

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

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

**17 November 2004
(extract from Book 6)**

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By authority of the Victorian Government Printer

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(*Assembly*): Mr Harkness, Mr Langdon, Mr Mulder and Mr Trezise.

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Library — Librarian: Ms G. Dunston

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FIFTY-FIFTH PARLIAMENT — FIRST SESSION

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Drum, Hon. Damian Kevin	North Western	NP	Smith, Mr Robert Frederick	Chelsea	ALP
Eren, Hon. John Hamdi	Geelong	ALP	Somyurek, Mr Adem	Eumemmerring	ALP
Forwood, Hon. Bill	Templestowe	LP	Stoney, Hon. Eadley Graeme	Central Highlands	LP
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Hirsh, Hon. Carolyn Dorothy	Silvan	ALP	Vogels, Hon. John Adrian	Western	LP

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Wednesday, 17 November 2004

PAPER

The **PRESIDENT (Hon. M. M. Gould)** took the chair at 9.33 a.m. and read the prayer.

Laid on table by Clerk:

Housing Guarantee Fund Ltd and Domestic Building (HIH) Indemnity Fund — Report, 2003–04.

**TRANSPORT ACCIDENT (AMENDMENT)
BILL**

Introduction and first reading

Received from Assembly.

Read first time on motion of Mr **LENDERS (Minister for Finance)**.

PETITIONS

Western Port Highway, Lyndhurst: traffic control

Hon. R. H. BOWDEN (South Eastern) presented petition from certain citizens of Victoria requesting that the Victorian government prevent the installation of traffic lights along the Western Port Highway at Lyndhurst (Dandenong-Hastings Road) due to growing community concerns (40 signatures).

Laid on table.

Motor registration fees: concessions

Hon. R. H. BOWDEN (South Eastern) presented petition from certain citizens of Victoria requesting that the Victorian government abandon immediately the introduction of motor vehicle registration fees on low and fixed-income people (106 signatures).

Laid on table.

HEALTH SERVICES COMMISSIONER

Report 2003–04

For Mr **GAVIN JENNINGS (Minister for Aged Care)**, Mr **LENDERS (Minister for Finance)** — By leave, I move:

That there be laid before this house a copy of the report of the Health Services Commissioner for the year 2003–04.

Motion agreed to.

Laid on table.

MEMBERS STATEMENTS

Tertiary education and training: regional agricultural campuses

Hon. PHILIP DAVIS (Gippsland) — In recent weeks there has been much discussion about Melbourne University's proposals to change the delivery of education services to regional campuses. As a consequence of the board's decision of last Monday the dean of Melbourne University's faculty of land, food and resources, Dr Bob Richardson, resigned on Monday of this week. Bob Richardson observed in comments in the media that he felt it was impossible for him to effectively continue to lead the faculty given that the board had overruled the direction in which he was taking the university. His view is that that is to the detriment of long-term education in rural Victoria.

I certainly disagree with Bob, but I wish him well in his future endeavours. I will continue to advocate strongly for regional campuses of the University of Melbourne until such time as they can be put into an organisational structure that has a stronger relationship with regional communities. Bob Richardson has served the wool industry in the past as a member of the Australian Wool Corporation and as chief executive officer of WoolStock Australia, and I wish him well in any future endeavour in agriculture.

Ports: government initiatives

Ms ROMANES (Melbourne) — At the Victoria ports agenda breakfast last week the minister responsible for ports in the other place, Peter Batchelor, laid out the Bracks government's visionary strategy and action plan for the development of Victoria's ports for the short, medium and longer terms. I am glad Mr Bowden was among the MPs to hear the presentation because I am sure he would have been impressed.

In 1999 the Bracks government inherited a confused set of arrangements for Victoria's ports — arrangements which relied heavily on market forces while lacking a sound policy and strategic framework. There was also inadequate investment in key port infrastructure. Minister Broad began the huge task of turning the situation around when she was Minister for Ports, and

Peter Batchelor is continuing to provide excellent leadership in this sector. Improved rail links to the ports and key intermodal freight projects, such as the Melbourne portal at the Dynon Road rail terminal, have already contributed to a doubling of the freight leaving ports by rail over the past five years, from 9 per cent to nearly 20 per cent — well on the way to the 30 per cent target for 2010.

The government is committed to developing Melbourne as Australia's premier container port while preserving options for Hastings to supplement Melbourne in the longer term. The government is also committed to supporting Victoria's regional commercial trading ports as the focus of the bulk trades. The ports are important to Victoria's future economic prosperity and are a top priority for the Bracks government.

Local government: rates

Hon. RICHARD DALLA-RIVA (East Yarra) — I raise my disgust with the way the Bracks government is dealing with screwing down people in my electorate. A pensioner, Mike Barati, is prepared to put his name on record because of his disgust in that every year this government continues to put more and more taxes on the local council, which in turn has caused his rates to increase by an inordinate amount over the last five years. He undertook an analysis for me which shows clearly that during the period of the great Kennett years his rates remained static and in one year decreased, but in the last five years the government has forced councils to increase rates 92.17 per cent, thereby affecting this poor pensioner who is trying to survive on what he can afford.

Government members are a disgrace because they continue to put their grubby hands into people's pockets. They continue their grubby attacks through land tax, stamp duty and, in a perverse way, through rates which this poor pensioner is trying to pay. Government members need to hang their heads in shame because this poor gentleman is trying to survive and all they do is continue to put their grubby hands in his pockets and continue to take money from him. It is a disgrace! He is prepared, unlike the faceless people over there, to put his name on the record.

Infrastructure: funding

Mr SOMYUREK (Eumemmerring) — I raise for the attention of the house the State of the Nation report compiled by National Economics and released on Sunday, 7 November, by the Australian Local Government Association. The report makes some interesting observations with respect to some of the

underlying difficulties present in the Australian economy at the moment. The report points out that over the last eight years in particular, which happens to be the incumbency period of the Howard government, the Australian economy has, and I quote from the report:

... depended heavily on consumer expenditure to maintain its economic momentum. Given the very high levels of household debt, there will be a need to replace consumer expenditure as the main driver of growth. This offset will have to take the form of increased spending on business assets, including product development, and on public sector assets or infrastructure.

One of the nation's biggest infrastructure projects is the Mitcham–Frankston freeway. While the federal government has sat on its hands waiting for consumer expenditure to maintain our economic growth thereby adding a couple of hundred million dollars to our national debt, the Victorian government has invested record amounts of money on infrastructure projects thereby increasing national productivity. According to the report, 5 minutes saved in average travel times could generate more than \$1 billion in annual income and growth for metropolitan regions. To think that successive governments have just let the Mitcham–Frankston freeway —

The PRESIDENT — Order! The member's time has expired.

Native vegetation: regulation

Hon. E. G. STONEY (Central Highlands) — I draw the attention of the house to an article in the *Herald Sun* by Mike Nahan called 'The great land grab'. It states:

Not satisfied with locking away an ever-increasing proportion of the nation's land in national parks, governments have turned their attention to private land.

They have passed many overlapping and inconsistent regulations, administered by many government bodies to regulate native vegetation.

Nahan cites an example of Jim Hoggett in New South Wales who faces 26 pieces of legislation and 10 different government bodies to manage his native vegetation. Nahan says it costs Mr Hoggett \$35 000 to comply with the law and it is not fully tax deductible. He points out how unfair the regulations have become:

One of the most perverse aspects of these regulations is that they discriminate against the farmers who have done most to preserve native vegetation.

