reality. Stamp duty has been a disgrace from the very start under this government if you compare its record with those of other Labor governments around the country. We want to talk about ordinary people, we want to talk about working people and we want to talk about people who are doing it tough. Let us talk about first home buyers trying to get into the housing market in this state.

Mrs Petrovich — It is pretty tough now.

Mr GUY — It is very tough indeed, Mrs Petrovich — and this government is making it even tougher. What I find amazing are the comments from Labor members in this chamber who talk about

stamp duty reductions as one of their achievements. Is it an achievement to say that a property of \$700 000 attracts \$37 360 in stamp duty in Victoria when a similar property in Queensland attracts \$23 287? Members should remember that Queensland is one of the states that we supposedly see as an economic competitor. What about the first home buyer market? Let us take a struggling couple trying to buy their first home in Melbourne for \$420 000. The average stamp duty cost in Victoria is a slug of more than \$20 000. What do they pay in Queensland? Nothing! First home buyers in New South Wales and Western Australia pay nothing

These are our competitor states. These are the states with which we are trying to remain economically competitive on taxation. This government prices itself and this state out of the market on a regular basis. Stamp duty in normal suburbs in Melbourne like Mentone rose by \$25 260 between September 2006 and September 2007 — and this government says that it is committed to lowering tax. In a suburb such as Blackburn stamp duty has risen by \$14 160. A couple struggling to get a deposit to buy a home in Blackburn now has to pay \$14 000 extra in stamp duty in one year; the stamp duty bill alone is \$38 000.

While I sympathise with the view of members opposite when they say, 'It might be population change' or 'It might be economic growth' or they refer to a range of other points, the reality is that this government is doing nothing to help first home buyers. This government has done nothing from the very start to help those people who need the help the most — that is, people who are trying to get into the housing market — because this government is and always has been addicted to taxation revenue. The question that we have to ask is: do we get value for the money for the \$34 billion in revenue that is collected by this government?

Hon. T. C. Theophanous interjected.

Mr GUY — I did not realise Minister Theophanous had woken up. He usually nods off in this chamber. I welcome him back to the debate. Let us just talk about what the government spends money on. Let us talk about myki. A billion dollars has been spent by this government on that system, but there has not been a single new train, not a single track laid and not a single new tram. Yet this government — and members opposite — claim to be economically responsible.

Mr Pakula interjected.

Mr GUY — The cost blow-outs at Southern Cross station, the fast rail — I think the Labor Party said the

fast rail would cost \$400 million; I am wrong, the figure was \$80 million — the synchrotron, the Melbourne Cricket Ground upgrades, and we cannot forget the consultancies. That is where our taxation revenue is going. People ask, 'Where has it gone? Where has the 70 per cent increase in recurrent revenue to this government gone in eight years, because no-one has had a 70 per cent pay rise and services are not 70 per cent better?'. Services are not even 7 per cent better. They are worse, yet the government has more money than any government in history.

In conclusion, the most important aspect of this whole debate comes down to one key point — that is, that despite these increased revenues and despite the pricing of people out of the first home buyer market, this government is shamefully going back into debt. When this government came to office it inherited a debt level of around \$4 billion. That is now going to rise to \$15 billion. But as we in this chamber all know — and this is why we express concern with the more than tripling of the state debt, the almost quadrupling of the state debt — the Labor Party has a history when it comes to debt. John Bannon, Brian Burke, Neville Wran, Joan Kirner, John Cain and Michael Field all had debt problems, and they were all Labor governments and they all left office with debt levels far in excess of the debt levels they inherited. It was left to Liberal governments to clean up that mess.

What is the reality in Australia today? The Beattie-Bligh government's debt has gone up; the Carr-Iemma government manages a comatose economy in New South Wales and debt has gone up; in South Australia the Rann government's debt has gone up; in Tasmania the Lennon government's debt is up; we have had Clare Martin in the Northern Territory and debt has gone up; Jon 'Stanhopeless' Stanhope in the Australian Capital Territory has a debt level that is equivalent to Victoria's debt level in 1992 on a per capita basis; and here in Victoria, out goes the credit card and in comes more government debt to the Victorian taxpayer, courtesy of the Labor Party.

I just say in conclusion that Victorians have a right to be concerned with the economic management credentials of the Australian Labor Party. We can look around the country and see, from a historical point of view and from a current point of view, what Labor does when it gets out its credit card, and it is out again despite record levels of debt.

Ms Broad — It creates jobs.

Mr GUY — Ms Broad is the last person in this chamber who should be interjecting about debt. I find it

astounding that someone who was the chief of staff to Joan Kirner would have the gall to talk about debt in this chamber. I say this to all Victorians: beware of what the Labor government will do when it is let loose with a credit card, because it might put a lot on the credit card, but it pays none of it back.

Mrs PETROVICH (Northern Victoria) — I rise to speak today regarding the terrible state of increased taxation, particularly in relation to land tax and the variety of taxes that have been imposed on the Victorian community. Under the Bracks Labor government we saw 13 new Victorian taxes, increasing the overall tax take and massively adding to the regulatory burden faced by small business. The amount of red tape surrounding these tax increases under Steve Bracks, the previous Premier, and his baker's dozen of new taxes — I would like to list those for a start — is amazing.

There was a whole suite of taxes introduced by the previous Premier's government, and they have been continued on by the Brumby government: a gaming machine levy; payroll tax on fringe benefits; payroll tax on apprentices and trainees, for goodness sake; stamp duty on mortgage-backed debentures; annual indexes of fines, fees and charges; the transit city tax; stamp duty extensions on land-holding bodies; payroll tax on employment agencies; the 5 per cent water levy; the long-term parking tax — the so-called congestion tax; land tax on trusts; the land development levy; and the extension of stamp duty on inbound international insurances. Who is this hurting in the state of Victoria? It is hurting mums and adds, working families and people who pay taxes at an outstanding rate and additionally pay these hidden taxes that are being imposed on them without many of them even realising the extent of them.

Treasurer Lenders stated that the land tax that was introduced was just a temporary tax and its removal would be offset by other taxes. Having just read out that huge list of other taxes that people are largely unaware of, I do not think we have seen that as yet. We have seen some pretty good statistics based on the increases in tax collected. We have seen a \$583 million increase in land tax, from \$378 million in 1998–99 to 2006–07, and an increase in the metropolitan improvement levy of \$24 million, from \$72 million in 1998–99. For the congestion levy, which was not in the public domain in 1998–99, we only have some interim figures. Stamp duty increased from 1998–99 to 2006–07 by a huge \$1955 million. The revenue from an increase in police fines was amazing: up \$307 million from \$99 million in 1998–99. Insurances went up by \$563 million from \$532 million. There was a great slug in payroll tax, and

motor vehicle tax went up \$393 million from \$885 million. The increase in gambling tax is also appalling.

The State Revenue Office has mailed out over 200 000 land tax assessment notices to owners of investment properties and businesses. These assessments are going to hurt mum and dad investors and businesspeople who lease retail properties. The fact is that property values across the state have risen exorbitantly in many areas, and these taxes have not been adjusted to suit. This government promised to get rid of stamp duty, but over the eight years of Labor government we have seen a continuation of stamp duty, adding thousands of dollars to the price of family homes and principal places of residence, which mums and dads really cannot afford to pay. This government is addicted to tax.

In the Macedon Ranges approximately \$15 410 has been added to the median price of the principal place of residence; in Seymour \$6310 has been added to the median price for the principal place of residence. In both these communities we are talking about extra money coming out of the family pocket and going straight onto the family home. This is money that could be better used by those people to renovate their properties, to buy better properties or perhaps under the current set of circumstances to pay a little less interest. Stamp duty makes the home ownership challenge just that little bit harder for those families. What benefit does the community gain from this additional tax? It does not go back into the community at all. There is no transparency. This government has an \$842 million surplus, but there is less money to spend on the family, less money to invest in business and less money to put back into superannuation.

In Northern Victoria Region investors in the communities of Macedon Ranges and Bendigo are particularly vulnerable because we have seen a great increase in property prices, but these values are not appreciated by the owners of the properties until the properties are actually sold. They are being slugged with a tax for dollars they have not yet earned. With rising interest rates and now the removal of the cap on land tax these investors and small businesses are really feeling the pinch. The net result of the greed of this state government is that pressure is also being put on the renters of commercial and residential properties, with rent increases making it untenable for small businesses to continue. These high overheads are making it increasingly hard to make a living in small business. With an \$842 million surplus surely the Brumby government can afford for this cap to be removed to assist small business.

In areas like Macedon Ranges, where property prices are burgeoning, there is increasing pressure on rental rates. Macedon Ranges has a clever, vibrant business community which deserves to be able to make a good living for its efforts. Real Estate Institute of Victoria chief executive Enzo Raimondo is reported as saying he has no doubt that large land tax increases are on the way next year. He said:

If they keep the current regime with the cap removed ... then absolutely, there'll be some significant land tax increases in 2009.

He warned that Victoria could lose its competitiveness against other states if it maintained its current land tax regime.

I recently holidayed in a coastal town near Portarlington. There are no service stations there as a net result of the high real estate prices in that area and the high land tax that is being imposed on many of those places. They simply cannot sustain the high rents that are passed on to businesses, because they are largely seasonal businesses. There is high volume during the summer months, and it is very quiet during winter. This is indicated by the fact that there are no service stations between St Leonards and Drysdale, because of the increasing price of real estate in those areas.

Maybe this highlights the philosophical difference between Liberal and Labor. Through Labor's spin and smoke and mirrors, the truth about their greed and lack of support for small business is being highlighted, in contrast to the emphasis on the rights of the individual and support for small business demonstrated by the Liberal Party. I really think we need to look at the budget surplus in relation to support for small business. I know that mums and dads are really feeling the effects of a whole range of things. As mentioned earlier by Mr Guy, I think Queensland and New South Wales have much lower rates of stamp duty, which give people the opportunity to break into that market.

Mr O'DONOHUE (Eastern Victoria) — I am pleased to make a brief contribution to this debate. Listening to the comments of the Treasurer during question time yesterday, those of Mr Pakula today and those of other members of the government this week, and indeed in previous weeks, you would be forgiven for believing that this debate about taxation levels, revenue and expenditure is a clear debate about the choice between service delivery on the one hand and taxation on the other. Of course the underlying assumption from the members of the government in the way they put their position is that service delivery is occurring in a cost-effective and efficient fashion, that

if you were to cut tax, somehow that would mean a reduction in the number of police, nurses and teachers.

This week we have seen with the myki ticketing issue, as we have so often seen before, that government expenditure does not necessarily mean quality delivery of infrastructure and services. As the Leader of the Opposition in the other place, Mr Baillieu, said, 'A billion dollars for tickets? We've already got tickets'. He went on to suggest we build some trains, some tracks or some trams.

At the outset I fundamentally reject the proposition by government members that a debate about taxation levels is a debate about service delivery. Unfortunately this government is incapable of delivering services in an efficient and productive fashion that gives taxpayers an appropriate return on their investment — that is, a return on their taxes. It is possible to have lower taxes and better service delivery. It gets back to management, to good systems and to understanding what the key principles and drivers are for a state like Victoria. Unfortunately Labor, and particularly the Victorian Labor Party, do not understand those key drivers.

In another strand of the debate today government members said they have cut the rate of taxation, that if they had not done what they have done, X-billion dollars more tax would have been taken. That is a fundamentally flawed argument, because the reality is that land prices have escalated significantly, not least as a result of the flawed planning policies of the state government that have increased the complexity and regulation associated with development and driven up the cost of new development projects. The reality is that the gross tax take by this government — and that is what should be examined — on any measure has ballooned in an extraordinary fashion.

I think this is of particular concern when it relates to taxes that do not apply to income or profits, because if you make more money or earn more money, it is fair and reasonable that you expect to pay more tax. Using very simple mathematics, even if you had the same rate of tax and you doubled your gross income, you would pay twice as much tax. I think most people accept that proposition. However, when you have an asset like a rental property that is not necessarily going to deliver you more revenue, or you have an asset which may deliver you revenue down the track but because of the incredible complexity with development the return on that investment is unknown, the timing is unknown and you must pay more tax, it is a gross disincentive. A taxation system that relies on higher asset prices with no correlation to or reflection on yield, income or return

is a gross disincentive to investment in this state. That in effect is what stamp duty and land tax amount to.

In his contribution Mr Rich-Phillips also made comparisons with other countries and other jurisdictions. The Treasurer, in question time today, made reference to the Productivity Commission report, stating that Victorian year 12 completion rates are better than the national average, and he plucked out a few other figures to show that Victorian living standards are better than the national average. But the reality is that we live in a global environment, and it is completely fair and reasonable to make comparisons with international jurisdictions.

In his contribution Mr Pakula said that that is unfair because you have to take into account living standards and other circumstances. The reality is that if you do not have a competitive tax system, you go backwards. We have seen that with some countries in Europe. Yes, society is all about a balance between reward, incentive and return to the community via taxation. If you get that balance wrong, you have a long-term decline in living standards and in competitiveness, and ultimately you end up, as the Premier said, potentially as a backwater.

In a practical sense, when they have to pay more stamp duty and more tax, the people of Victoria are having to save more for a house deposit and are having to work harder and having to pay more in mortgage repayments. That, sadly, is a reality.

In my own electorate of Eastern Victoria Region there is a growth corridor from Berwick to Pakenham. The people who are moving into the shire of Cardinia at the rate of three families a week who pay more stamp duty than they should have to — in fact they pay more stamp duty on their investment than they would if they had purchased an average house in any other state — are entitled to expect a return on their investment and the associated stamp duty. So I ask this rhetorical question: where is the new secondary college to cater for the 1500 additional secondary school-aged students who will move into that growth corridor in the next five years? The government cannot answer that question because it has not bought new land for such a facility. The government is yet to earmark land for that facility.

I also ask this rhetorical question: where is the new railway station that is required in Pakenham? It is on the drawing board, but nothing will happen until 2012–16. By that time the population of the area will have ballooned by perhaps another 10 000 people. That number of people without better public transport infrastructure will be driving their cars on the Monash car park.