Nahan points out that Mr Hoggett's next door neighbour is not subject to any of those rules because he got rid of his native vegetation years ago and is not

interested in planting or preserving native vegetation because of the rules. Nahan then says:

While the Hoggetts' farm is in New South Wales, Victorian farmers are in a similar predicament.

Australia's farmers, through voluntary processes such as Landcare, have led the world in regenerating native vegetation. They are now getting punished for their efforts.

Marine parks: second anniversary

Ms CARBINES (Geelong) — As a member for Geelong Province and Parliamentary Secretary for Environment, I am delighted to rise in the house to mark the second anniversary of the creation of Victoria's marine national parks and sanctuaries. Two years ago the Bracks government brought in historic legislation to protect Victoria's unique coastal and marine environment by the creation of 13 marine national parks and 11 marine sanctuaries. They span the Victorian coast and take up about 5.3 per cent of it.

The Bracks government's decision two years ago and the subsequent creation of the marine national parks and sanctuaries brought Victoria to the forefront of marine conservation, not just in Australia but in the world. Geelong Province played a huge role in that debate. I thank my many constituents who participated in the debate and supported the creation of the marine national parks and sanctuaries. To mark the second birthday yesterday, I was thrilled to hear the announcement by Minister for Environment, John Thwaites, and Minister for Resources, Theo Theophanous, that there will be no exploration allowed in marine national parks and sanctuaries, including seismic testing. This is a very sensible decision by the ministers. It will be very warmly received by environmental supporters and people throughout the state. The creation of the marine national parks and sanctuaries is a great legacy of the Bracks government.

Rugby Union: national competition

Hon. B. N. ATKINSON (Koonung) — I wish to bring to the attention of the house that applications will close on Friday for the opportunity for Victoria to participate in an expanded Rugby competition. Melbourne is competing against Perth for a team in this league. I am concerned about the state of Victoria's bid, given that the Western Australian government seems to have backed that state's application more strongly than the Bracks government has backed Victoria's on this occasion. The Western Australian government has committed itself to the upgrade of a significant sports facility in Perth that would enable the new rugby team to have a home and to play there. In the case of Victoria

the best we have had out of the Bracks government is another study — a study of options for a new ground which might include the redevelopment of a number of existing grounds such as the Bob Jane Stadium at South Melbourne, the Punt Road oval, the Olympic Park stadium and Optus Oval or similar facilities.

There was every reason for the Bracks government to have been more robust in its support of the bid and to have looked at options at an earlier stage for a rectangular sportsground that would seat up to 25 000 people both for Melbourne Storm, this new rugby team and for the — —

The PRESIDENT — Order! The member's time has expired.

Domestic violence: Wyndham school art project

Hon. KAYE DARVENIZA (Melbourne West) — I want to let the house know how pleased I was to attend the launch of the Say No to Family Violence school art project at Isis Primary Care in Wyndham. This is an innovative art project which involves students from three local schools — that is, Grange College, Werribee Secondary College and Hoppers Crossing Secondary College.

The issue of family violence is significant for the Wyndham community and was identified by the Wyndham City Council through its municipal public health planning process. As part of the council's strategy for addressing this issue it established the Wyndham family violence subcommittee, and its members have played a major role in coordinating this arts project. The artwork created by the students covered a wide range of mediums, such as canvases, quilts and wooden sculptures as well as a photo exhibition. The quality of the work was excellent and was beautifully displayed.

The Say No to Family Violence school art project provided an opportunity to help raise awareness of this issue with young people and to help develop strategies to avoid potentially destructive modes of behaviour as well as to empower them to break the cycle of violence. I congratulate those students who produced the artworks and their teachers as well as their schools. I also congratulate the mayor of Wyndham, Cr Henry Barlow, Mr Terry — —

The PRESIDENT — Order! The member's time has expired.

Phyllis Vallance

Hon. B. W. BISHOP (North Western) — Last Friday night my wife, Brenda, and I were honoured to attend a tribute dinner to celebrate the many years of service and achievement of Mrs Phyllis Vallance to the people of the Mallee and of rural Victoria. The function held at the Sea Lake Leisure Centre was a great success with a large attendance, including the Vallance family; representatives of the Victorian Farmers Federation across all sectors; representatives from the water industry; politicians Peter Walsh, the member for Swan Hill in another place, and John Forrest, the federal member for Mallee; and people with whom Phyllis has worked over the years.

I was honoured to speak about working with Phyllis over almost 30 years and to recognise her long service to her southern Mallee district council of the VFF. Phyllis is renowned for her ability to put her points on paper and to follow them up with strong and reasoned discussion. You never had to wait around to know what Phyllis thought, and she is recognised as a strong and fearless debater, always presenting the people's views at conferences and meetings. Phyllis and her husband, Jack, epitomise community and industry leaders. Both have strong views which sometimes have not coincided, but they have always been heading in the one direction. Phyllis is a great succession planner. She identifies people early, puts them into the loop and shepherds them along to ensure that they have every opportunity to broaden their horizons in whatever field they choose. Phyllis is a great friend and supporter, and a great advocate for her community and for agriculture. I give Phyllis a big thankyou for all that — a job well done.

Geelong: G21 regional alliance

Hon. J. H. EREN (Geelong) — I have made mention before in this chamber of the G21 regional alliance and the benefits of this concept to the greater Geelong region. Yesterday we in this Parliament all witnessed a great display of our region in its finest glory. The G21 regional alliance is made up of the City of Greater Geelong, the Borough of Queenscliffe and the Colac-Otway, Golden Plains and Surf Coast shires. They were all well represented yesterday in Queen's Hall, and they did not leave empty handed. The Geelong region is said to have benefited from a \$40 000 grant from the Bracks Labor government to the G21 regional alliance to undertake a telecommunications needs assessment of the region. We recognise the need for an integrated telecommunications development strategy in the

Geelong region, especially in areas of rapid new growth such as the Surf Coast.

The G21 regional alliance identified gaps in the region's telecommunications services, especially in new residential and industrial developments. With funding from the Victorian government the G21 regional alliance will develop a telecommunications development strategy which will assess the needs of the community and identify barriers to telecommunications infrastructure in the Geelong region. The G21 regional alliance telecommunications strategy will be handled in two stages — that is, a needs assessment and the development of a report outlining a number of measures to improve the current telecommunications environment. The region represented by the G21 regional alliance has a population of 261 959 people and the telecommunications — —

The PRESIDENT — Order! The member's time has expired!

Sandringham: beach renourishment

Hon. C. A. STRONG (Higinbotham) — Some two weeks ago in this place the other member for Higinbotham Province in this place, Mr Noel Pullen, reflected on my lower house colleague the member for Sandringham, Mr Murray Thompson. This followed a public meeting that was held to protest the government's inaction on Sandringham beach renourishment and cliff stabilisation. I understand from those who were at the meeting that Mr Pullen, who addressed the meeting, was heckled by the people as he tried to avoid the issue of Sandringham beach renourishment by talking at length about the other so-called environmental initiatives that have been made by the Bracks government. It is typical of the Bracks government that it took no action at all on the real issue of Sandringham beach and tried to avoid the issue by talking about other issues.

Now Mr Pullen in his statement also criticised Mr Thompson, claiming that he had misled the meeting on the fact that the Labor government had backtracked on the Dingley bypass and left those people there just as it had backtracked on the Scoresby freeway. I would like to read this into *Hansard* for the information of the house. The Premier, Mr Bracks, at a City of Kingston business breakfast at the lakes on 29 October 1999 was reported to have said:

The Dingley bypass will be completed with funding from the \$240 million government would release from the Transport Accident Commission.