I ask this rhetorical question: where is the upgrade of other roads and public transport infrastructure? Sadly it is not coming. Where are the additional medical services? They are not there. It is not unreasonable for these people, who make the biggest investment choice of their lives and pay through the nose for stamp duty, to ask for the provision of basic infrastructure services in return. Unfortunately that basic infrastructure is not being delivered. On the one hand we have a government that is fleecing the punters of Victoria with stamp duty and indirectly with land tax, because the reality is that land tax is passed on as a cost to business and to the consumer in the end, whether that is a retail shop tenant or a purchaser of a new home. On the other hand those people are getting very little from this government; they are getting little in basic services and infrastructure because of the shambles and the disgraceful waste of money regarding projects like the myki ticketing system which all government members should be fully ashamed about.

Mrs KRONBERG (Eastern Metropolitan) — Our motion, which urges members to express concern about tax increases under the current Victorian government, particularly the increases in stamp duty and land tax and points to the likely detrimental impact of the state government's decision to remove the land tax cap on small business, investors, retirees and renters, is to be commended. The great Australian dream is to own your own home. The one thing that governments can absolutely rely on is that as a national group we are entirely consumed by our desire to own our own home and to invest in property. As a manifestation of this national fervour and according to Enzo Raimondo, chief executive officer of Real Estate Institute of Victoria, in an interview in 2004, Australians have a high rate of home ownership. The rate is up in the stratosphere; it is 70 per cent — 40 per cent own their homes outright and 30 per cent are paying them off.

This government has yet to reduce such property taxes in line with the support and now great dependence on the GST. Do members remember the GST? It was the river of gold bequeathed to this government by the Howard government. This state government receives windfall gains from stamp duty; it is addicted to property tax because of the windfall gains it has received year after year. Whilst it chooses to adopt the high moral ground on the question of housing affordability, this government has no credibility whilst engaging in the unconscionable conduct of imposing such burdens on homeowners and prospective homeowners who are now in the wilderness with investors.

It is clearly time for this government to set a budget which is not slavishly dependent on property taxes and which punishes mum and dad investors as well as aspiring homeowners, particularly young couples and those with little children. We remember the election promises leading up to November 2006. The government had an election stunt; it went out chest thumping, proclaiming it was going to reduce the stamp duty levy from 6 per cent to 5 per cent in that bracket of housing prices from — and I hope this figure resonates in the chamber — \$115 000 to \$400 000. I have some recently calculated median house prices and stamp duty figures which relate to the Eastern Metropolitan Region which I represent. I have to say that there is no property which approaches the value of \$115 000. The following figures are absolutely unbelievable: in Bayswater the median house price is \$375 500; in Wantirna it is \$441 200; and in Croydon it is \$367 250. This government is taking more than its fair share of tax.

In regard to land tax or the unimproved value of land owned by the taxpayer unless otherwise exempted, it is calculated and based on the aggregated value of all landholdings. This week a gentleman who owns four properties came into my electorate office. He was in a state of despair, distress and frustration and, frankly, he was angry. If a member of the government had been in my office, there may well have been bloodshed. This man was really concerned, because last year he paid a land tax bill of \$7500 and this year his land tax bill is \$26 500.

Mr D. Davis — So that it is \$7000 to \$26 500?

Mrs KRONBERG — Yes, in the one year his land tax went from \$7500 to \$26 500. That is why this man came to my office. I feel this government should take notice of this. It really cannot go on. This is the old highwayman who came riding up to the old inn door stuff. This is Ben Hall; it is Ned Kelly.

There is a lot of agony out there in business. I used to count myself as a small business proprietor. I understand and feel and can recount what it was like to deal with land tax bills, particularly when I had an office in East Melbourne. It was a very painful experience to have office premises located on the city fringe and to have to deal with the land tax arising from that. Fortunately in the business service area that I was in at the time we were able to pass such horrific costs on to the business community, so it was not directly on to the consumer; but a lot of other small businesses will have to pass them on. Earlier my colleague Mrs Petrovich told us about petrol stations closing down because nobody in the Portarlington area can afford the rent on land to run a petrol station.

We know that in the recent budget estimates land tax came in at \$99 million above those estimates. We know also that this government's land tax booty was a staggering, record-breaking \$989 million. When we look at this figure that is truly in the stratosphere now we see that it comes in at \$209 million above the 2005–06 tax take. For small business that is nothing short of death by a thousand cuts. We remember when the now Premier was the Treasurer. He said that the increases were due to 'unexpected revenue following the introduction of special trust provisions'. That sounds like a typical socialist redistribution of assets, income and wealth-type statement, even though some people on the other side of the chamber might regard themselves more as armchair socialists nowadays.

According to the *Age* of 20 August 2007 the state government had already collected \$1.4 billion in stamp duty. This means that families are more than ever likely to be shut out of the areas in Melbourne that were once regarded as affordable. If we were to look at the suburbs in Melbourne that are very sought after we would see house prices rising. We would probably look at Docklands, South Yarra, Brighton and Richmond. I wonder if members of the government are aware of where house prices in Blackburn are right now. Blackburn is a development along the rail line in the middle to outer eastern belt of Melbourne's suburbs. It is a classic suburb where middle-class families used to be able to establish a household and build a family. The median price for property in Blackburn — I am not saying in Brighton; I am saying in Blackburn — is now \$745 000. That means that people are struggling to deal with a mortgage of that magnitude while trying to be next to transport services.

Clinging along the railway line is very important because there are so few links to public transport infrastructure in the eastern suburbs. This is compounding the problem for people in suburbs like Blackburn, Mitcham and Nunawading because there is no other transport offering. Using the State Revenue Office's calculator shows that anybody who wants to buy a house in Blackburn right now will have to pay \$40 360 in stamp duty. What would \$40 360 buy in private health insurance, clothing, non-genetically modified food, education, heating, lighting or water tanks? On average this government is ripping \$40 360 out of the pockets of aspiring upper-class families in Blackburn because they are desperate to be next to a rail link. This is the new Everest. Not only do families have to deal with rising interest rates but they have to deal with the excesses of this government.

This is something the government can change, and I urge it to review this urgently in the light of the

mortgage pressures on the average family. There is no point bleating that mortgage rates are going up. The federal Labor government likes to blame the former Howard government for everything. I imagine we will be hearing a litany of woes for another eight or nine years, just as the government here speaks about previous governments. I can see that it will be making us feel nauseous for a long time.

These taxes are vicious and insidious. They are also cynical taxes. Any relief in stamp duty, which I feel would be better called Labor light relief, was delivered last year and has already been gobbled up by steadily increasing house prices. Coupled with this government's ridiculous Melbourne 2030 policy, which has drastically reduced land releases, it means that young families wishing to break into the housing market find it even further out of reach. It is simply a disgrace that this government continues to bleat and thump its chest about the concept of affordable housing while it continues to uphold and engage in what is tantamount to price fixing and market skewing.

Frankly this government does not have the credentials to engage in playing with the property market as it does. Who is benefiting from this continuing madness? It takes a lot of courage to admit you are wrong, and the Labor government in Victoria should take note of that. With the bravado and spin associated with every interface this government has with the people of Victoria we see that it is really and truly ill-equipped to apologise and to show the manliness required. Aspiring voters across the state await the Premier's policy shift — he is also known as Mr Unelected and Mr Unpopularity. I urge members to support this motion. Let this be the clarion call from this chamber that enough is enough.

Mrs PEULICH (South Eastern Metropolitan) — I also rise to support the Leader of the Opposition's motion in relation to revenue raised by the government through various taxes. We have heard criticism from the two or three speakers from the government benches — which in itself is indicative of a dismissive if not arrogant attitude to the plight of many Victorians, small business owners, new homebuyers, people who are attempting to downsize, and renters. I think it is absolutely deplorable that the government has had only three speakers on this motion.

I would like to commend the Leader of the Opposition, not only because it is always very useful for governments to review how much money they take out of people's pockets through taxes and how they can better expend that money, but also in the current context where we have inflationary pressures in the

Australian economy, which places pressure on interest rates.

No doubt those factors made a very significant contribution to the outcome of the federal election. People say, 'Oh, WorkChoices'. No doubt WorkChoices did play a part, mainly because of the financial pressure on householders emanating from various cost-of-living expenses and therefore dovetailing into a concern that perhaps this poorly understood WorkChoices may have somehow created greater uncertainty with their jobs together with the fact that people could not afford to lose their jobs because their mortgage and their house would be lost.

In trotting out only three speakers the government is showing an incredible level of dismissiveness and arrogance towards the plight of ordinary Victorians. It will be to its detriment. We know that sands shift very quickly in politics. Government members may feel invincible now, but those sands will move very quickly. I forecast that this government's days in office will move away from it at a much faster pace. I look forward to the government being held to account now that there are no more excuses and there is no-one to blame. Now that Labor is predominantly in office at all levels and the government has its union mates in place, there are no excuses, and reality and truth will quickly catch up with it. The pea-and-thimble act that we have seen here — the spin doctoring, the public relations, the glossy pamphlets, the calendars — will not work at the end of the day when there is no-one else to point the finger at.

I regard Mr Pakula reasonably highly, and I would have thought he was quite an intelligent fellow until I listened to the diatribe that masqueraded as his contribution on this very important debate in the context of an economy that is heating up and where there are pressures on interest rates, where there are pressures on families — and more and more families will lose their homes — and where more and more businesses will go to the wall. He got up and said, 'It is really not the raw figure that counts, it is not the dollar amount that counts, it is the percentage'. It might count to the bean counters, and it might count to the ministers and the bureaucrats, but when it comes to paying the household bills it does not count. What counts is how many dollars you have in your bank account and what your bills are and how you will pay them. That Mr Pakula tried to use some very convenient slide in his argument and predicate his entire contribution on that reflected very poorly on him. As a person whom I would have thought until this point was relatively in touch with the community, I thought he did himself a gross disservice.

We have heard some of the common arguments being trotted out by government members. They have said, 'Expenditure is higher', and 'How can you justify cutting expenditure because it means cutting services?'. I think the hallmark of this government has been the waste and mismanagement. There has been a waste of taxpayers money — Victorian money — that has left them without better schools. The vast majority of schools in Victoria have not shared in the benefit of having better facilities. Certainly they have not had their fair cut with maintenance and with better buildings that they and people in the community expect. They have also not been the beneficiaries of better public transport. The fact that public transport currently is carrying a total capacity of 10 per cent of the daily journeys and is already rattling at the wheels when the target is 20 per cent is clear evidence that the government has failed to meet that infrastructure need.

There is one phrase that has gained significant traction in the community about, firstly, the Bracks Labor government and now the Brumby Labor government — and let there be no mistake about it, it has always been a Brumby government. Because while Mr Bracks may have been actually heading it and minding the shop — and a very polite shop minder he was; he is very good looking with a lovely haircut, always wears a crisp, white shirt with a tie, and is very polite — we have never really heard Mr Bracks offend anyone.

Mr Leane — You sound like you are in love!

Mrs PEULICH — I think a lot of people were in love, and that love affair lasted quite a long time. The show did last a long time. But what people fail to realise is that it was Mr Brumby and his mates from the back of the shop who were doing the wheeling and dealing in the smoky rooms. He was behind the running of the state. Government backbenchers and middlebenchers constantly tell me that it has always been John Brumby who has made the decisions. In fact quite a few backbenchers have told me that his nickname is JC. I think it would be sacrilegious for me to enunciate what the JC stands for, but clearly they see him as some sort of saviour. I hasten to point out that it was not JC who led people out of the woods; nonetheless, that is how they see him. There ought to be no misconceptions; the government has always been the John Brumby government, even though he has not been minding the front of the shop.

The failure to deliver major projects on time and on budget has basically meant that a lot of the money that Victorians would have expected to be ploughed into the building of roads and infrastructure has been wasted.

We saw the forecast \$80 million regional fast rail project basically result in an expenditure of a further \$900 million, which meant that a lot of roads and improvements to our public transport did not eventuate. VicRoads has no doubt played catch-up ever since.

Another more recent example is the failure to provide water infrastructure. The government was more than happy to take the dough as dividends, but it certainly did not return the money in terms of the development of water infrastructure. All Victorians are paying the price and will continue to do so. Not an additional drop of water will come out of that desalination plant until 2011. Many of us are very busy trying to find water tanks and so forth as a way of doing the right thing. Much of the focus has been on water restrictions and on punishing residential users — people who use about 10 or 12 per cent of the total water availability.

Clearly the government has not had a policy. We are paying the price and business is paying the price, and this will continue for a long time because water reserves are currently at 38 per cent. We are not faring any better under these restrictions. People are now very busy installing water tanks. South East Water, one of my local providers, is busy providing a cheap plumbing service to assist in fixing up leaks, but no doubt it is also doing audits to find out who has got a water tank so that further down the track it can bill people for the rainwater that runs into those water tanks.

This government is ingenious in finding ways that it can dig a bit deeper into the pockets of taxpayers to get a bit more out and then waste it, because that is the hallmark of this government. There has been no significant improvement in most of our schools. There has certainly been no improvement in our public transport. Our roads and road congestion, certainly in the south-east — which is the region that I represent, where most of the growth is — is absolutely deplorable.

Mr Finn — And the west.

Mrs PEULICH — And the west. Taking my own example, this house has heard that there have been days where it has taken me 2 hours and 10 minutes to come from Dingley Village into Parliament, which is a whole 26 kilometres away — 2 hours and 10 minutes! If you have a daily journey of that nature and you are running a small business or trying to get to work, or you are merely running around a family, a lot of time and money is being spent on the roads, gobbled up in extra fuel costs. In particular, those families who are financially pressed in the outer growth corridor, where there is poor public transport and where they have to pay a lot of money in fuel bills, are paying the price of

this government's failure for eight years to properly manage roads.

The three key failings are: the government does not build them at all, it underbuilds them so that by the time they have been completed they are already under capacity or it mismanages whatever construction is happening. No doubt there are a million and one examples locally. Hospital waiting lists also continue to be a problem. The government says, 'But we have improved the services'. Where is the evidence? Where is the evidence for the budget expenditure which is now double what we saw in 1999 when the Kennett government lost office? This just typifies how Labor operates.