The PRESIDENT — Order! The member's time has expired.

Dandenong Returned and Services League: Nui Dat concert

Hon. S. M. NGUYEN (Melbourne West) — I was delighted to attend the annual Nui Dat concert at the Dandenong Returned and Services League (RSL) last Sunday, 14 November. The Nui Dat concert is set up to resemble as closely as possible the concert parties held at Nui Dat during the Vietnam War. Last year's theme was Nui Dat 1 and this year's theme is Nui Dat 2 — The Kiwi Connection, Celebrating the NZ in Anzac.

The concert was attended by the army's 3rd Recovery Company, the Royal Australian Air Force Roulettes, the Royal Australian Electrical and Mechanical Engineers and some Royal New Zealand Air Force officers who were representing the New Zealand government. The concert was well organised and was attended by special guests: Denise Drysdale, who spared her time to perform; the New Melbourne Jazz Band; and Club Kaalua. Two months ago the Dandenong RSL had welcomed the Vietnamese community to unveil a memorial at Dandenong. I am glad to see the state government has contributed \$10 000 to the establishment of the memorial. There was also the number of guests — —

The PRESIDENT — Order! The member's time has expired.

Graham Warfe

Hon. D. K. DRUM (North Western) — It is with great sadness that I rise to mention the passing of a great Bendigonian on 5 November in Graham Warfe. Last Tuesday I attended the funeral of Graham along with over 300 other mourners who came from all over Victoria, and indeed all over Australia, to pay their respects and really celebrate the life of Graham and pay their respects to his wife, Joy, to his daughter, Jodie, to his grandson, Brayden, and to his son, Rowan.

I would like to make special mention of the football communities of the Coburg Amateurs and the Sydney Swans. The football fraternities of the Coburg Amateurs, which is where Graham played, and the Sydney Swans, where Rowan spent the last eight years, were there en masse. I make this special mention of those football communities for being present to help celebrate the life of Graham.

I knew Graham Warfe very well. He was a hardworking, honest Australian who had a great love

for his sport and an even greater love for his family. I am going to miss him, as will so many other people from around the Bendigo region. I will also miss the countless hours of help and community work that Graham put in, not only with the people he knew well but also with all those young footballers who came to Bendigo to further their own football careers, their studies and opportunities for employment. This was the area where Graham absolutely excelled. I pay tribute to a great fellow.

BUILDING INDUSTRY: REFORM

Hon. C. A. STRONG (Higinbotham) — I move:

That this house condemns the government for its failure to manage Victoria's regulated building practitioners for the benefit of consumers and specifically calls on the government to:

1. direct the Building Commission to deregister shonky builders and building practitioners;
2. direct Consumer Affairs Victoria to take action against shonky builders and building practitioners to protect consumers;
3. empower Consumer Affairs Victoria to give resolution directions in the settlement of domestic building mediations; and
4. reform the failed building warranty insurance system which provides limited consumer protection at the cost of driving small to medium builders, particularly rural builders, out of the industry, limiting choice and increasing building costs.

This obviously covers a fairly broad range of issues. I referred in the motion to shonky builders. I would like to clarify at the outset that there are many builders in the industry who are extremely good builders and do an extremely professional job. Unfortunately there are a number of builders who perhaps are not as good as they should be. The various things the government has said on the question of shonky builders over the years, and certainly the comments which come from members opposite, seem to always relate to builders who are not registered or builders who do not have insurance. In fact there are shonky builders who are registered. That is the issue. Between them the Building Commission and Consumer Affairs Victoria have great power over the domestic building industry. They have the power to protect consumers and to ensure that there are high-quality builders. When we talk about owner-builders — and we have had some discussion about owner-builders in the past — most of them are high-quality builders because they have a very keen interest in doing a good job.

I am going to explain today how the great power that the Building Commission has to ensure we have high-quality builders is not being used, and how there are many practices taking place in the domestic building area which need to be stamped out. They will only be stamped out if the Building Commission proceeds to deregister builders. It is absolutely essential that we clean up the register of registered builders and take out not only those people who have problems with builders warranty insurance, but also builders who simply do not do a proper job. I think we have all seen these ads the Building Commission has been running in recent times. I have one here with a climber being helped up a cliff by a builder. It is headed 'You can trust a registered building practitioner'. It goes on to say:

'Are you a registered building practitioner?' It's the first question you should ask your builder. Why? Because only then can you be confident they have the experience, knowledge, qualifications and insurance as well as meeting rigorous quality standards.

If the Building Commission makes those claims, surely there is an obligation on it to do some work to see that people live up to these rigorous standards, and if it knows of builders who do not live up to those rigorous standards, to see that they are gotten rid of, that they are deregistered or some action is taken against them. This morning I will go through and show how the Building Commission is failing to rigorously follow up on builders, and to rigorously conduct audits on builders. When it knows of builders who are producing shonky workmanship through various means the Building Commission should take action to deregister those builders.

Let me put that into context by looking at the figures. If we simply look at domestic building work we see that last year some 90 000 building permits were issued, representing close to \$9 billion worth of domestic building work in Victoria and close to 11 000 registered builders in Victoria. We have a Building Commission to take out shonky builders and to ensure that only good builders are on the register, but I ask members to guess how many registrations were cancelled last year. None; not one! How many in the year before? One! How many in 2001–02? Three! If we count not only those who were deregistered but also those who had their licences suspended, we see that those numbers have doubled. When we look at the volume of work we see that somewhere in the order of six builders have been deregistered or suspended in the last three years. On the basis of those figures this is an industry that clearly does not need much cleaning up. Does that reflect reality? If you talk to many people in the community they would say it does not; it is more likely that it

reflects a failure by the Building Commission to do its work.

I want to explain in detail some of those failures, and I will do that by looking at four case studies that have recently been brought to my notice by people who are very aggrieved with one particular builder, Glenwill Homes. The owner, Len Warson, is the registered building practitioner for that business. The case studies involve Mr and Mrs Tucci, who are having a new house built at Diamond Creek; Mr Ross Harvey, who is having one built in Hidden Valley, Wallan; and Mr and Mrs Ziacos and Mr Anthony Ruberto, who are also having houses built in Hidden Valley, Wallan. I will take members in detail through the problems these people have had with that builder and ask why the Building Commission, that has been well and truly aware of those problems for many months, has not done something about it.

Before I go on to that I will return quickly to the macro figures that showed that in the last three years only three builders have been deregistered and three suspended. Let me put that into context. I have already put it in the context of the number of works carried out, but if we look at the 2003 annual report of the Building Commission it tells us there were some 15 000 inquiries to the Building Advisory Council and some 1200 written complaints. In 2003–04 there were over 23 000 inquiries and 1200 cases were dealt with. When you compare that high measure of building activity against the high measure of problems represented by those inquiries and cases, and you take into consideration the fact that no action was taken against those builders, you can see that the numbers do not seem to stack up.

I will tell the house about some of the problems people are having with builders, and once again I will refer to those four case studies. Some of those problems include abysmal workmanship, failure to provide approved certification and inspection reports, overclaiming of progress payments, claiming of progress payments far in advance of when they should be needed and when certificates are provided, alleged falsification of various certification by building inspectors and installers, the use of second-hand and used material, substitution of lower quality fittings and materials for those that had been specified, failure to provide appropriate documentation at handover, and important things like certificates of occupancy and so on.

Building owners who are trying to get into their houses to do inspections are treated with utter disdain. They have been illegally locked out of their premises so they cannot even get reports on the work done. The builder

has treated the building advisory and conciliation service with absolute contempt, and the Building Commission reports have been ignored. There have been obfuscation, delays and threats to building owners, and they are just some of the things that have happened in these four case studies.

The issues which I have just outlined have been going on for many, many months. The Building Commission is well aware that there have been significant problems with Glenvill Homes. These four people — and I have been informed there are many others — have very significant problems with Glenvill Homes. The Building Commission is well aware of this, because it has carried out a lot of the inspection work and has been involved in trying to track down certificates and other falsified information. But why has it not acted? That is the issue. In all its advertisements it says, 'Select a registered builder, and you will be safe'. Surely it has an obligation to take out the registered builders who are shonky.

I will give an example of what people are driven to do simply because they get involved with a shonky builder. The point needs to be made that many people who have building work done are not necessarily able or skilled enough to understand all the issues or to be able to pick out poor workmanship and so on.

I want to start with Mr Ross Harvey's story. His house is currently running 12 months behind schedule, because there have been many problems with it. Mr Harvey has had to have four reports carried out by Archicentre on the quality of the workmanship and the things that are wrong with his house, and he had to commission those at no mean expense to himself. The Archicentre reports meant that he was able to go to the government's conciliation service, and the Building Commission then went out and did three significant reports on Mr Harvey's property in January, March and September — and members should look at the size of the reports. I am talking of about 100 millimetres of paperwork, with multiple pages. These are very significant reports that show multiple problems with the property. So why has the Building Commission not done anything? Why is it simply left to the poor owners to do all this work and go through this very great trauma. We should remember that Mr Harvey's house is running 12 months behind schedule and that he is now having to rent property while he tries to get into his house. He is very significantly inconvenienced, and he tells me that he is at least \$50 000 out of pocket in terms of rent and the very significant costs that have been incurred with the multiplicity of reports.

These are very significant issues. I have pulled out one issue from the Building Commission report into Mr Harvey's property. It goes on at some length about how an internal downpipe was retrofitted in the building cavity and how if you are going to retrofit a downpipe into a building cavity, there is a very significant risk that you will have to cut the top and bottom plates of the frame, which causes a structural problem because the frame is no longer consistent.

This has been highlighted by the Building Commission as a problem. It is very interesting, because it goes on at some length and says:

This means the top and bottom plates have been notched by 65 millimetres.

This is one criticism of how the commission does its work. Having established that the top and bottom plates of this frame were notched, with — I am assured — the supervisor of the job present at the time the commission did the inspection confirming that the plates were notched, affecting the structural integrity of the building, the Building Commission report goes on to say:

As a defect could not be determined —

that is, they could not see it —

no building work is recommended. However, it is suggested that the installation be detailed as an amendment to the building permit and the design approved by the relevant building surveyor —

who ensures that it complies. In other words, it is saying, 'As we cannot see it, perhaps you had better get the building surveyor to look at it again and tell us if it is okay'. It has simply handballed that issue in response to the question, 'Is the building work defective?' by writing in the little box, 'Not determined'. Once again we see — and as I go through the documents we will see this again and again — how all these issues are simply handballed from one person to another. This is not good enough when people are sorely affected by what is going on.

I will continue talking about the experience of Mr Harvey. As I said, the house is 12 months late and he has been caused very extensive problems as a result, as members could imagine. He has made formal complaints to Building Advice and Conciliation Victoria and has had those building commission reports, and he and I want to know, and the public of Victoria needs to know, why, in the face of all the documentation that clearly shows that Glenvill Homes has not done a good job, it is still a registered builder. Why can it still go out and sign up unsuspecting clients,

with the approval, it seems, of the Building Commission? As I said, Mr Harvey is just one of many.

So that honourable members can understand, I probably need to explain some of the processes that take place when a person is having a house built and how he pays for that. The act says that there are generally particular stages a house goes through in its construction. At each stage certification takes place and, as a result of that certification, a payment becomes due. Those stages are basically the slab stage, when there is a certification that the foundations are correct and the slab is completed; the frame stage, which is the structural stage, when the frame is up; the lock-up stage; the fix stage; and then a final stage when the job is completed. At that stage the final payment is due and a certificate of occupancy has to be supplied, as do a whole lot of other certificates for installation of things like gas, plumbing, electricity and so on. These all require certifications that the works have been installed correctly.

At that final stage all those documents have to be presented to the client, and that is a requirement of the act. The client then has a final inspection. He goes through and sets out any defects that need to be fixed by the builder. The builder then has a statutory period of 21 days to fix those defects, and when those defects are fixed the final payment is due. It was important to set out that process, because I am going to explain how Glenvill Homes significantly abused that process in the four case studies I have before me.

Mr Harvey asked for the certificates of inspection for those various stages, and he has not been able to get them. He asked for various compliance certificates which were done by the building surveyor, who in this case was employed or nominated by the builder. Theoretically building surveyors are employed by the client or the owner. That building surveyor has not provided any certificates to Mr Harvey, so he does not know what the situation is. He is unaware of whether inspections have taken place.

As a result of these problems that Mr Harvey and other people have had, the building surveyor employed by Glenvill Homes, Nicholas Wright, had his employment terminated, and a new building surveyor from the Mitchell shire was employed. As I said, Mr Harvey has not been able to get any of these documents, but the client in one of the other case studies I will quote has been able to get some of those documents. I will quickly take you through some of the things those documents show, because they cast into severe doubt what has been done.

In the case of Mr Ruberto, he asked for these certificates and he was able to get some, as distinct from Mr Harvey who has not been able to get any. One of the certificates requested was a certificate for spraying for termite protection. We have a letter from Glenvill Homes dated 23 June 2004 attaching a certificate of termite proofing by a company called PestAway. That certificate contains no name of installer, no licence number, no date and no signature — in other words, it is simply a blank certificate.

Another certificate showed up. It has been provided by the same installer, and it looks very much like the first certificate, except that it has had the details filled in. It has the name of the installer, his licence number and the date at which he allegedly did the pest control spraying, which is 28 June 2004. You will note that that date is a couple of days after the date of the letter attaching the first certificate. Then a third certificate showed up showing the work alleged to have been done, and that is dated 21 January 2004. It is from the same installer, but it has a totally different date. There are three certificates: one is blank, another one comes along later filled in with a different date, and yet a third one comes along filled in with a date four or five months prior to the date of the first certificate. Anybody seeing these would have to ask, 'How can that happen? Are these certificates false? Who is providing these certificates? Are they false certificates provided by the pest sprayer, or are they certificates that have simply come from Glenvill and have been filled in and forwarded on to keep the client happy?'

I have another example, also from Mr Ruberto. He sought certificates for insulation installation, and those certificates duly came from the builder, Glenvill Homes. A certificate was supplied from an insulation company called Hutton Insulation Service dated 28 November 2003, which shows that R2.0 soundscreen batts were fitted into the internal walls of this particular dwelling. Some time later, as more and more documents were being discovered, yet another certificate turned up. This one was from Town and Country Insulation, which claims that on 10 June 2003 — and remember that the first certificate was dated 28 November 2003 — it supplied the same Rockwool soundscreen batts to the internal walls. One really wonders what is going on here. This is evidence that is well and truly known to the Building Commission. The issue is why something has not been done about it.