There is also the myki contingency fund. The true cost of Victoria's bungled public transport smartcard is now \$1 billion. The Met is a mess, and the roads are a mess. This government has been appalling. I note that you, Acting President, are the parliamentary secretary in this portfolio area, so maybe you could take some notes and relay messages to your minister.

Yesterday Parliament had the state of the union address, and we all hoped we would hear something new and something exciting, some real promises and commitments, rather than the waffle we heard. It was another wasted opportunity. There is a litany of wasted opportunities by this government.

In relation to the mighty contingency fund, the figures show that is costing the taxpayer \$189 million, which seems likely to be used now that the contractors have said they need more money. The capital costs were revealed to be \$211 million, operating costs were \$454 million, a risk allowance came to \$140 million and the cost of running the TTA (Transport Ticketing Authority) was \$139 million; with the contingency fund that is a total of \$1.13 billion — yet we are no closer to having the Smartcard ticket in place.

Overdue fees will be charged in relation to dredging for every day that the Dutch dredging firm Royal Boskalis Westminster has its ship waiting, because the Labor Party could not get its act together. The dredging firm which has been contracted to deepen Melbourne's shipping channels will reap at least \$1.5 million in penalties, as the project continues to be delayed. Ultimately who pays that price? Certainly the port will pay the price but ultimately it will be Victorians and Victorian taxpayers. Under contractual arrangements the port must pay the Dutch dredging firm, as I have mentioned, \$250 000 for every day that the project is delayed.

All of that is in the context of Victoria's debt having quadrupled from \$3.5 billion in 2002 to a staggering \$15.3 billion forecast for 2011. The government sector net debt still jumped from \$882 million in 2006–07 to \$2.7 billion, and so the litany goes on. This is a perfect time to be talking about and reviewing Victorian taxes. I commend the Leader of the Opposition and the opposition for putting this on the agenda. I would also like to commend some of the points that were made by Mr Kavanagh.

Hon. T. C. Theophanous — It must stick in your throat to commend the Leader of the Opposition — the current one.

Mrs PEULICH — I beg your pardon?

Hon. T. C. Theophanous — You heard me.

Mrs PEULICH — I did not. In particular, as property taxes contributed 36 per cent in the 2005–06 year I presume that has probably gone significantly higher. Payroll tax is 31 per cent in terms of the total taxes paid; the gambling tax is 14 per cent; the motor vehicle tax is 11 per cent; the insurance tax is 10 per cent; and of course then there are other miscellaneous taxes.

The government contributes to or can affect the CPI (consumer price index). The government currently has a policy of annually indexing automatically all state taxes and charges, and I call on the Treasurer and the Brumby Labor government to now revoke this policy in the context of rising inflation and rising interest rates, which are hurting every Victorian, particularly those with higher mortgages and those in the South Eastern Metropolitan Region, where a lot of the growth is occurring and which I represent.

In addition to that, as part of the bundle that is used in the calculation of the CPI, we have council rates. Under the very much hands-off approach to local government of first the Bracks Labor government and now the Brumby Labor government property owners are paying through their teeth. Who is hurt in particular? It is the self-funded retirees and the pensioners, and naturally it is passed on to renters and property owners, be they small retailers or small businesses and the like. Everybody is affected.

The government could do more and do it better. I believe the Auditor-General briefings are useful. I did go along a little late, so I have not had the opportunity of reading the entire document, but there was a report on the local government sector or services today. I flicked through the document fairly quickly but could not see any table which actually showed the trend in

local government rates over a number of years. There were lots of other trends, but not in the local government rates that are paid by Victorians. I was very disappointed, and I hope that was an oversight. I hope that that information is available. When we were in government we published all of that information so that it was used as a restraint by councils, because nobody wanted to be tagged or rated as the council that imposed the highest council rates, so they at least exercised some self-restraint.

An outstanding point made by Mr Kavanagh about the way that land tax is calculated and how misconceived it is to be related to the unrealisable value of the property rather than the capacity to generate revenue. These are long-term issues and not just problems for the Labor government. It is an opportunity to rethink some of these issues, and we have an obligation as legislators to do so. It is time that all these issues were thought through thoroughly. Perhaps if the Labor Party does not have the solutions, let us have a summit! We saw that the new Prime Minister, the man with a vision for the future, eventually had no vision and now needs a thousand voices to come up with a vision. If we have no solutions for Victoria, let us get a summit and let us find some solutions.

The other point was that stamp duty hurt precisely those who were trying to buy a home rather than, as Mr Kavanagh suggested could be considered, those who were in actual fact selling their home.

Most people would rather pay no taxes at all, but the obligation on governments is to provide the most efficient and effective services for the least amount of money. I believe this government has lost that discipline, or perhaps it has never had it. I certainly hope that the new Treasurer does a little better than the other one, but I suspect that the government will try to continue the pea and thimble trick, however, dare I say, I think without anyone else to blame, time is running out.

As I mentioned before, the property prices in the south-east in particular have jumped substantially. The Real Estate Institute of Victoria's release of the median prices for the December quarter showed the single largest increase in the median price of a Melbourne house in the history of the series. It was interesting that the price of a number of homes on the market had increased by 21 per cent compared to prices for the December 2006 quarter. Demand also increased. The median price for a house in Melbourne has now doubled in seven years, making housing affordability more outside the reach of the ordinary person. In the March quarter 2000 the median price was \$242 000. I

have just lost my second page containing the figures — but the other figure is substantially higher.

Across my region we have seen a 41 per cent increase in property prices in Narre Warren South, in the city of Casey, from 2002 to 2007. The average metropolitan Melbourne increase was 37 per cent, so that is certainly way above the average. In Berwick there has been a 34 per cent increase. Parkdale is in the marginal Labor-held lower house seat of Mordialloc. Property prices in Parkdale increased by 69 per cent from 2002 to 2007. In Mordialloc it was 51 per cent. Seaford is not a particularly rich suburb but the increase there has been 38 per cent. The lower house seat of Mount Waverley is one of the government's most marginal seats, and property prices there increased by 76 per cent between 2002 and 2007. They rose 61 per cent in Glen Waverley and 60 per cent in Mulgrave. The suburbs across the south-east will certainly be contributing very significantly to government coffers in terms of various property taxes.

Stamp duty increases from September 2006 to September 2007 most significantly affected Parkdale at 55 per cent; Glen Waverley, 51 per cent; Mount Waverley, 49 per cent; Dingley Village, 40 per cent; Aspendale, 33 per cent, Mordialloc, 26 per cent; and Mulgrave, 22 per cent. The Leader of the Opposition in this house and others have spoken about stamp duty and the comparison for an average home, and Victoria levies the highest level of stamp duty.

It is a problem not only for first home buyers but also for those trying to downsize. Empty-nesters whose families have gotten off their hands need to buy something smaller but many of them decide not to do that because they lose too much money in stamp duty, moving house and so forth. In fact this is contrary to government policy for aged care. The government wants people to stay in their own homes and live in manageable homes but its stamp duty is a barrier to that. I urge the government to rethink that issue as well.

I could go on for ever and a day, but the saddest example I have heard recently is that of a woman who has worked all her life, who runs a business and works extremely long hours, who has never been the recipient of a single dollar of any sort of welfare and has three fairly modest properties that are solely used to provide income for her retirement. She lives on a shoestring, probably at a lower level than somebody would on an old age pension. She could sell the properties, disperse the money and get the old age pension but she does not believe that is a responsible thing to do given the independence she aspires to continue to exercise for the rest of her life and from the point of view of the nation.

Her concern is that she will not be able to continue paying land tax and that she will need to sell one house to pay her next land tax bill when the 50 per cent cap is, as the Treasurer has announced, removed. The cap was introduced just before the 2006 election, and that was welcome. Small business and self-funded retirees are particularly petrified of the impact of the removal of this cap.

Mr Lenders — You guys voted for it. You did not have an issue at the time, you supported it.

Mrs PEULICH — We voted for the cap?

Mr Lenders — Yes, you voted for the legislation, every bit of it.

Mrs PEULICH — We voted for the cap and you are removing the cap now.

Mr Lenders — You voted for a cap — —

Mrs PEULICH — But you are removing the cap now. You are the Treasurer — —

Mr Lenders — No, you voted with us for the sunset.

Mrs PEULICH — I was not — —

Mr Lenders — Don't squirm out of it.

Mrs PEULICH — But it is your job to make sure that after the sunset expires, there is a viable regime. Because of the inflationary situation in the economy and the rise in interest rates, it is your responsibility to adjust your settings and adjust your take, cognisant of the fact that you do not operate in a vacuum. In actual fact if you do, it will be to your own detriment.

Mr Lenders — You are asleep at the wheel.

Mrs PEULICH — You are actually in charge of the wheel. We look forward to what you will do. Dare I say, should the cap be removed, many small businesses will be lost. Many jobs will be lost and many homes will be lost. Many families will rue the day this government was ever elected to office.

In addition, every house that is sold because a self-funded retiree cannot afford to pay the land tax bill is one less home on the market to rent. We know there is a rental crisis. How do we know? Rents are going sky high. Not only that but the government has failed to provide low-cost accommodation for those who ordinarily would be in expectation of public housing.

I was absolutely stunned that the house I purchased last July when I vacated my original home — a three-bedroom home, partially renovated, single storey — would generate \$500 a week in rent. How can an ordinary family that is renting, an ordinary family that does not have a ministerial salary or that of a parliamentarian or union official, afford to pay \$500 a week in rent? That totals \$2000 a month. That is not even taking into account the increase in the cost of living, the increasing cost of meat and vegetables, the increased cost of public transport and petrol and all of the essential services, including an up-to-17.6 per cent increase in energy prices as a result of this government's environmental policies. The government has lost touch and is hurting Victorians.

The context in which the government now operates is vastly different. We know that the biggest concern out there for the community, for the Prime Minister, Mr Rudd, and for all of the government colleagues in other states is the increasing inflationary pressure and the pressure on interest rates. This government has a responsibility to see how it can improve its performance, how it can rein in its expenditure, how it can reduce its tax take to make sure it in itself does not contribute to those inflationary pressures.

Mr Lenders interjected.

Mrs PEULICH — Because you are! Your annual indexation of taxes and charges is absolutely shameful.

The ACTING PRESIDENT (Mr Pakula) — Order! Mrs Peulich will address the Chair.

Mrs PEULICH — I am being tempted, I am being provoked. I am here, and I have a responsibility. I represent nearly half a million people in one of the fastest growing areas in the state. It encompasses the city of Casey, which is the fastest growing municipality in Australia. I have a responsibility to lay these issues on the table. I think the performance of this government over the next short period is crucial. It will be a big test to see whether you have got your heart in the right place, Mr Lenders. At the moment, I think you have not. With those few words, I commend the motion to the house.

Mr FINN (Western Metropolitan) — Thank you, Acting President, for your enthusiastic call on that occasion. There has been much comment over recent years about the differences between the two major political parties in this country. There have been some, and I am sure we have all heard it many times, who have said that there is no difference between the Liberal and Labor parties. I see Ms Hartland sitting here, and

she may actually agree with that argument. But I think this debate puts that argument to bed forever. There is a monumental difference between the Labor and conservative sides of politics in this country. Labor members seem to have some sort of belief in the divine right of thieves. They believe that if somebody else has money, they have the right to put their hands into those taxpayers pockets and take it off them. They believe in taxing you until you drop. It is basic Labor philosophy — tax, tax and more tax.

The conservatives on this side of the house on the other hand respect the right of people to keep the money they have earned, or as much of it as is humanly possible. We accept that people work hard — many having two or three jobs — in many cases for the basic necessities of life. We owe these people respect, and they deserve to keep as much of their money as is humanly possible. That is a monumental difference between us. Those of us on the conservative side of politics in this country stand for lower taxes. We know that what people earn is not our money. It is not the government's money. It belongs to those people who have put in the hard yakka to get it. It is their money, and they have a right to keep as much of it as possible.

I give as a recent example what happened under the last federal government and under Peter Costello, the former federal Treasurer, who was undoubtedly the greatest Treasurer this country has ever seen. Year after year we saw tax cuts when in decades previously we saw tax cuts only when it was coming up to election time. Tax cuts had been seen as something we could use as an electoral bribe. I remember some years ago — I think it was after the 2004 election, I apologise, it may have been the 2005 budget, but it was immediately after the 2004 election — I was in the cabinet suite at the Treasurer's cocktail party after he had delivered the budget. We were absolutely staggered that there we were in Canberra on budget night with a Treasurer who just a few months after an election was delivering tax cuts.

The cuts were not delivered as an electoral bribe — it was a bit late for that — although we had had tax cuts prior to the election and, as I recall, the year before that as well. We had a situation in which the federal Treasurer of this nation was delivering tax cuts for the third consecutive year with no election in sight. It was unheard of to the cynical. As Peter Costello explained at the time, 'That is not our money. We have an obligation to return that to the people who own it. We have a greater obligation not to take it off them in the first place'. That is the huge difference between people on this side of the house and those who support the side of the left in this country.

The Labor Party is committed to the view — it puts it into practice every day — that Ned Kelly lives. As long as we have Labor governments in this country Ned Kelly will be alive and well. These people think nothing of taking money off those who work hard. They think nothing of taking money off those who are struggling and are battlers. They think nothing of taking what is not theirs and using it for their own purposes. Land tax and stamp duty are classic examples of what I am talking about.

Speaking about battlers, one matter that has got up my nose over many a long year is Labor's continual facade that it stands for the battlers, that it stands for the workers, that it stands for people who are struggling to get by, when we all know that that is as far away from the truth as anybody could possibly imagine. Labor sees anybody who is working as a cash cow. It sees somebody from whom it can milk tax dollars. It does not matter whether they own a mansion in Toorak or they are working two or three jobs to buy a home in Hoppers Crossing, Point Cook, Tarneit or any of those sorts of areas where people are doing the hard yards. Those people are really putting in for themselves and for their families in order to do the right thing and to achieve what we have always regarded as the great Australian dream — that is, ownership of their own home. Labor's view is to say, 'Hit them hard. If they have got a dollar, take it off them. It does not matter how they got it, the harder they work the more they will get and the more we will take off them'. That is Labor's view. That is Labor's philosophy. That is the reason Labor seems to exist in this country — to put its hands into taxpayers pockets, take out their wallets and to empty them. That is Labor. That is what it is about.

It is not hard to understand why ministers in the Labor government are out of touch, as the Acting President, Mrs Peulich, so ably pointed out not so long ago. It is not hard to understand why ministers in this government are totally out of touch with what is going on in the suburbs and throughout the rest of the state. These ministers have their big salaries, they have their cars and they have their chauffeurs — they have their staff to do everything they could possibly want. If they want a sandwich or an orange juice, they get someone to go and buy it for them. They do not have to worry.

Mr Jennings interjected.

Mr FINN — Did I just hear the minister mention that he had not been to a good cocktail party for a while? I am sure — —

Mr Jennings — I have never been to one.

Mr FINN — He has never been to one. This is a tragedy. I think the minister should speak to some of his colleagues, because he has been duded. There are some ministers in this government who, if they did not attend a cocktail party at least every couple of days, would not be able to survive. The minister should speak to his colleague Mr Theophanous.

The ACTING PRESIDENT (Mrs Peulich) — Order! It may be inappropriate to reflect on any member.

Mr FINN — I am just suggesting that it might be the way to go. I will move on to what I was going to say. I was temporarily deflected from the point I am making.

The view that ministers in this government are out of touch is clearly understandable, particularly given what they do with land taxes and stamp duty on homes. It is almost inconceivable that ordinary people would have much idea of what this government is actually doing. One thing that ordinary taxpayers — and I include myself in that category, very much so —

Mr Atkinson — You are anything but ordinary.

Mr FINN — Thank you, Mr Atkinson; that is very decent of you. One thing that taxpayers want more than anything else is value for money. One thing they will never get from the Brumby Labor government is value for money. Not if we all live to be 300 years old will we get value for money from this government.

What are we getting from the government? We are told that it is spending money on this and that and throwing around a few million dollars here and a couple of hundred million dollars there — all sorts of figures are plucked from the air — to be spent on health, education and transport. I suggest that the biggest expenditure item in any Labor budget in this state over the past eight years has been waste. If waste were a line item in the budget, it would come in at no. 1 always, each and every year. Members of the Labor Party tell us how much they spend, but they never tell us what we are getting for our dollars. Anybody who might be a good shopper — and I see a couple in the chamber, whom I will not name but whom I think would know a bargain when they see one — would be shaking their heads and asking, ‘What are we getting from a government which is taxing us so heavily, which is knocking us around so badly and taking our money from us?’.

Members of this government tell us they are spending a great deal on health. For eight years now they have told us that they are spending hundreds of millions of extra dollars on health care for the people of this state. What

have we got for that money? We have ambulances stuck outside hospitals, queued up outside hospitals, because they cannot get in. We have people dying in the back of ambulances as they race between hospitals. That is value for money! That is value for the dollars that are being taken from us! If that is what members of the Labor Party think is value for money, they should have a very good, hard look at themselves. In hospitals we have lists of people waiting to go onto waiting lists. Never before in this state have we seen the health system in such a mess, yet members of the Labor Party will tell us very happily how much they are spending to produce this mess. It is amazing in its own way.

I am sure members will remember that when this government was first elected back in 1999 it embarked on an odyssey in the area of transport which became known as the very fast train. At the beginning the project was supposed to cost some \$80 million, but by the time it was finished the Victorian taxpayer was stuck with a bill of \$1 billion plus. The cost blew out from \$80 million to \$1 billion plus. Can anybody see the value for money in that? Can anybody see why we would spend more than \$1 billion to get a train service that is barely any better than the one we already had, that in most instances might save us 1 or 2 minutes and in some instances is slower than the old service? Is that value for money? I certainly do not think so.

The mighty farce that we are currently going through is just the latest in what this government presents as its administration. I call it blatant waste. We see it on our roads every day. Again, Acting President, you spoke very eloquently about the problems you face as you travel into Parliament. I, too, have got to the point where I prefer to stay in town during a sitting week rather than face the perils of not knowing how long it will take me to get into Parliament from my home. I live just near Melbourne Airport, which is not very far away at all. If the members of this government want to talk about value for money, the time has come for them to start putting some money into the road system in this state, particularly in this city, because every day it is going from bad to worse. In that particular instance, value for money does not exist.

Major projects, whether they be roads, rail or whatever they may be, can all be described as over time and over budget. The dredging of Port Phillip Bay is just another example of how Labor has messed it up, of how Labor cannot manage a major project. I am afraid to think how much more of our money is going to go down the gurgler before that mess is sorted out, if it is ever sorted out at all. Members can understand why people have had enough — why hardworking people in the community in our state have had enough of a

government which will tax them to within an inch of their lives but give them nothing in return.

We see new subdivisions popping up on the edges of our city. Certainly in Western Metropolitan Region there is a new growth spurt just about every day, as I mentioned before, at places like Hoppers Crossing, Tarneit and Point Cook. This is happening at so many places, including a new one at Laverton, which I think the Minister for Planning has got very excited about. The stamp duty take from those projects is a windfall for the government. But what do the people who are moving into those subdivisions get in return? They get absolutely nothing. They do not get the opportunity of getting to work any quicker. They do not get into an emergency ward any quicker. They do not get a thing. Yet they are expected to fork out thousands upon thousands of dollars in stamp duty. The Treasurer, rubbing his hands together, just cannot wait to get more.

Home affordability is a very big issue in this state. Does anybody here think that stamp duty is helping that? Does anybody think that an extra \$20 000 or \$25 000 on the price of a home will help anybody to actually buy their own home? We have a situation where people who are stretched to breaking point anyway are almost at the point where they can say, 'Yes, that's our home, that's the one we want to buy' when all of a sudden Mr Brumby comes along and says, 'I'll have \$25 000 extra, thank you'. That blows that dream out of the water. That blows any possibility they have of buying their own home out of the water. Where do they go? They go back into the rental market — all members know just how tight the rental market in this state is — so rents go up. It is just a dog-eat-dog situation the whole way through. If you go back to the beginning of it, there is one man at the start — that is, the Premier of this state, John Brumby.

Stamp duty is an insidious tax on private property. We seem to be back in the bad old days, when members of the Labor left thought landowners were the enemy. They thought that anybody who actually owned their own home should be stamped upon. Now they are not stamping on them, they are just slapping stamp duty on them. Land tax, on the other hand, is a tax on business, particularly small business, and small business is something that is very close to my heart. On the contrary, Labor does not understand business. Labor has never understood business; it distrusts business; it hates business, and Labor regards business as the enemy.

As I look at the other side of the chamber I see a few heads from the union movement of old, and in no other

place would you see that view that business is the enemy more than in the union movement that now swells the ranks of this government. Business people are the true heroes of the Australian economy.

Ms Darveniza interjected.

Mr FINN — Ms Darveniza should get out more. If you think small business people love you, you really have to get out more, because let me tell you, they do not! Far from it.

Small business people are the true heroes of the Australian economy. They put themselves and their financial future on the line every day. My having run a small business for a few years, I know what it is like not to know when the next pay cheque is coming. I know how that stirs up the stomach nerves just a tad.

The people who put themselves on the line to build their own businesses should be looked up to. We should not be taxing them to death. They employ people. They create jobs. If it were not for them, there would be no employees to join the unions, so why do we have a government which is intent on taxing them into the ground? Labor continues to treat small business with total and absolute contempt.

The bottom line, Acting President, is that when it comes to small business, when it comes to home ownership or when it comes to any form of private ownership, Labor just does not care. It never has cared and it never will care. All this government is interested in is the grab for the mighty dollar. That is all it wants. It wants the mighty dollar, because this government is a greedy government.

Mr Koch — And the perks.

Mr FINN — And the perks. It is into them in a fairly big way, as Mr Koch says. This is a government that shows up greed in a new light. It has turned greed into an art form, and it is something that the people of Victoria are finally waking up to.

I say to the government that it should get off the backs of home buyers, it should get off the backs of landowners and it should get off the back of small business. Australia was built on the back of something known as a fair go. I believe in a fair go, members on this side of the house believe in a fair go and now it is well and truly time for the Labor government to actually put that fair go into practice for all.

Mr ATKINSON (Eastern Metropolitan) — I am pleased to join this debate. One of the things I particularly want to read into the debate's record is my

concern about insurance taxes and the circumstance where we have a tax on a tax on a tax in regard to insurance policies. I think it has a very detrimental effect on the community and it is leading to a great deal of both non-insurance and under-insurance. Certainly for those people who try to protect their assets, it is leading to substantially higher costs than I think they ought to expect.

This has been a fairly wide-ranging debate. It has not been without its predictability in the sense that opposition members have obviously flailed the government for its shortcomings, its high spending and high taxing. Government members, as we have come to know and understand, have been prepared to blame everybody else and to draw comparisons with the past. When it comes down to taxation policy, here and now the reality is that there are no excuses for the Brumby government or for the Labor Party. The government is at the wheel; its members are the people who have the opportunity now to make the necessary reforms.

The government has the numbers in the lower house, and it has the numbers in the upper house. It is in a very strong financial position, and I believe it has a responsibility to the people of Victoria to address iniquities in the taxation system to ensure that we have a coherent system of taxes which represent an opportunity for people to get value for money but also to be fairly taxed across the range of services and products they are accessing, be it as consumers, taxpayers or as people paying levies.

The reality is that this government cannot — and no government should — try to hide behind what might have happened in the past. I think it is spurious — and I think a couple of members have actually referred to this in the context of the debate as I have heard — for governments to start to try to use statistics and to pluck figures out of the air to justify their position against some historical point in time.

There is the old but famous saying that there are three types of untruths. There are lies, damned lies and statistics. Can I suggest that statistics are actually a much safer foundation than percentages, because the reality is that percentages are almost a nonsense measurement of almost anything? By and large, percentages can be made to look like almost anything. They can be made to prove almost any point, but in reality they are not real. As Mr Rich-Phillips rightly pointed out, every government is the highest spending government ever, every government is the highest taxing government ever — and that is a process simply of the movement of the economy, of consumer price

index increases, of growth of the economy, of increased values of dollar figures and so forth.

The issue is not who is spending the most, and the issue is not who is taxing the most. The issue is value for money in terms of the outcomes that you achieve for what you are spending. I have to say I do not think that when I look around Victoria, and particularly when I look around my electorate of Eastern Metropolitan Region, I can see that we have a 100 per cent improvement in the delivery of government services to match the virtually 100 per cent increase in taxation from this state government since it took office in 1999.

As was pointed out, the state budget was about \$19 billion in spending in 1999, and it is now approaching something like \$35 billion or \$36 billion as we look to the next budget. That is not quite 100 per cent, but the reality is that it is effectively almost a doubling of the budget or a doubling of expenditure in a period of eight years. As I said, when I look around my state and my electorate I cannot see such an improvement in services, particularly in things like transport — and some members have referred to transport services. I cannot see it in education, I cannot see it in hospitals with their waiting lists, I cannot see it in dental programs, I cannot see it in some of the community service programs and I cannot see it in infrastructure.

I cannot see in any area that there has been a doubling of the outcomes, of the improvements and of the benefits to the community commensurate with that sort of spending. The government has a real responsibility to ensure that it achieves that value, that the outcomes are improved. As I said, it is not about who spends the most or who taxes the most, because there is some mischief in those sorts of calculations or measurements, but there is no mischief in terms of the outcomes.

The reality is, though, as I said at the outset of my speech, that government needs to make sure it addresses the inequities in taxation. It needs to make sure that it can make fundamental and real change to taxation to ensure that people are not disadvantaged. I challenge members to do something that I have done: for a while I was my party's spokesperson on WorkCover, and I used to ask every business that I met if it had ever had a reduction in the dollar value — the real dollars — of their premium year on year in WorkCover. Not one of the businesses I ever spoke to could show me that they actually paid a lesser WorkCover premium one year than they did the previous year, yet every year the government says, 'We have cut WorkCover by 10 per cent'.

The reality is that that 10 per cent never delivered an actual cut on the premium, because wages growth actually took WorkCover premium thresholds over the 10 per cent return, so there was no real cut. In many ways it is a notional cut. It is an argument that says, 'You would have paid more if we had left it where it was, but because we have reduced it by 10 per cent, you are actually paying less — not less than you did last year, but less than you would have if we had not moved the threshold'.

The same argument applies to land tax, because essentially the government's argument on land tax is, 'Wait a minute; we have actually reduced land tax. We have been terrific. We have passed on enormous savings to people. We have cut their land tax bills. If we had not changed the percentage rate, they would have been paying a lot more'. Again it is this process not of less actual dollars that they are saving, but the government's argument is, 'If we had left the threshold there, notionally you would have paid more than you are now expected to pay because we have made these adjustments'.

We should not want to be cute about the history of these things. There was some reference to the Kennett government's formulas for land tax percentages and so forth historically. Some members referred in the course of this debate — and I particularly recall Mr Drum doing so — to it being very easy for government members to talk in a context today of what you should and should not do in terms of investment in a whole lot of areas.

The reality is that when the Kennett government came to power in 1992 this state was on its knees. The reality is that the economy of Victoria was shot to pieces. Indeed most of the state economies around the country were shot to pieces because of the mismanagement of administrations. Perhaps more than mismanagement, it was misjudgement of administrations, which failed to recognise economic conditions, kept borrowing at times when interest rates were soaring and got caught in a trap. There are some potent warning signs in what happened then in the context of the volatility of current interest rates and economic measurements and forecasts at this time.

In 1992 the Kennett government faced a very difficult circumstance, and one of the difficult things it did over the course of the seven years that it formed an administration here in Victoria was to cut land tax in actual dollars — as I said before, percentages lie — from around \$900 million a year, as an income item when the Kennett government took office, to around \$500 million when it was ejected by Victorians in 1999.