As part of this whole process of Mr Ruberto trying to establish what his situation is, whether he has been given false documentation and why the documentation

has not been provided when it should have been, the Building Commission — at the request of Mr Ruberto, who was also not happy with the building surveyor nominated by Glenvill Homes — approved using the building surveyor of the Mitchell shire. The Building Commission formally advised Mr Ruberto on 13 August 2004 that the new building surveyor had been approved and that the old building surveyor, who had been nominated by Glenvill Homes, had to pass over all the information, including inspection reports and all details of what had been done on the building.

On 11 November — and remember that the changeover in building surveyors was approved on 13 August and that the documentation from the building surveyor nominated by Glenvill Homes should have been forwarded to Mitchell shire — the Mitchell shire wrote saying that it had received nothing. The letter states:

On 24 August 2004 I requested from Mr Tsaganas additional information required in accordance with your termination letter dated 13 August ...

The shire has had nothing. Again and again it has requested the previous building surveyor to provide the information, and he has not. What action has the Building Commission taken against this building surveyor? This building surveyor has not passed on the appropriate information to the new building surveyor, so what does that mean: one, he is derelict in carrying out his job; two, he does not have it; or three, it is all over the place? What confidence can people have in building surveyors if the government does not take action? This is correspondence between the Building Commission, Mr Ruberto and the Mitchell shire, so it is not as if the Building Commission has not known about this for months and months. What has it done? It would seem it has done nothing, because there is further correspondence from the Building Commission that simply says, 'There is not much we can do about it. You will just have to take it to the Victorian Civil and Administrative Tribunal (VCAT) yourself'.

What a cop-out, when it advertises that if you employ a registered building practitioner you will be right! You will only be right if the shonks are taken out, and it is the job of the Building Commission to take them out. The commission knows they are there, but it simply does not do anything about it. If something is to be done it simply flicks it to the owners and says, 'Go to VCAT'.

There is one other issue on which I would like to touch, and that is the attitude of Glenvill Homes to many of these issues. As I highlighted, numerous reports have been done indicating various examples of shoddy work but in so many cases it is all about the builder

stonewalling, as it were, and hoping that the problem will go away or that people will get sick of following it up and simply wish to get into their home. Members will understand that attitude. Mr Harvey says he has spent 12 months trying to get into his home. The builders take advantage of that and hope people will give up and take a second-class product for the sake of getting a roof over their heads.

One other example of that concerns Mr Harvey's home again. The Building Commission said there were very significant problems with brickwork. As a result of that the builder removed some render from the brickwork and exposed various problems with it. One problem involved wall ties tying the brickwork to the frame. These are very important issues because they go to the structural stability of the frame. If the brickwork is not effectively tied into the frame it will crack and fall down, and that can be extremely dangerous. When the render was stripped off the walls it was found that wall ties were not in accordance with the code, and Mr Harvey understandably requested that the builder fix them up. What did the builder come back and say with regard to the wall ties? He basically said, 'Well, when it is rendered these won't be visible and therefore we are not going to fix them'. In a letter of 28 July Glenvill came back in response to that request to fix the wall ties. The letter states:

This is acceptable as they are not visible.

Bad luck about the structural integrity of the place. It is saying that if you cannot see it, if they can put some plaster sheet over it and you cannot see that there is a problem, she'll be right, mate!

Hon. P. R. Hall — The wall will just fall down in a couple of years.

Hon. C. A. STRONG — That is right. This sort of thing is absolutely unacceptable. Once again we have obfuscation from the builder stonewalling on the issue. You can understand Mr Harvey, who has been trying to get into his house for a long time, seeking some answers from the builder as to what he is going to do to fix up some of these hundreds of issues that have been raised by the Building Commission. He has written numerous letters to the builder, Glenvill Homes. I have a letter here from Mr Harvey dated 29 September of this year. He first wrote on 31 August, requesting that some action be taken. He wrote again on 2 September, on 6 September, on 13 September and on 20 September trying to get some response. On 14 October he received back what was basically a one-line letter from the builder stating:

... and advise that all the queries raised have been dealt with in previous correspondence or considered by us of little relevance.

This is the sort of stonewalling that people are faced with when they are dealing with registered builders who are approved by the government through the Building Commission which, as I said, is well aware of this. Why is it not doing something?

To give some idea of the stonewalling and desperation this causes people to feel, I will very quickly take you through a case study. Mr and Mrs Tucci wanted their dream house built. They went to Glenvill Homes, selected one of its homes and were hopeful that they could move into the home, which was finished in April 2004. However, at the final inspection they found various problems. There was water in the place. There was a lack of drainage around the house. Mr and Mrs Tucci had various concerns so they started querying the work that was being done. Their house was finished in April 2004 and they are still today — six months later — trying to get into it. This is a semiretired couple who built their dream house in Diamond Valley and yet six months later after completion cannot get into it because the builder is stonewalling.

Mr Tucci has asked for advice because he is concerned about some of these things and the builder is not able to ensure that they are okay. Mr Tucci has asked on several occasions for access to bring in Archicentre to do a professional report. Mr Tucci is not a builder and does not understand these things. He just saw water and dampness in the house and thought there would be a problem. He wants to bring in a person to look at it properly, but the builder will not let him in to do an inspection. What has happened? The builder has not let him in for all this time because he simply wants to wait this poor man out. The man sees his house, which seems to be finished, and wants to move into it. He has been trying to move into it for six months and he cannot. The builder simply says, 'Don't worry about all that stuff, you just pay me the money and you can have the building'.

These are the sorts of pressures that are put on normal people by registered builders who are approved and certified by the government. The government advises the consumers of Victoria to use these builders but takes no action to audit their work or to see that they are taken out if they are inappropriate.

I want to deal finally with some last correspondence that Mr Harvey has had with the Building Commission. The Building Commission is well aware of these activities anyway because it had done reports on his

property from early in the year. Mr Harvey outlines this chronology in great detail but summarises it at the end of his letter. In summary, he says that in January 2004 the Building Commission identified 81 defects. On 24 March 2004 the builder wrote to the owner to say in effect that all the defects had been rectified. On 28 June the owner met with the builder's representative and identified and confirmed that only half of the identified defects had been rectified. In August the builder wrote to the owner and stated that the dwelling was finished and completed and that the owner should pay the final invoice within seven days. On 3 September 2004 a joint inspection brought to the builder's attention that 50 per cent of the original items were still identified as not rectified.

I take the house back to January, when the Building Commission identified 81 defects. The builder first of all said in March the repairs had been done. Again in August he said they had been done. Again in September he said they had been done. In other words, the builder is simply ignoring the defects found by the Building Commission and claiming they have been repaired when they have not. In September Mr Harvey wrote to the builder again to bring these matters to his attention, and in late September the Building Commission conducted a further investigation and found that repairs on those defects had not been completed.

In desperation Mr Harvey in his letter to the commission asks what he should do. The commission tells him to take Glenvill to the Victorian Civil and Administrative Tribunal, because there is nothing much it can do if the builder says he will not fix these things. This is the registered builder the government says people should use. Why does it not do something to get these people out of the system?

The truth of the matter is that there are many more sad stories I could tell. As time is running out, I turn to Mr Ruberto's house. Mr Ruberto paid all the certificate fees, progress payments and the final payment and moved in, but said that he did not have a certificate of occupancy from the builder. About a fortnight after he moved in he received an order to move out because he did not have an occupancy certificate. Then the very same building surveyor who issued the eviction order came back and gave him a conditional occupancy permit because so much work had to be done. The Building Commission report on Mr Ruberto's house shows faults in excess of \$200 000, such as demolition of all external brickwork and its replacement, the replacement of columns, gutters and downpipes, the removal of plaster — and so it goes on.