The interesting thing is that now land tax is starting to scale those same heights, getting on towards the billion-dollar tax take, which it did back then, notwithstanding some changes to the percentages that the government has brought in and where it has effected change.

When it comes to things like land tax I have a fairly simple view of life. I think in many ways we ought to look at the way local government strikes its rates. One of the big problems with this government is that it continues to benefit from windfall gains, particularly from taxes such as stamp duty and land tax, and we note record services quarter after quarter. The government then goes about spending that largesse very quickly, and I am not sure that the investment is always conducive to the long-term benefit of the state. But the interesting thing is that when local government strikes its rates it is required to set a budget and determine what its expenditures are going to be.

Then it determines the money that it needs to achieve those expenditures — to pay for its costs. The way it strikes that budget is that on the value of properties it establishes a percentage in the dollar so that every year the percentage in the dollar moves but does not move simply on the basis of some whim or reactionary response to a hot spot, as we have had with land tax over recent years. It moves responsibly, with some rigour and with some discipline, on the basis that the government — in that case local government — has determined what it is going to spend. It actually strikes the income to match that expenditure rather than sitting back and waiting for funny money to roll in, waiting for windfall gains and to simply then just spend. In fact it is the other way around. It does not have any sort of discipline in terms of the way it actually collects money.

It is interesting that the government has just removed the cap on land tax. I cannot help thinking that this is one — I am sure there are a number — of those little nasties in the bag that the state government actually put on ice in the run-up to the federal election just to make sure there was not a degree of angst in the community that might have impacted on Labor's prospects at that election. It went around and put a few of the nasties on ice. I cannot help thinking that land tax is one of those nasties. The reality is that removing the cap is going to return us to exactly the same sorts of iniquities and problems that we have seen in the last four or five years, because property valuations have moved on and people who are already in the property market have got absolutely no control over the valuations of their properties. The big problem about valuations that members need to understand is that the valuations are

based on a highest and best use for a particular block of land, not on what the actual use is for that block of land.

The result is that a business like Demar Timber and Hardware in Clifton Hill is in a circumstance where its block of land is being assessed, from a land valuation point of view, for an entirely different use from that to which it is put. No doubt there would be a significant realisation and some equity in the land tax calculation and some equity in the valuation from which that land tax calculation was derived if there were a multistorey block of apartments on that land or if the land were occupied by a funeral parlour, a car yard, a hotel or any of a range of other premises or business undertakings which are needed and relied on by the community but which are not necessarily in this hypothetical world of evaluations the highest and best use of a particular block of land. In fact people have no control over the values of their properties, and many of those people who are simply out there providing goods and services to a community are under real pressure because of the land tax iniquities that continue under this government.

As I said, there is no hiding place in the sins or practices, good or bad, of governments past. The reality is that this government is at the wheel today and it is up to it to address them, not to talk about what might have been or could have been or should have been, or what someone else did, but rather what it is responsible for. For the Brumby government, for Labor, there are no excuses on this or any of the other matters of government responsibility today. Apart from anything else this government has been installed since 1999. That is eight years. It is long enough for the government to take responsibility, to be accountable for a wide range of policy settings and to review those policy settings.

I know that the Premier yesterday in his report to the Parliament on the government's expectations of its parliamentary program in the year ahead mentioned a number of areas of government responsibility where there are to be some reviews, and I welcome that. I trust that the reviews will be constructive and will achieve better public policy outcomes; I have some hope about that. I welcome the fact that the reviews are to be undertaken because that is part of a government taking responsibility for what it should do rather than trying to hide behind a curtain and saying, 'But everyone else did it in the past; this is what happened in the past'.

I might just add one other thing on land tax. I hope I am wrong, but it occurs to me that there could be the rather sinister objective of some people in the government, be they in the bureaucracy or at a government policy level, of using land tax as a means of creating development

opportunities — in other words, using land tax as a development tool.

I know that in the past many local government authorities would sit down and look at their valuation systems to determine whether they would use net annual value or capital improved value or site value. When they were looking at the mix of valuation systems they might have in their municipality one of the driving forces was the idea that if they had a fairly aggressive valuation system on land that was underdeveloped or not being developed that would encourage people to develop that land. It seemed a bit odd to me that somebody who had a particular block of land with a run-down property on it might rush out and redevelop that property just to save a few bucks on rates, but that was some of the thinking. It was certainly seen that the type of valuation system you struck in your municipality was capable of driving development in the direction you wanted.

I am concerned that there are people in government who see land tax, and particularly punitive and iniquitous land tax schedules, is a very effective tool in driving development — in fact in driving out businesses like car yards, hotels and hardware stores such as the one at Clifton Hill, which is known to many people in the community — if it forces the people in those properties to redevelop. I hope that is not the case, but that could well be the impact of this policy setting of the government.

Stamp duty is out of control. The reality is that the government needs to again start looking at the fundamentals of its taxation collection system and not simply lie back and consider what it is going to spend the windfall gains on. It should actually look at the inequities of the system and ensure that people are not unfairly disadvantaged by stamp duty levels which are totally out of kilter with the capacity to pay.

The stamp duty levels are going to impact on many people, not only first home buyers and young couples who are looking to buy properties. One of the real tragedies and the invisible problems in our society is the number of elderly people who would like to sell their current property and move into something more appropriate for their contemporary needs, be it an apartment, a smaller property or a retirement facility. There are many people — and I have met with such people and most members in this chamber have probably met with them — who would like to trade their property for a smaller one. They would like to get a smaller property that would be easier for them to manage and would perhaps be better located for their

needs because it would be closer to hospitals, transport or members of their family they rely on.

The reality is that many of those people — and you know this if you talk to them — are not prepared to change over their properties. They are not prepared to sell large family homes which would advantage young families who may be entering the market, looking for second properties or moving up in the market. Such elderly people are not prepared to sell those homes because they cannot afford to make the changeover if they are faced with paying stamp duty of at least \$20 000, \$30 000 or in some cases much higher amounts, which is a dead money component and a donation to the government. I am not talking about rich people, as some other members did during the debate. My colleague Jan Kronberg, a member for Eastern Metropolitan Region, mentioned some of the property values in an area like Blackburn, where it is fairly difficult to find a property valued at less than \$700 000.

One of my electorate officers recently bought into Blackburn South. The property she bought was slightly over \$600 000. I dare say — she would not comment on this — that that amount is a fair stretch for young people. I would hate to be a young person confronting mortgage payments on such an amount, especially if I had higher education contribution scheme payments on top of that and a range of other commitments of the type young people have. It is no wonder that the birth rate is going down. It is no wonder that people are not having children. They are in such a sea of debt that they cannot afford to have children. Both partners have to keep working and accept working overtime to meet their commitments to try to keep their heads above water. They defer having families, which is not great for our society.

Yesterday we talked about family-friendly workplaces. Let us start to look at some of the fundamentals of that issue, because the cost and debt pressures on young people today are such that they cannot afford not to work extraordinarily long hours and cannot afford for either partner in a relationship not to work, because they need to try to keep up with debt levels. Those debt levels are not necessarily due to extravagance, because when you try to buy a house or unit in the current market, you are looking at astronomical prices. The electorate officer I mentioned previously contributed \$32 000 in dead money to the government's coffers. There is no doubt she had \$7000 returned to her in the form of a first home buyer grant. That was terrific. It reduced \$32 000 to \$25 000 — and another \$8000 in fees associated with that property purchase also needs to be added to that total.

It amuses me sometimes when the popular media talks about the costs of property and the fact that people who buy million-dollar properties get the first home buyer grant. The media see it as outrageous that somebody buying a first home for \$1 million is eligible to receive \$7000 from the government. I do not begrudge those first home buyers at all. It is not because I want to protect or be a cheerleader for people who some might think are elitist. I simply ask myself why the *Herald Sun* in the next paragraph did not mention how much these people have paid in stamp duty. The reality is that the \$7000 first home buyer grant is a pittance compared to what home buyers are paying into the government's coffers in the form of stamp duty.

Let us get real about those sorts of issues. Let us start thinking about the cost pressures on people in a system which is now iniquitous and out of control. This government is awash with money. It receives revenue from gaming. The GST allocations from the federal government are going up by \$500 million every year. The federal government is also prepared, it seems, to enter into partnerships on and increase its funding of other programs that state governments are responsible for delivering. These are in areas like housing agreements. We saw a welcome increase in hospital funding. It is extra money for the state government to invest back into our hospital system. Therefore the government ought to be able to establish a rigour in its spending that will ensure we can deal with these taxes more fairly.

When this government first came to power in 1999 there was a summit on business taxes and there was a review of business taxes. Frankly, the range of changes that were effected by the government and the number of taxes that were cut were not really very great. I know Mr Thornley spoke about them — and I think one of his colleagues, Mr Pakula, might also have spoken about them this morning — but most of the taxes that were reduced or abolished were part of the GST agreement.

It is good that those taxes were abolished in line with that agreement with the federal government, but I lament the fact that there was not a comprehensive review of taxes in this state at that time. I think there still needs to be that sort of review, and it needs to focus on areas like land tax and certainly on stamp duties.

I will come very quickly to the issue of stamp duties, and I intend to conclude on this matter. I have been in touch with the Insurance Council of Australia. No doubt a number of members have been aware of its concerns over an extended period about the impact of stamp duty and other taxes on insurance policies.

Indeed the council indicates that the degree of non-insurance — that is, people who do not take out insurance at all because of its high cost, a cost that is simply not associated with the policy's premium level — has been increased dramatically by taxes on taxes. For instance, an outrageous situation applies with Victoria's fire service levy on property insurance. First GST is applied to it and then stamp duty is imposed on top of that. In other words, the tax that is already collected has a tax on it. That is the most outrageous and iniquitous position that you can possibly have. In my view it is totally outrageous.

Let us look at its impact on insurance. During question time today the house talked about bushfires, and thankfully this summer has been a good season. We have had some dreadful seasons in recent times with extraordinary property losses. What encouragement is there for people to go out and insure against those losses — —

Mr D. Davis — Fully.

Mr ATKINSON — Certainly fully insure. Whilst the Insurance Council of Australia talks about people who do not take out any insurance, I think the level of underinsurance is actually a much greater problem, because if you insure at what you estimate is the proper value of your assets, then add the cost of the fire service levy on top of that, then add the GST and the stamp duty, you end up with a very hefty payment just to protect your assets. Indeed the proportion of owner-occupied households who have no contents insurance at all in Victoria is 11.3 per cent. The proportion of rental households without contents insurance — —

Hon. T. C. Theophanous interjected.

Mr ATKINSON — I think you will be interested in this figure, Mr Theophanous. Would you hazard a guess at what percentage of rental households do not have contents insurance? Do you have any idea? It is 69.9 per cent. Almost 70 per cent of rental households do not have contents insurance.

The reality is that the Insurance Council of Australia has had recognised consultants indicate that if there were reform in this area of stamp duties on insurance — and certainly to stop applying stamp duties on GST; that is an absolute gimme — around 300 000 households who are now not insured across Australia would start taking out contents insurance, and an additional 69 000 households who now have no building insurance would take it out.

In terms of international comparisons, Victoria and New South Wales are the worst in imposts of government charges and levies on insurance policies. Leading up to the 2008 budget this is an area that the state government needs to look at very seriously. It is against the community interest for people not to insure their properties. The reality is that Victoria and New South Wales are the only two states in Australia that still have fire service levies on insurance policies. The HIH royal commission recommended that those states that still have fire insurance levies ought remove them.

This government needs to tackle taxation reform. This motion ought to be passed and be a warning shot to this state government that, as I have said previously, and particularly as I said at the outset of my contribution today, there is no hiding behind what other governments may or may not have done in the past. The reality is that today this government is firmly in charge of its own destiny. It is firmly in charge in terms of its responsibilities to Victoria and Victorians, and taxation reform should become its priority.

Mr D. DAVIS (Southern Metropolitan) — I am pleased to conclude the debate on this important motion about tax increases under the current Victorian government. The reality is, and the point has been made very clear in this debate by the shortage of government speakers and by the nonsensical contributions by many of those who have spoken, that there is a problem with tax in Victoria and the way that stamp duty and land tax in particular are impacting on a whole range of groups in the community, including business, particularly small business, investors, retirees and renters.

Examples have come out of individual stamp duties levied on properties recently sold in Victoria. They have shown the crushing burden of stamp duty on small businesses and in particular on families purchasing properties. As a community we need to take a hard look at this, but the state government has refused to take that hard look. Under Mr Brumby as Treasurer and now as Premier, these rampant tax increases have been pushed forward, and he has done it by stealth. He has done it by broadening the tax base on the one hand, but he has also done it by allowing the windfall gains of property price increases to flow through into his coffers on the other hand.

The point made by Mr Atkinson completely gives the lie to the points made by Mr Pakula and Mr Thornley. Mr Atkinson's point was that in raw terms the total take in land tax was less at the end of the Kennett government's period in office than it was at the beginning. State governments can do those things. They can keep taxes down, and they can moderate tax

increases. Instead of that this government has chosen to push taxes up at every turn. There have been slight tweaks of the scale, but in no realistic way have those tweaks compensated for the massive increases that have occurred.

New taxes have been introduced. The two government speakers claimed that taxes had been removed, and it is true that a small number of taxes have been removed pursuant to the intergovernmental agreement signed between the Howard government and the Kennett government. The Premier has removed those taxes, and I commend him for doing that and sticking to the state's commitments. But at the same time he has introduced another 13 new taxes, including a gaming machine levy, a payroll tax on fringe benefits, a payroll tax on apprentices and trainees, stamp duty on mortgage-backed debentures, and the annual indexation of fines, fees and charges so that every 12 months those charges, fees and fines increase.

There is no thought, there is no pause, there is no examination of whether at that time it is socially responsible to raise those taxes. There is the transit city tax; the stamp duty extensions on land-holding bodies — again imposing massive hits on people; the payroll tax on employment agencies; the 5 per cent water levy; the long-term parking tax — the so-called congestion tax levied in the centre of the city; the land tax on trusts — which is a super tax that is applied on top of the normal land tax rate for trusts; the land development levy; and the extension of stamp duty on inbound international airline insurance — the tax that Mr Theophanous has allowed to go forward without any resistance, a tax that has a very bad effect on Victorians.