Rather than going through that in detail I shall deal with the question of certification. Mr Ruberto has certificates from the building surveyor nominated by Glenvill which show that, whether it be the foundation stage or the frame stage, these stages were not approved but the builder carried on and covered up the work that was not approved. The builder sent bills for the owner to pay, in many cases well in advance of when the work was done. That is totally inappropriate. Once again, the Building Commission is well aware of these situations, but what is it doing? Mr Ruberto sought to change the building surveyor because he obviously lacked confidence in the person nominated by Glenvill. When all the certificates showed that the work had not been completed and the building continued, he went to the Shire of Mitchell. The shire has not been able to get the building certificate information from Nicholson Wright, the building surveyor nominated by Glenvill. Mr Ruberto made the final payment and moved into his house that is half completed. He has had inspections from the gas and electricity boards. The gas board has said that his gas and heating are not properly installed and the gas has been cut off. He is living in his house without heating. It is an absolute disgrace! As I pointed out, the Building Commission is well aware of that situation.

What has happened to the Ziacos family can be traced to exactly the same thing, such as certificates of completion of various stages and the claim for money many months in advance of when work should have been completed. There are certificates from building surveyors which show that work has not been completed, yet that uncompleted work has not been certified has simply been covered up and work has continued. These are very serious complaints.

I shall go briefly to some extremely serious issues raised regarding Mr Ruberto's property. Mr Ruberto faces the problem of what he is to do because the Shire of Mitchell is about to issue him with a show-cause notice under the Building Act to have the work, which is not his responsibility, fixed. The letter goes on to say that the shire has inspected the garage roof, which is defective, and has very serious concerns over the integrity of the building and its failure to meet building standards. The Shire of Mitchell building surveyor is saying that basically the house is unsafe, yet Mr Ruberto is living in it because he has nowhere else to go and is probably about to be evicted under the Building Act. This is all because of his dealings with Glenvill, a company that is clearly not up to the job of doing the work properly, and all of which is well known by the Building Commission.

I turn to what the government has been telling the people of Victoria about its handling of regulation of the building industry. I have a media release of March this year from the Minister for Consumer Affairs which talks about shonky builders and how the government has taken action against them and so on. It says that in all cases the builders were unregistered and uninsured. It seems to me that what the government is doing is that it is happy to go out after owner-builders and allegedly uninsured builders, builders who do not have builders' warranty or cannot get cover, but with registered builders, the ones the government is advising people to use, it takes no action. It must deal with those people.

The government is well aware of these matters. I would be disappointed if the government were to say that it knows nothing about this. It knows plenty about it because of the case studies I have gone through today and others. People also affected by Glenvill had a meeting with the minister some months ago and in great detail went through similar issues. I ask the minister to do something to help get rid of the shonky builders to ensure that this will not happen to other people.

It is not as if the government and the minister himself are not aware of this. The minister has met these people, and he should understand their issues. But what has the minister done and what has the Building Commission done? Has the minister directed his department to take action against Glenvill Homes? Has the minister conferred with the Minister for Planning in the other place and said, 'You need to put a rocket under the Building Commission so it gets on with its job, because here is enough evidence to demonstrate that Glenvill Homes should in the worst case at least be suspended while further investigations are carried out'?

If people are to have confidence in registered builders, they have to have confidence in the government's ability to manage the system. The evidence I have brought forward today clearly demonstrates that there is no confidence in this system. The Building Commission has been aware for almost 12 months of the problems with Glenvill Homes. These problems are only the ones that have come to my attention. Why has the government not acted? Why in the face of some 23 000 phone inquiries last year to the dispute resolution department of the Building Commission—surely that demonstrates a degree of concern out there—were there were no deregistrations? It is a farce!

I refer to some of the actions over the last twelve months of the Building Practitioners Board, which regulates building practitioners. These are on the web

site of the Building Commission, and anyone can get them. It tells you about the inquiries it has had. I looked at the 2003 calendar year, which was the most up to date at that stage. It carried out 13 inquiries, and I want to run through a few of them to show the vicious teeth with which the Building Commission controls its practitioners.

There was a practitioner who was found guilty of unprofessional conduct. He provided false information to owners when they were asked to provide insurance details on their home. That builder was reprimanded and fined \$300. Another practitioner accepted two certificates from registered building practitioners that were clearly incorrect; this was like one of the other cases I mentioned where certificates were highly doubtful. What happened? That person got a reprimand. We then have another decision where a practitioner carried out domestic building work under a contract without being registered. He was one of the shonky builders that the minister fined, and he was fined \$500.

Another practitioner performed unsatisfactory workmanship — in other words his work was not up to scratch and was of poor quality, which is a bit like those I mentioned in the Glenvill Homes instance. What happened to him? He was reprimanded and fined \$750. Another practitioner carried out building work without a building permit. It is fairly major for a builder to carry out work without a permit, but he was reprimanded! Another practitioner allowed a company he was responsible for carry out part of the building work prior to a building permit being issued. He received a reprimand as well.

If we go through these decisions we find reprimand after reprimand. The fines are microscopic and would in no way discourage people from going out and breaking the law again. I simply ask: why does the government not regulate this industry properly and take out these shonky builders? It is responsible for this, because it registers these people. These are not the unregistered builders that the government can call shonky because they are not registered; these are builders on the government's register who are known to it. The government has had many reports on Glenvill Homes that show its quality is poor, that it is breaking contract conditions and that it is clearly not doing what it should. The Building Commission knows this, yet what is it doing? Why has this company not been at least suspended while the Building Commission furthers its investigation?

Why does Consumer Affairs Victoria not do something? Clearly the company is breaching various

conditions of the Fair Trading Act. There are many ways in which Consumer Affairs Victoria can proceed against them. I have been asking myself why the government is not taking action against some of these bigger volume builders like Glenvill Homes. I wonder if it is to do with the builders warranty insurance where, as we know, under the deal that the government did with the insurers — the so-called 10 point plan — the government picks up any claim from these builders that is over \$10 million. For instance, if the government took some action against a large company like Glenvill Homes which got into trouble and went into liquidation, then the government would have to pick up any amount of those claims over \$10 million. Certainly with some of those big companies the exposure would be significantly in excess of \$10 million. Is the government simply trying to protect its own revenue by not taking action?

What is the double standard here? Why does the government not do something? Why is it that faced with all the evidence it has on Glenvill Homes and faced with all the knowledge the minister and his parliamentary secretary have — because she was also at that meeting with these people — the government does not do something? This is why I have put my motion on the table today. It calls on the government to deregister shonky builders through the Building Commission, and it calls on the minister, through Consumer Affairs Victoria, to take some action against shonky builders on its registers and not just worry about builders who are not registered. I am sure that in the next few years the government will take major action against small owner-builders — that is, people who are doing some renovation of their houses which might inadvertently cost more than \$12 000, therefore breaking the owner-builder threshold whereby such renovations can only be done every three years, only after having jumped through a million hoops to get permission from the Building Commission and being certified, as it were, by the Building Commission before they can get a building permit to do some renovation worth \$13 000. That is not much money for a renovation.