The figures are well worth reiterating. I refer to land tax. Land tax revenue was at \$378 million in 1998–99, the last period of the Kennett government, and it was up to \$961 million in the 2006–07 financial year — a 154 per cent increase. Stamp duty is up 194 per cent to \$2961 million.

I point out the silliness of the arguments put by Mr Thornley and Mr Pakula. They argued that the size of the Victorian economy has increased — that is true; that the population has increased — that is true; that salaries have increased — that is true; and that property prices have increased — that is also true. But in no way does that explain the size of these increases in the government's take. The scale and the size of these increases are so extreme that it is simply unacceptable for Victorians to not start to cry out about this. Many Victorians will be hurt in this next period with the

government's thoughtless removal of the cap that had been put on land tax.

Earlier in the debate Mrs Kronberg brought forward the example of somebody whose land tax bill had been \$7000 but had gone to \$26 000. There will be many more of those over the next period — a massive increase. It will be a slug on people who have saved for their retirement and been thrifty in the way they have conducted themselves — the sorts of things we should be encouraging, the steps of self-provision that people ought to be prepared to support. Instead of that, it is made as difficult as possible for people.

The comments about the impact of stamp duty have been very telling, and Mr Atkinson's points about the fire levies and other insurance levies are very important. This leads to underinsurance and non-insurance. The cascade of taxes that are applied to insurances is really nothing short of scandalous. It is something that John Brumby has chosen to milk; he has chosen to pull money out of the sector.

At the moment Mr Theophanous, who is still in the chamber, has an inquiry going into the financial services sector. Let me explain to him very clearly that he will never strengthen the insurance part of the financial services sector if among the highest taxes in the world on insurance are levied here. It is simply dumb; it is a very silly way to conduct things. If you want to build Victoria into a centre for financial services, it seems to me that as one of the key steps you need to look at insurance taxes.

I return to the key point of this — that is, that these taxes are hurting businesses, investors, retirees and renters. We have talked about the rental market and what will occur there over the next period. I commend this motion to the chamber. The impact of these taxes has become too extreme, and the community has every right to start to hold this government to account.

House divided on motion:

Ayes, 17

- | | |
|--------------------------------|-------------------------------------|
| Atkinson, Mr | Koch, Mr |
| Coote, Mrs | Kronberg, Mrs |
| Dalla-Riva, Mr | Lovell, Ms |
| Davis, Mr D. | O'Donohue, Mr |
| Davis, Mr P. | Petrovich, Mrs |
| Finn, Mr | Peulich, Mrs |
| Guy, Mr | Rich-Phillips, Mr (<i>Teller</i>) |
| Hall, Mr | Vogels, Mr |
| Kavanagh, Mr (<i>Teller</i>) | |

Noes, 21

- | | |
|------------|---------------|
| Barber, Mr | Pennicuik, Ms |
| Broad, Ms | Pulford, Ms |

Darveniza, Ms
Eideh, Mr
Elasmar, Mr
Hartland, Ms (*Teller*)
Jennings, Mr
Leane, Mr (*Teller*)
Lenders, Mr
Mikakos, Ms
Pakula, Mr

Scheffer, Mr
Smith, Mr
Somyurek, Mr
Tee, Mr
Theophanous, Mr
Thornley, Mr
Tierney, Ms
Viney, Mr

Pair

Drum, Mr
Madden, Mr

Motion negatived.**PORT SERVICES AMENDMENT (PUBLIC DISCLOSURE) BILL***Introduction and first reading*

Mr D. DAVIS (Southern Metropolitan) introduced a bill for an act to amend the Port Services Act 1995 and for other purposes.

Read first time.*Statement of compatibility*

Mr D. DAVIS (Southern Metropolitan) tabled following statement in accordance with Charter of Human Rights and Responsibilities Act:

In accordance with section 28 of the Charter of Human Rights and Responsibilities, I make this statement of compatibility with respect to the Port Services Amendment (Public Disclosure) Bill 2008.

In my opinion, the Port Services Amendment (Public Disclosure) Bill 2008 is compatible with the human rights protected by the charter. I base my opinion on the reasons outlined in this statement.

Overview of the bill

The bill amends the Port Services Act 1995 to implement a requirement on the Port of Melbourne Corporation to undertake the immediate disclosure of all environmental consequences of channel deepening in Port Phillip Bay. The amended act will require the Port of Melbourne Corporation to publish on the internet all results of monitoring under the environmental management plan (EMP) within one day of its receipt. All results will be published alongside the environmental limits and response levels as determined under the EMP, to ensure readers can compare monitoring results with the safety levels for humans and the environment.

1. Human rights protected by the charter relevant to this bill*Freedom of expression*

Section 15 of the charter holds that 'every person has the right to freedom of expression which includes the freedom to seek,

receive and impart information and ideas of all kinds, whether within or outside Victoria'.

The Port Services Amendment (Public Disclosure) Bill 2008 will enhance the freedom to seek and receive information on the state of Port Phillip Bay. There are a number of restrictions placed on the right to freedom of expression, including reasonable restrictions to respect the rights and reputations of others, and the protection of national security, public order, public health or public morality.

I do not consider that any of these restrictions are applicable to this bill. In fact, the timely and open access to information is not only in accordance with the right to freedom of expression, but will assist in protecting public health by allowing the public access to information on the environmental state of Port Phillip Bay.

I consider that the bill is compatible with the Charter of Human Rights and Responsibilities.

DAVID DAVIS, MP

Second reading

Mr D. DAVIS (Southern Metropolitan) — I move:

That the bill be now read a second time.

The purpose of this bill is to amend the Port Services Act 1995 to require the Port of Melbourne Corporation to undertake the immediate public disclosure of environmental monitoring of the channel deepening project.

There remain ongoing serious and widespread legitimate community concerns about this project which cannot be ignored by the Brumby government.

The Liberal Party has always maintained that the channel deepening project must be balanced against thorough environmental reporting, transparency and accountability.

The requirements that this bill places on the Port of Melbourne Corporation are not onerous, excessive or beyond what a reasonable person would expect.

This bill will require the Port of Melbourne Corporation to publish data that it already receives from its suite of monitoring programs contained within its environmental management plan.

The government has obstructed every effort to increase transparent environmental and economic scrutiny and accountability of this project.

This bill is fully consistent with the stated aim of the government that it will operate in an open and transparent matter, a point the Premier made in his first public comments once he assumed office.

This bill is also fully consistent with the Liberal Party view that supports the rights of the individual rather than a 'father knows best' attitude as shown by others.

We cannot afford to risk environmental damage to Port Phillip Bay. Ecological damage to the bay would be a serious blow to Victoria's environmental future.

The community's expectation is that no project, no matter how important economically, should bypass significant environmental standards.

An annual report to the Parliament by the independent environmental monitor is not sufficient to satisfy the community that this project will be meeting the required environmental standards.

This bill will provide the community with the knowledge to allow them to be assured that this project will be meeting the environmental standards placed on it, or if those standards should be breached, then that the project will be halted and the situation rectified until it can be assured that those standards will continue to be met.

It has long been my view that at the first indication of environmental damage we must be able to hit a stop button on this project and address any environmentally damaging works.

The best way to assure Victorians of the environmental safety of this project is to allow the eyes and ears of every interested Victorian to watch it carefully as that data is received.

I would like to note some comments from the federal Minister for the Environment, Heritage and the Arts, the Honourable Peter Garrett.

As part of this proposal, the minister said:

In strengthening the EMP, I have required new monitoring of water and tidal currents at the containment area, to verify and regularly report to the public that contaminants remain secure.

I have required that the results of this monitoring be made publicly available.

As a result of this extensive monitoring and public reporting, the people of Victoria will know more about the environmental health of Port Phillip Bay than ever before.

The federal minister has accepted the Liberal Party's argument about the need for continual public disclosure. Unfortunately his conditions apply only to the matters of national environmental significance the minister has responsibility for. This bill will make sure all the data will be made public.

I will now move to the bill.

Channel deepening project

This bill will define the channel deepening project as the project for the deepening of channels providing shipping access to the port of Melbourne.

This reference is taken from the government's now invalid Channel Deepening (Facilitation) Bill, which this Parliament never had a chance to debate.

Port of Melbourne Corporation public disclosure

A new section 14B will be inserted into the Port Services Act requiring the publication on the Port of Melbourne Corporation website of, amongst other items, all reports, reviews or ministerial directions received by the Port of Melbourne Corporation that relate to the channel deepening project.

This section also includes a clause requiring ministers and other public authorities that will prepare or receive reports, statements or advice relating to the channel dredging project and the environmental effects of that project to provide copies of those reports, statements or advice to the Port of Melbourne Corporation.

Public disclosure of monitoring results relating to the Port of Melbourne Corporation.

New sections 91J and 91K will be inserted into the Port Services Act requiring the publication of environmental monitoring data.

The environmental management plan contains a suite of monitoring programs to ensure the dredging of the bay does not damage the environment.

New section 91J requires the Port of Melbourne Corporation to publish the environmental monitoring data on their website as soon as it is received and to make paper copies of the data available at their office within one day of receipt.

To allow the public to fully understand the data, the new section 91K will require that the response levels, environmental limits and contingency plans, which are outlined in the environmental management plan in relation to the monitoring programs, will be published alongside the reported monitoring data.

The environmental management plan outlines the data that will be received by the Port of Melbourne Corporation. Included in this data are items such as real time telemetry from water quality monitors within the bay.

We already see daily reports from the Environment Protection Authority of the condition of Melbourne's

beaches, reports of water quality in the Yarra and other Victorian rivers, daily reports in our newspapers of water use and reservoir levels and weekly publication of greenhouse gas levels. The collection and reporting of environmental monitoring data is not a new thing.

I would like to note that the Port of Melbourne Corporation has installed eight web cameras providing live images for the public to access on their website. There are four cameras on Point Lonsdale and another four cameras positioned in the Yarra River on the shipping management centre.

These images are beamed out, via their website, 24 hours a day, 7 days a week and in real time.

Public disclosure is therefore currently being undertaken by the port, in at least a small measure, and the further stipulations this bill places on the Port of Melbourne Corporation are definitely not burdensome.

Conclusion

The bay is a community asset and the data and information the Port of Melbourne Corporation will receive is also a community asset and should not be hidden.

A secret safeguard is not a safeguard, and so the aim of this bill is to lift the veil of secrecy that the community fears is being placed over this project.

In the information age this is not something that will force an onerous or impossible task on the Port of Melbourne Corporation and is in fact already done by other public authorities.

It is only through independent monitoring, full disclosure through real-time reporting, transparency and accountability that legitimate community concerns can be adequately addressed.

I urge local government MPs, especially those in electorates along the bay, to reconsider their position, listen to their communities and recognise that their first responsibility is to their community.

I commend the bill to the house.

**Debate adjourned on motion of
Hon. T. C. THEOPHANOUS (Minister for Industry
and Trade).**

Debate adjourned until Wednesday, 20 February.

ADJOURNMENT

Hon. T. C. THEOPHANOUS (Minister for Industry and Trade) — I move:

That the house do now adjourn.

Police: Wangaratta

Ms LOVELL (Northern Victoria) — I wish to raise a matter with the Minister for Police and Emergency Services in the other place regarding the loss of police from the Wangaratta police station. Just nine months ago there were reports in the media that there were nine vacancies at that police station and that in north-eastern Victoria there was a shortage of 30 police. We also know that between the Shepparton and Campaspe police stations there is a shortage of a further 29 police.

A spokesman for the Police Association has said that the announcement the other day by the Chief Commissioner of Police will lead to a loss of four police officers from the Wangaratta police station, and this is a loss of resources that the people of Wangaratta certainly cannot afford. It is believed that this is due to the chief commissioner's new crime strategy. Apparently that is exactly what it is: a new strategy to create crime because we will have less police in country communities. At the moment our police are overworked, with many of them working overtime. They are certainly not a resource that we can afford to lose from communities in country Victoria.

In November 2004 Wangaratta was so short of police that its police station was forced to close down for a couple of hours. Due to illness there were not enough police to man the station. It is certainly hard to see how they can afford to lose four more police from that station. The north-east has a growing population and decisions that have been made about moving resources out of that area do not show a commitment to people who live there. The population there has continued to increase but police numbers have stagnated and we are now going to see them further reduced. We are also very concerned about the loss of police residences in many towns throughout northern Victoria. Some towns may not have a police officer located in their area, may not have someone who is involved with the community and knows when a stranger is in town.

The action I seek is for the minister to request the chief commissioner to, firstly, review the decision to remove four police officers from the Wangaratta police station, and secondly, develop a strategy to increase the number of police officers in country Victoria.

Duck hunting: season

Mr HALL (Eastern Victoria) — Tonight I wish to raise a matter for the attention of the Minister for Environment and Climate Change. It concerns the minister's decision last December to cancel the duck hunting season in Victoria for 2008. I refer the minister to his press release dated 19 December 2007 in which he announced that decision. Some of the reasons he gave for that decision were habitat availability, the drought and below-average breeding across much of the eastern part of Australia. The minister did concede that while conditions in some parts of southern Victoria had improved significantly, at that time they were not able to compensate for the poor conditions across much of eastern Australia.

I put to the minister this evening that conditions across much of eastern Australia have improved significantly since 19 December when the minister made his announcement. Members would be well aware of the rains that have fallen in Queensland and northern New South Wales, and I am reliably informed that water birds are now flocking to those areas and breeding in literally tens of thousands. The conditions that would facilitate a duck hunting season have vastly improved since the minister's announcement in mid-December.