The government is happy to come down heavily on the little people who want to improve their houses, but when they have a big builder like Glenvill, for whom there clearly is enough evidence to do something, it is prepared to do nothing. The question is always: why? Is it because the government does not want to incur that cap of \$10 million? Are government members afraid to do something because it is going to cost them money? Why do they not get on with the job? The government advertises that people should use registered builders because they are safe, but the obligation is on the

government to make sure that it is safe to do so. It has failed the test.

Ms CARBINES (Geelong) — I am very pleased to speak on behalf of the government this morning to reject the motion before the house in the name of the Honourable Chris Strong. My father worked in the building industry all his life, so I feel I have a great personal knowledge of the building industry and the commitment that builders have to their clients. My father-in-law has also been a builder all of his life. The Carbines family has a lot of experience of the building industry. I spent a lot of time in my youth helping my dad on building sites. My family has also spent a lot of time throughout their lives — my husband and his brothers — helping their father, a carpenter who has worked throughout Geelong and in Melbourne. We certainly have a strong link to the building industry in Victoria.

This morning Mr Strong has come into the house and attempted to create a picture of chaos in the building industry in Victoria, an out-of-control building industry which has one desire — that is, to rip off unwitting consumers. He has attempted to portray a picture of the Bracks government sitting back and doing nothing to protect consumers in this state. The Bracks government firmly believes in the context of a robust and thriving building industry that it is very important to protect the rights of consumers. Unlike the former Kennett government, of which Mr Strong was a member, the Bracks government has taken action to protect and increase consumer protection in this state.

Hon. D. McL. Davis interjected.

Ms CARBINES — Yes, we have had five years, Mr Davis, and we have taken action over those five years. We have set up Building Advice and Conciliation Victoria and we have brought more insurers into the market to provide building warranty insurance. We have not, as Mr Strong tried to portray, sat back and done nothing. We have increased consumer protection and we have increased the number of insurers in the market. Having been a member of this government for five years, I can say that occasionally Geelong Province constituents have come to me with concerns about builders, but the vast majority of the concerns about builders that have been expressed to me in Geelong is that people cannot get them. The building industry is so vibrant and thriving in my region that people cannot get a builder because they are in such high demand. They have to wait ages before starting renovations or building their homes. That is the no. 1 issue in relation to the building industry expressed to

me as a member for Geelong Province over the last five years.

Mr Strong's motion calls on the government to do a number of things. The first part of his motion calls on the government to direct the Building Commission to deregister what he calls shonky builders and building practitioners. It is the role of the Building Practitioners Board to sanction building practitioners, not the role of the Building Commission as Mr Strong indicates in the first paragraph of his motion. The Building Practitioners Board is made up of representatives of the building industry as well as representatives of the legal profession and consumers. The board holds inquiries into the conduct and the ability of registered building practitioners to practise. Under the Building Act sanctions can be imposed by the Building Practitioners Board. These involve the lesser sanction of a reprimand or fines and indeed can involve the suspension of registration or the cancellation of builders' registration. It is not right for Mr Strong to make out that there is no ability to appropriately sanction builders.

Hon. C. A. Strong interjected.

Ms CARBINES — Mr Strong, we have listened to you for the last hour without interjection.

The DEPUTY PRESIDENT — Order! I ask Ms Carbines to speak through the Chair.

Ms CARBINES — I would appreciate it if Mr Strong would listen to me, thank you very much.

The Building Practitioners Board does take action against so-called shonky builders, as Mr Strong has determined to call them this morning. In fact in the current financial year 35 inquiries have been conducted by the Building Practitioners Board into complaints against builders, and the board has suspended the registration of four of those building practitioners and cancelled the registration of another four. It is wrong for Mr Strong to assert that no action has been taken and that no registrations have been cancelled because four have had their registration suspended and another four have had their registration cancelled. All of the inquiries brought before the Building Practitioners Board so far this financial year have resulted in guilty findings by the board. It is not, as Mr Strong has attempted to make out this morning, a paper tiger. The board does take action and has clearly sanctioned all of the builders that have been brought before it this year.

I understand that this very day three more inquiries will be held into builders who have been brought before the board. If this trend continues, as we have seen already in this financial year, it is likely that we will see the

board conduct in excess of 80 inquiries this financial year. It is working well. Inquiries into some builders are being put before the Building Practitioners Board throughout the financial year, and the board has taken action on every one of those inquiries. Some of those actions are indeed serious, such as the cancellation of the registrations of four building practitioners.

So it is not as Mr Strong made out this morning that there is no sanction against builders who are not fulfilling their obligations to consumers. It is very clear that Mr Strong has not done sufficient preparation; in fact his preparation for this motion this morning could be called shonky because if Mr Strong had done his homework he would have found out that there have been sanctions taken against builders who have been brought before the Building Practitioners Board.

Mr Strong attempted to portray, as I have already said, a scenario in which the Bracks government supposedly sits back on its hands and does nothing if there are cases brought before it in relation to questionable builders and questionable building practices. The government two years ago set up Building Advice and Conciliation Victoria (BACV). This initiative of the Bracks government is very much aimed at protecting the rights of consumers in Victoria, so it is wrong of Mr Strong to assert that the government has done nothing. Building Advice and Conciliation Victoria is a joint service provided by Consumers Affairs Victoria and the Building Commission, and to a lesser extent the Victorian Civil and Administrative Tribunal (VCAT). It was initiated because of changes to building warranty insurance to assist home owners and builders alike in seeking advice and support to resolve domestic building disputes and to promote harmonious relationships. It is very much aimed at sorting out and resolving disputes.

Building Advice and Conciliation Victoria responds to inquiries from home owners and builders as well as written complaints. Consumer Affairs Victoria has legislative jurisdiction for matters of conciliation and for the enforcement of the Domestic Building Contracts Act and the Fair Trading Act. BACV has been operating for the last two years and is very much a part of Consumer Affairs Victoria. It takes a very active role in responding to issues brought before it on behalf of consumers. Again Mr Strong is wrong to assert that the government has done nothing and is not affording protection to Victorian consumers. The government has actually strengthened consumer protection by establishing BACV, and I am disappointed that Mr Strong has not been prepared to acknowledge that this morning or to acknowledge the good work of BACV. The BACV process relies on the voluntary participation of the parties, but where this is not

possible or desired VCAT, through both the civil and building lists, assists parties who cannot agree or simply wish to go straight to the tribunal.

I will go now into some detail about the work of BACV. It has received over 33 000 inquiries in the period from its inception on 1 July 2002 to the end of April 2004. In the last financial year it received 18 000 inquiries to the end of May 2004. This BACV inquiry service has assisted home owners to resolve 92 per cent of the concerns brought to it. That is a huge proportion of disputes that have been resolved through the direct action of the Bracks government — assisting 92 per cent of those concerns to be resolved, three-quarters of which related to contractual matters.

The BACV through a conciliation service has also negotiated since its inception two years ago in the vicinity of over \$1 million worth of compensation to home owners, and in the last financial year negotiated over \$600 000 worth of redress for home owners. It is a very active process in which Victorian consumers can engage to seek redress if they have a complaint against a builder. As I said, 92 per cent of disputes have been resolved through involvement of the BACV and some of those complaints have resulted in significant compensation to home owners.

The BACV has received almost 3000 written complaints over the two years it has been up and running. Last year it received some 1500 written complaints. Victorian consumers are very well aware of BACV, its processes and the dispute resolution opportunities it offers. They are obviously actively engaging in the process, and some 92 per cent of all the consumers that have contacted the BACV have actually had their disputes resolved. It is very much an initiative of the Bracks government which is working well to protect the interests of Victorian consumers in relation to the building industry.