I also put it to the minister that conditions continue to remain most favourable in parts of Victoria, particularly Gippsland. In northern Victoria, with recent rains, John Nash, the conservation officer with Field and Game Australia in Bairnsdale, reports to me that the breeding boxes in that area are achieving something like a 98 per cent occupancy rate, which is very good indeed. Field and Game Australia has reminded me that in 2005, when drought was far more evident across Victoria than it is this year and we were experiencing a worse season in terms of water bird numbers, the government announced a limited season with limited bag limits. The organisation has suggested to me that that would be a more than reasonable position for the minister to adopt for this season.

My request to the minister is that he reconsider his decision to cancel the 2008 duck hunting season in Victoria. Given the significant improvement in environmental conditions conducive to the breeding and ongoing viability of water bird numbers right across eastern Australia, I believe there are good reasons for the minister to do so. If we cannot have a full season then at least we could have a limited season with limited bag numbers, as the government implemented in 2005.

Chiltern: skate park

Ms DARVENIZA (Northern Victoria) — I wish to raise a matter for the attention of the Minister for Sport, Recreation and Youth Affairs in the other place. The matter concerns the Chiltern community's desire to have a skateboard park built in Chiltern. A lot of work has been done by not only the community but also the council. The need has been identified by the community. It has been taken on board by the council, which has consulted widely with the community, including with young skateboarders, and come up with a design for the skateboard park that the skateboarders think would be appropriate. Currently there is nowhere which is suitable or which has been specifically created and is therefore safe for the skateboarders to ride in. One of the issues that all members are aware of, particularly the Minister for Sport, Recreation and Youth Affairs, is that we want everybody to be active and moving, but particularly young people. Those who are interested in skateboarding are keen to get out there and be active, if they have the facilities. This dovetails really nicely with the Go for Your Life program.

I am really impressed with the work that the Chiltern community is undertaking, particularly in fundraising. A group within the community that has been very supportive has convinced the Lions Club that this is a worthy cause, and it has been raising money for the skateboard park. Over and above that, members of the small community in Chiltern have been very keen and have run cake stalls and raffles. This is a great partnership opportunity. I ask the Minister for Sport, Recreation and Youth Affairs to look very carefully at this request from the Chiltern community and to fund the building of a skateboard park in Chiltern.

Ford Australia: government assistance

Mr KOCH (Western Victoria) — I raise a matter for the Premier about the reported federal government decision to withdraw a \$20 million grant promised to Ford Australia by the former Howard government. In May 2006 the Howard government pledged \$52.5 million in special assistance so that Ford Australia could secure car manufacturing jobs with a new assembly line in Victoria. While the Brumby government fiddled around the edges, the Howard government took action to retain these manufacturing jobs. The Howard government delivered \$32.5 million of its funding commitment, with the remaining \$20 million to be provided in 2009. Now the Rudd government, on the excuse of budget frugality and in a cost cutting exercise that avoids its significant responsibilities, appears to have decided to renege on the remaining \$20 million promise. This has the

potential to jeopardise Ford's operations in Victoria. The announcement comes on top of the news that Mitsubishi is closing its Adelaide plant in March, with a potential impact on Victorian-based suppliers.

What is the Brumby government doing to protect Victorian jobs? This morning the responsible minister cringed and refused to answer when he was asked if the Rudd strategy of denying assistance to our manufacturing industry was a forerunner to what might happen to similar support packages that have been made available to the Victorian motor industry. Over the past eight years the Brumby government has been willing to see thousands of manufacturing jobs exported offshore, removing job security, has ignored calls to support local car manufacturing, especially in Geelong, and has refused to reduce business costs.

Car manufacturing has long been important to the Geelong economy by providing thousands of direct and indirect jobs to the Geelong community. Last year, when Ford announced cuts to its Geelong plant as a result of worldwide market pressure, instead of supporting a plan for the future of Victorian workers and their families, the Brumby government simply sat on its hands. Now more than ever the Brumby government should be supporting the Geelong community and the retention of industry jobs.

The Brumby and Rudd governments both lack the backbone needed to sensibly support our local manufacturing industries. Rather than the wasting of millions on building a bureaucracy and on self-promotion and instead of the convening of reviews and mickey mouse summits, we need strong leadership. We need an action plan to take Victorian and Australian car manufacturing forward rather than exposing taxpayers to litigation for breaking promises to support the Victorian car industry. Let us never forget the support that Ford has afforded Geelong over many years.

My request is for the Premier to get behind Ford Australia and demand that the Rudd government meet earlier guaranteed commitments that the Howard government so willingly made to support manufacturing jobs in Victoria.

West Gate punt: service

Ms HARTLAND (Western Metropolitan) — My adjournment matter tonight is for the Minister for Roads and Ports in the other place and relates to the West Gate bicycle punt. Cyclists going from the western bayside suburbs to the eastern bayside suburbs or the city cannot ride over the West Gate Bridge but

have to use the dangerous route along Footscray Road and dodge container trucks coming out of the port — and container truck traffic is only going to increase with channel deepening. But there is a fantastic little punt that runs right underneath the West Gate Bridge, the West Gate bicycle punt. It does not run on weekdays, so there is a huge gap in the cycling commuter network. I have actually been on the punt. You can get a beautiful view of the western suburbs and the mouth of the Yarra.

The local punt group and the operators believe that it would cost about \$100 000 a year to run the punt. That is less than half the cost of having people on the *Queen of the Netherlands* dredging monster sitting around twiddling their thumbs for a single day. If I were to be really cheeky, maybe I could suggest that the *Queen of the Netherlands* could park sideways and act as a bridge for the cyclists. The bicycle punt would pay its own way if there were 100 cyclists a day paying \$2 each way on weekdays. The problem is that they need to have a proper trial that has been well advertised and that people know about. I believe that money spent on a bike punt would be money well spent. Cycling has become very popular since the last trial. I call upon the Minister for Roads and Ports to allocate money in the budget to fund the bicycle punt for a well-advertised trial period over spring and summer 2008–09.

Ferntree Gully Road, Knoxfield: safety

Mr TEE (Eastern Metropolitan) — My adjournment matter is for the Minister for Roads and Ports in the other place and relates to the Gilbert Park skate facility in Knox. The park is proving to be an important venue for young people, in particular young skateboarders. The facility, which has been open since December last year, was opened ahead of schedule and is proving to be a very popular, important and safe meeting place for young people. It is a venue where they can keep busy and out of trouble by honing their skateboarding skills. I have been alerted to the fact that that there may be a risk in accessing the park because it involves crossing busy Ferntree Gully Road. The concern that has emerged is that that may place skateboarders at risk.

The action I seek from the Minister for Roads and Ports is that he contact and work with VicRoads and ask that it consider access to the site. In particular I ask the minister to ask VicRoads to investigate whether there is a need for some sort of crossing at Ferntree Gully Road.

Gaming: Community Support Fund

Mr DALLA-RIVA (Eastern Metropolitan) — My adjournment matter tonight is for the attention of the Minister for Community Development in the other place. It relates to the Community Support Fund, which is derived from the gambling taxes that this government takes every year. As we know, in the 2006–07 year Victorians lost an estimated \$2.5 billion on poker machines, and the government raked in the highest per capita gambling taxes of any state during the previous year. The Community Support Fund, which is an important fund that is used to provide services to many community organisations, is a necessary vehicle for ensuring that those who experience problem gambling or who need some support or assistance can access funds.

I know there has been concern recently about the Community Support Fund being used to prop up the operations of certain organisations, and I understand that that process has been worked through. My adjournment matter is simply in relation to the amount of money — \$92 million — which was returned via the Community Support Fund to the community.

I ask the minister to provide details of the avenues he is looking at to increase the amount of money made available to the community through that fund, and advise whether he is considering an increase in the percentage applicable to that the fund.

Crime: victims support

Mr KAVANAGH (Western Victoria) — My adjournment matter is for the Attorney-General in the other place. It relates to a letter I received from a person who lives in the border area of Victoria, near New South Wales. I expect that many other members would have received similar letters.

The letter describes how the letter writer's son was murdered several years ago in New South Wales, and it goes into some detail about the assistance that was given by the government of New South Wales to victims of crime and their families. The letter writer describes how a lot of assistance is given in New South Wales to victims of crime and their families and contrasts that with Victoria. The letter writer has come to realise that very little assistance is given in Victoria, compared with New South Wales, to people in similar unfortunate circumstances. It is suggested that the government should provide professional assistance in Victoria to victims of crime and their families, including counselling and practical measures such as

accommodation when attending trials and things like that.

The premise is that our criminal justice system should not just be about punishing offenders but should be also about showing compassion and offering practical help wherever possible to victims of crime and their families. I ask the Attorney-General to develop plans and institute ideas for providing just such assistance to people in their hour of need.

Buses: Colac and Portland

Ms TIERNEY (Western Victoria) — My adjournment matter is for the Minister for Public Transport in the other place. On 30 January the minister announced the government's Regional Bus Improvement Program. Services in Colac will be boosted from 20 to 114 services a week. The Colac bus service will now provide 21 services a day from 8.00 a.m. till 6.00 p.m., Monday to Friday, and 9 services on a Saturday; and it will operate throughout the school holiday period, which is a real first. The minister also announced another 70 services a week for Portland residents as part of the Brumby government's plan to improve public transport for people, no matter where they live.

I have listened to the concerns of local community members in Colac and Portland about the frequency and the actual routes of the bus services. The changes that have now been made, for example in Colac, will mean that the whole southern part of Colac will be connected for the first time. It will then connect into the two other related routes. It essentially means that the people of Colac now have connected transport services and that the township itself will be connected. The new route takes the buses down past the indoor swimming centre, past a number of sporting facilities but also down to the newer housing areas of Colac.

I ask the minister to ensure that the government promotes these new bus services both in Colac and Portland in ways such as advertising in the local newspapers, holding free travel days and also making sure that there is letterboxing of the bus timetable and bus routes to households, schools and sporting clubs.

Police: Port Phillip and Stonnington

Mrs COOTE (Southern Metropolitan) — My adjournment matter this evening is for the Minister for Police and Emergency Services in the other place. It is to do with crimes against the person. Violent crime particularly is on the increase in this state and I am on the record as continually saying that I am very

concerned about the incidence of and the increase in violent crimes against the person, both assault and rape.

I was therefore very concerned when I read *The Way Ahead 2008–2013*, as released by Victoria Police and the state government recently. Although there were no additional police numbers immediately allocated to problem entertainment precincts within the city of Port Phillip and the city of Stonnington, I acknowledge that in fact the police have tried to increase the numbers around some of the nightclub areas. My major concern here is that no-one seems to be responsible for specific areas, and I am particularly concerned about boosting police numbers in the city of Port Phillip and the city of Stonnington.

The most recent Port Phillip crime statistics reveal alarming increases. The number of assaults rose from 582 in 2003–04 to 744 in 2006–07; rapes from 31 in 2003–04 to 43 in 2006–07, and property damage offences from 852 in 2003–04 to 1228 in 2006–07.

Stonnington's figures are similar, with the most recent showing an increase. It is a very major concern that it is trending upwards. It is a problem particularly at night around the all-day-all-night nightclubs, of which there is a predominance in my electorate. I am particularly concerned about those areas.

Residents of the cities of Port Phillip and Stonnington are very concerned about assaults against the person, intimidation and people approaching them. I have said before that I am concerned about the increase in the use of the drug ice and its ramifications for people in my electorate. This intimidation needs to stop. The police need to allocate specific people to these hot spots. Therefore my request of the minister is that he commit to allocating additional police on a full-time basis, not just behind a desk but on the beat, in the cities of Port Phillip and Stonnington.

Wodonga: hunting and firearms expo

Mr BARBER (Northern Metropolitan) — My adjournment matter is for the attention of the Minister for Police and Emergency Services in the other place and relates to the forthcoming hunting and firearms expo to be held in Wodonga. In general terms my request is that the minister ensure that the expo has obtained all the necessary permits required to operate and that it is conducted in compliance with those permits and all relevant laws.

Dealers may obtain a permit for display of weapons under section 56 of the act; however, that is dependent on their being able to ensure the safe storage of their

weapons, those provisions for safe storage being quite strict and governed by another section of the legislation. Theft of firearms is a big problem in Australia. Thousands of firearms are entering the illegal market via theft from people's homes and from gun shops, where storage is clearly not secure or satisfactory.

This expo has been advertised nationally. Wodonga is right on the border with New South Wales, but any sales of weapons will occur in Victoria and will need to comply with Victorian laws, which include a requirement of a 28-day waiting period for appropriate checks to occur. We need to ensure that informal sales of weapons do not occur. In addition I hope the minister will be able to assure me that there will be an adequate police presence at the event to ensure not only that all these requirements are correctly permitted but that they are operating correctly.

Mental health: South Eastern Metropolitan Region

Mr RICH-PHILLIPS (South Eastern Metropolitan) — I wish to raise a matter for the attention of the Minister for Mental Health in the other place. It relates to the provision of mental health beds throughout the South Eastern Metropolitan Region. This is an area where the government made a number of commitments during the 2006 election campaign, including to provide \$69 million for 73 new mental health beds at Dandenong Hospital, comprising 3 acute mental health beds, 25 extra secure extended care beds, 10 extra acute aged mental health beds and 35 new mental health residential beds. A further commitment was made for two 10-bed facilities, one to be established at the Monash Medical Centre and one at Frankston Hospital.

There was no funding provided with that election commitment at the time it was made in late 2006. In the 2007–08 budget there was in the order of \$60 million in mental health funding, and a number of specific commitments were made in the course of last year's budget, but none of them related to providing mental health services to in the south-eastern region. Indeed all the promises for Dandenong, Frankston and the Monash Medical Centre were not covered in the 2007–08 budget announcement. Last year the Minister for Mental Health was asked during the Public Accounts and Estimates Committee estimates hearings when those beds would be provided. At that stage her only response was that it would be at some time during the course of this government — that is, out to 2010.

The need for these mental health beds, particularly in the Dandenong area but throughout the south-east, is

substantial. I seek from the minister her undertaking to ensure that funding for those beds is provided in the 2008–09 budget and that they are rolled out within the next 12 months.

Pakenham bypass: noise barriers

Mr O'DONOHUE (Eastern Victoria) — I raise a matter for the Minister for Roads and Ports in the other place. The chamber is well familiar with the issues associated with noise protection along our increasingly busy freeways. The issue I raise this evening relates to noise protection for residents of Pinehill Drive and Ryan Road in Pakenham.

The Pakenham bypass is a very welcome piece of infrastructure that makes commuting through the Pakenham area much easier and quicker, but I suggest that several aspects of the bypass have been completed in a very shoddy fashion and on the cheap. The noise protection measures provided for the residents of Pinehill Drive and Ryan Road is one such area. Generally there seems to be a lack of consistency in the size, style and length of noise protection barriers along freeways. In this particular situation the noise barriers along Pinehill Drive appear to be too small, being only 2 metres high. Barriers 5 metres tall or taller, as have been constructed along parts of the Monash Freeway, would be appropriate. The insulation material appears to be of such poor quality that it provides little more than a visual barrier. The barriers themselves are not long enough, being only 300 metres in length. A length of 1000 metres would be more appropriate to provide proper protection for these residents.

I might add that this residential land was developed well before the freeway reserve was declared, and residents are therefore entitled to have proper noise protection provided by the government. The consequence of this insufficient noise protection is that residents are kept awake at night when the wind blows the wrong way and particularly when noisy trucks climb over the Gippsland railway line. This is another example of this government's delivery of shoddy infrastructure to local residents. It is not good enough. Residents live in areas like this because they are or were previously tranquil, quiet environments.

The action I seek from the minister is to improve the effectiveness of the recently erected noise barriers on the Pakenham bypass near to and adjoining Pinehill Drive and Ryan Road in Pakenham. If it requires new barriers to be erected, then so be it. These residents deserve better, and the government must deliver.

Governor Road–Burdekin Boulevard, Waterways: traffic lights

Mrs PEULICH (South Eastern Metropolitan) — I wish to raise a matter for the attention of the Minister for Roads and Ports in another place in relation to a recommendation recently put to Kingston City Council by the Aspendale/Edithvale/Aspendale Gardens village committee. Village committees are a creature of Kingston council. The issue is that traffic lights be installed at the intersection of Governor Road and Burdekin Boulevard in the Waterways estate. Kingston council officers support the proposal for traffic signals at this intersection. Even the Waterways developer wants traffic lights installed at this intersection so much that it is prepared to fund them. Clearly there is a need to allow ingress to and egress from this new estate.

One may well ask what the problem is. Unfortunately VicRoads is the problem. The village committee does not believe VicRoads will approve the installation of traffic lights at this intersection because of its concern they may slow traffic along Governor Road. The traffic there is heavy. Everywhere right across the south-east traffic is heavy. It is probably heavy because major arterial connectors such as the Dingley bypass have not been completed. If the Dingley bypass had been constructed, the traffic along Governor Road probably would not be as heavy as it is.

I urge the minister to tend to the major projects that I have raised on a number of occasions, but in particular in this instance the Kingston council, the village committee and residents all agree that the installation of traffic lights would significantly improve public safety, not only allowing safer entry and exiting of the new Waterways estate but also allowing pedestrian and bike access into Braeside Park. It is a gorgeous regional park, and I highly recommend that people have a look at the park when they are travelling in the south-east.

VicRoads has the authority to approve the timing of installed traffic lights. It can regularise them or make them change as frequently or infrequently as it requires, yet on this occasion it seems to be giving the red light. Obviously, as I said before, this issue needs to be addressed. I call on the minister to take the matter up with VicRoads with a view to facilitating this improvement and also facilitating other traffic management improvements across the south-east, in particular the completion of the Dingley bypass, which would alleviate the traffic problem in the area.

VicForests: firewood contracts

Mr P. DAVIS (Eastern Victoria) — This is a matter for the attention of the Treasurer, if only he were here! It concerns a statutory authority for which he is responsible. I raised concerns about VicForests last year in respect of the management and operational practices of the monopoly which VicForests now has in delivering services to the timber industry. VicForests is responsible for the allocation of timber and of course works with the Department of Sustainability and Environment in terms of the DSE function in forest management. However, the practices being adopted by VicForests are having a deleterious impact on rural communities in eastern Victoria, particularly East Gippsland, an impact on the livelihood of the firewood suppliers and a consequent lack of a very basic service — the provision of energy through firewood for heating and cooking.

It is pretty clear that the small number of firewood suppliers who have traditionally accessed leftover wood in logging coupes are generally finding it difficult to obtain timber. In the communities of East Gippsland where natural gas is not connected and is in some circumstances unlikely to be connected, people who are dependent on firewood are struggling because the contractors are not being given access to timber.

There are different management regimes in eastern and western Victoria, and the Hume Highway is apparently the boundary. The traditional practice of harvesting firewood from forestry coupes continues in the west, whereas in eastern Victoria and East Gippsland the practice is now that contractors must obtain their logs from the dump yard that VicForests controls, with a cap on the amount of timber that is available. Last year that was 2000 cubic metres of logs. There are only three contractors based at Bairnsdale, and one of them actually sold 1000 cubic metres on his own account. This also has an effect on price. At \$50 a tonne, which is the price VicForests is commanding, timber is being sold at \$100 a metre compared to the normal \$60 or \$70. This has a very negative impact on the East Gippsland.

I ask the Treasurer to intervene to ensure that VicForests has a proper structure to enable contractors to access sufficient supplies of firewood to provide to the community to ensure that heating and cooking supplies are available.

Wallan Secondary College: funding

Mrs PETROVICH (Northern Victoria) — My matter on the adjournment is for the Treasurer, John

Lenders. It relates to Wallan Secondary College and the lack of funding for the promised stage 3 and completion of this excellent school. The school was officially opened amidst great fanfare by Premier Bracks in 2006. Since then it seems that it has fallen off the government's radar. Much to the stress of the students, families and the wider community there has been no commitment by the government to provide the necessary funding to progress with the vital stage 3.

Wallan is one of the fastest growing areas in the state. Its population has doubled in the last 10 years to more than 7000 and that growth is expected to continue. Over one-third of this population is under 16. Wallan Secondary College has only been open for three years but has already reached its capacity. Without the additional funding for stage 3 this school will be unable to provide facilities for senior and Victorian certificate of education students or take any additional enrolments from the growing population. If it cannot take any more students after just three years, why build it in the first place?

Currently the school has no gymnasium, library or technology wing, no outdoor recreational areas, no oval and in fact no room for growth. Classes for special needs children are being conducted in the school's corridors. The drama room is being used in place of two separate classrooms, with the result that there are no drama classes. To ensure the children have access to physical education the school is forced to conduct those classes at the Robson Stadium over the road, which is a public facility and costs the school \$12 000 per year to hire, not to mention the additional staffing required to ensure the kids can cross the busy road safely.

With 427 students currently enrolled and a projected enrolment of 1000 by 2011 there is growing community concern that Wallan will not be able to meet the demand or, worse, will become a sea of portables. The action I seek from the minister is to ensure, as a matter of urgency, that funding for the third stage of development for Wallan Secondary College is delivered as promised by this Labor government and that the community of Wallan is no longer treated as second-class citizens by the Brumby government, which is very good at spin but not so good on delivery.

Rail: Epping–South Morang line

Mr GUY (Northern Metropolitan) — I rise to raise my first adjournment matter of 2008, and it is for the Minister for Public Transport in the other place. It concerns the long-suffering residents of South Morang and their much-needed rail extension from Epping. I note that the Minister for Industry and Trade, who is

one of the local members for the northern suburbs, is in the chamber. Unlike me, he has never once raised this issue. Tonight I hope he will heed this message and take it back to his colleague in the lower house to see if we can have an outcome. As members on my side of the chamber will know, this extension is the most critical piece of infrastructure for the northern suburbs. The council says so, the community says so, local businesses say so — everyone, apart from the Labor Party, says so.

During the 1999 and 2002 elections the government promised that this new service would be built, but the promise has not been adhered to and nothing has been done. This week I read about the myki ticketing fiasco and that over a billion dollars is being spent on public transport ticketing. It is amazing that the money wasted by the government on myki ticketing could have built the South Morang rail extension from Epping 30 times.

What frustrates me and the local community is not just the broken promise, the continual delays, excuses and denials — it is the lies about this project. Indeed in the local *Leader* newspaper last week, a Labor member of Parliament, the member for Mill Park in the other place, stated that a grade separation and dropping the line under the roadway at Pindari Avenue in Epping would be required for the project to be completed. People who know about the South Morang railway extension know that a grade separation at Pindari Avenue would be absolutely ludicrous. It is a small suburban street which has a crossing which was a level crossing on the old Whittlesea line.

It would be absolutely ridiculous to even contemplate dropping the railway line from 70 to 100 feet behind residential homes to put in a grade separation for a single track extension from Epping to South Morang, the South Morang station being 500 metres away from this location. The member for Mill Park is engaging in ludicrous and extreme behaviour by suggesting the Epping–South Morang line cannot be built because a grade separation is needed on an ordinary suburban street.

The reality that the government and the Minister for Public Transport cannot ignore is that the public are not stupid. The public know they do not have a railway line that was promised eight years ago. The public know that they are living in one of the fastest growing areas in Australia which by 2030 will have a local population greater than that of Wagga Wagga, Shepparton or Mackay. The land is there on an old rail reservation. The South Morang station would end at the new Plenty Valley town square shopping centre. It would be a great way of getting people out of their cars and onto public

transport. The only thing missing is the will of the government to build what it promised eight years ago. My issue tonight is to again ask the Minister for Public Transport to hurry up and start the South Morang railway extension as soon as possible.

The PRESIDENT — Order! There are two adjournment matters that I wish to address. One was raised by Mrs Coote in relation to a request made to the Minister for Police and Emergency Services and was in regard to providing personnel for a particular problem in her electorate. I have ruled on this issue before. It is not within the scope of the minister to directly appropriate resources for these issues, it is a matter for police command. I am willing to offer Mrs Coote the opportunity to rephrase her adjournment matter. She can do so now, if she wishes.

Police: Port Phillip and Stonnington

Mrs COOTE (Southern Metropolitan) — I am very appreciative. I will, therefore, rephrase my request of the Minister for Police and Emergency Services. I urge him to allocate resources to the police in the city of Stonnington and in the city of Port Phillip so that police command can increase the numbers of police on the beat. Thank you, President, very much for your indulgence.

The PRESIDENT — Order! Mrs Peulich raised a number of adjournment matters. One matter was quite valid, the others were add-ons and were not in order. I rule that those add-ons, which came at the end of the first matter, are out of order but that the main substance of her adjournment matter remains intact.

Responses

Hon. T. C. THEOPHANOUS (Minister for Industry and Trade) — Wendy Lovell, Peter Hall, Kaye Darveniza, Mr Dalla-Riva, Mr Kavanagh, Mrs Coote, Mr Barber, Mr Rich-Phillips, Philip Davis and Mrs Petrovich all asked questions to other ministers about matters for which I have no responsibility.

I intend to answer the question asked of the Premier by Mr Koch in relation to the car manufacturing industry, because I have responsibility for that particular area. My answer to Mr Koch is that he should simply have a look at the response which I gave to Mr Davis earlier today about the sum of \$20 million — this was a furphy issue invented by David Davis. In any case he knows very well that there is a strong government program which has been put together in order to deliver and assist in regards to what has been a difficult time in Geelong regarding the decision made by Ford. A

significant amount of resources have been put into that fund; we are working with the City of Greater Geelong to address those issues.

Ms Hartland raised an issue for the Minister for Roads and Ports in the other place. I say to her that the government has a comprehensive program in relation to bicycle paths and bicycle path programs. I am sure that the minister and the department, when making decisions, will take account of all of the community concerns including those that are hers.

Mr Tee asked a question in relation to a railway crossing at a road in the Gilbert Park area. In this instance, the minister will definitely take into consideration the views of Mr Tee and the local community.

Ms Tierney asked a question relating to regional bus improvement programs in Colac. The government will be promoting those services, as is the case with all new services introduced by the government.

Mr O'Donohue asked a question about noise protection barriers. The issue involves a new noise protection barrier. If he wants to make unsubstantiated accusations, of which there were many during the course of his contribution, he should gather some real evidence. In the meantime I am sure the minister is dealing with his responsibilities in ensuring that sound barriers are effective and I am sure he is doing it in an appropriate way.

Mrs Peulich asked a question which was a bit convoluted, on which you, President, have also ruled. I think the installation of traffic lights was the subject of the matter you allowed. Of course the installation of traffic lights is something on which VicRoads and the minister always consider the community's views when making such decisions.

Mr Guy asked a question — it was more of a political statement than the raising of a matter, as I understood it — in relation to the South Morang rail extension and criticised me and the minister involved. I heard what he had to say. The government basically rejects the arguments he put here today, but it is his right to keep putting his arguments. The government's public transport program is Meeting Our Transport Challenges. It is a comprehensive project, and we consider the additional views of the community when they are raised with us.

The PRESIDENT — Order! Before asking the minister whether he has any responses to adjournment matters raised previously, I want to remind the house that the adjournment debate is not an opportunity to

debate or make set speeches in either raising questions or giving answers. Does the minister have any responses?

Hon. T. C. THEOPHANOUS — No further responses. I believe the responses I made now discharge those issues.

The PRESIDENT — Order! As a matter of fact the minister is correct. The house now stands adjourned.

House adjourned 5.42 p.m.

**Increased Tax Collections
under the Brumby Labor Government**

	1998-99 (\$m)	2006-07 (\$m) Actual	Increase 1998-99 to 2006-07 (\$m)	Percent Increase
Land Tax \$m	378	961	583	154
Metro. Improvement Levy	72	96	24	33
Congestion Levy		38	Int. '06	-
Stamp Duty \$m	1,006	2,961	1,955	194
Police Fines \$m	99	406	307	310
Insurance \$m	532	1,095	563	106
Payroll Tax \$m	2,211	3,479	1,268	57
Motor Vehicles \$m	885	1,278	393	44
Gambling \$m	1,447	1,508	61	4

Table prepared by David Davis, MP, Member for Southern Metropolitan Region from Victorian Government Financial Statements and Budgets