Over the two years it has been running BACV has finalised some 2475 written complaints. Again it is working well in the interests of Victorian consumers. Out of this process, to the end of last financial year BACV had referred some 56 matters to the Building Commission for a technical inspection which may assist in the resolution of the complaint brought before it, and some 138 complainants had been advised about VCAT as a further option to resolve their complaints. BACV has also investigated 222 building matters and undertaken 47 prosecutions resulting in 514 charges laid and 352 proven under the Domestic Building Contracts Act, the Fair Trading Act, the Building Act and other legislation.

It is very important that we get on the record this morning that BACV, an initiative of the Bracks government, is working really well to protect the interests of Victorian consumers who have a grievance or a dispute with a builder they have employed. It is a service that was started by our government with the aim of increasing consumer protection in the building industry. It is a service that is extremely well used by Victorian consumers. They are aware of it and they know how to engage in the process. The process relies on the voluntary participation of both parties, which is an extremely important part of conciliation.

However, of all the inquiries brought before BACV over the past two years, 92 per cent have been resolved. By anyone's account BACV is working really well to protect consumers in Victoria. It is easy to reject the second part of Mr Strong's motion where he calls on the government to take action against shonky builders by directing Consumer Affairs Victoria to take action. Indeed, in working with Building Advice and Conciliation Victoria, Consumer Affairs Victoria is taking action against builders who are found to be lacking in their obligations to their clients.

The third part of Mr Strong's motion calls on the government to:

... empower Consumer Affairs Victoria to give resolution directions in the settlement of domestic building mediations ...

Under the act Consumer Affairs Victoria may refer a dispute to a domestic building conciliator with BACV for conciliation if the dispute is reasonably likely to be settled. The clear intention of the legislation is that conciliation is aimed at resolving disputes in a low-cost, non-confrontational manner. It is very important that both parties come to this process in good faith with a view to wanting to resolve the dispute because the process relies on the voluntary participation of the parties. Where this is not possible or desired, VCAT, through its lists, can assist parties in resolving disputes.

Section 53(1) of the Domestic Building Contracts Act 1995 provides for VCAT to make any order it considers fair to resolve a domestic building dispute, including referring the matter to a tribunal-appointed mediator. The conciliation service provided by BACV is an initiative of the Bracks government, as I have already said. It is meant to augment, to supplement, the role of VCAT in resolving building disputes. With a success rate of 92 per cent it has been a highly successful initiative by anyone's measure.

It may be inappropriate to introduce resolution directions for Building Advice and Conciliation Victoria conciliations because the nature of the disputes

expected to be addressed in that forum. However, some disputes do escalate to VCAT because some parties are not prepared to enter into mediation and conciliation in good faith or because it is not possible to get both parties to the table at BACV. There is nothing preventing VCAT from providing directions should it refer a dispute to a mediator or from making prescriptive orders itself. The government considers the third clause of Mr Strong's motion to be an unnecessary call on the government. There are already processes in place to provide the result Mr Strong is looking for.

The final part of Mr Strong's motion concerns the issue of the building warranty insurance system, which he labels as having failed. I would like to make a few points in relation to building warranty insurance. In recent years the Bracks government has implemented a number of reforms to encourage insurers to remain in the builders warranty insurance market. This is very important. These measures have included raising the minimum amount of cover to \$200 000; changing the period of cover for structural defects to six years from completion and for non-structural defects to two years; increasing the threshold for mandatory cover to \$12 000; removing the mandatory requirement for cover for high-rise residential buildings; instituting new conciliation, inspection and dispute resolution processes through the establishment of Building Advice and Conciliation Victoria; and, from 1 January last year, introducing a cap of \$10 million on an insurer's losses arising from claims against any one builder, with the state covering losses above that amount.

These measures have led to two very significant developments in the builders warranty market. Firstly, CGU, one of the major arms of the Insurance Australia Group, entered the builders warranty market in Victoria this year. In the media release announcing its intention to enter the market IAG stated that this decision was largely due to the Bracks government's reforms which aimed to create an efficient, effective and sustainable regulatory environment. We now have six insurers in Victoria providing builders warranty insurance. That is a direct result of the Bracks government's actions to address builders warranty insurance issues. The second significant development was that Vero Insurance Ltd announced reductions in builders warranty insurance premiums of between 5 per cent and 15 per cent. Combined with approved industry association discounts, the savings could reach 30 per cent. Vero stated that this was a direct result of the reforms to the home insurance warranty market introduced by the Bracks government. We are certainly taking action to address the issues surrounding builders warranty insurance. Builders in Victoria have benefited from increased competition and the increase in the number of

insurers in the market. This is now leading to cheaper prices for them. These announcements of a new player in the market and a reduction in premiums have been great news for the building industry, and they are evidence that the reforms initiated by the Bracks government are working.

The motion Mr Strong moved this morning is based on the false premise that we have a rampant, out of control building industry whose participants pay no regard to consumer protection. Mr Strong has painted a scenario of the Bracks government sitting back and doing nothing to protect the consumers who have issues they wish to raise and issues they need to resolve in relation to builders and their contractual obligations. Nothing could be further from the truth. Of course, there will always be disputes between consumers and builders — that is a given — but the vast majority of Victorian builders are people who work extremely hard in their industry to the benefit of the consumers who employ them. There are some who do not fulfil their contractual obligations, and the Bracks government has ensured that there are sufficient processes in place to address issues which arise. We have set up BACV, which has an amazing success rate of resolving 92 per cent of disputes raised with it. The Building Practitioners Board takes action against builders who are brought before it. All of the inquiries brought before the board in this financial year have resulted in guilty findings. Indeed four building practitioners have been deregistered as a result of those inquiries.

In rejecting Mr Strong's motion I strongly assert that the Bracks government is taking very strong action to protect Victorian consumers where that is necessary in the context of a thriving building industry which is very important to our economy. It is important to get the balance right to ensure that consumer rights are protected, and the Bracks government has done just that.

Hon. P. R. HALL (Gippsland) — I welcome the opportunity this morning to speak on this motion concerning the building industry, because it is important to the Victorian economy and to employment outcomes in this state. It is a good topic to choose for the debate, and I am going to limit my contribution in the hope that my colleague the Honourable Damian Drum will share in the 45 minutes allocated to The Nationals because of his background in the building industry. I trust that both of us will get the opportunity to talk on this subject.

As I said, this motion is important, because the building industry contributes so much to the Victorian economy and to employment in this state. To set the context for a

couple of the comments I will make I remind the house of the size of Victoria's building industry. As has already been mentioned, there are almost 11 000 registered domestic builders in the state, and I note that 708 new domestic builders were registered just this year. If you look at some of the building statistics over this year and the last three years, you see that the number of domestic builders in Victoria is declining — admittedly at a very slow rate — from 11 119 in 2002 to 10 808 in 2003. In 2004 it came down to 10 756.

Those figures surprise me, given that we say our economy is booming, the building industry is vibrant and the value and quantity of building permits is increasing so rapidly. Yet the number of builders is showing a slight downward trend. That goes against what we are frequently told about the state of the industry. That is a concern, and that is why it is important that the motion moved by the Honourable Chris Strong is debated in this house today.

If you look at the value of the building industry in Victoria — once again by reference to figures produced in the activity profiles of the Building Commission's annual report — you see that the total value of building work in Victoria in 2003 was \$14.4 billion, and it had increased in the previous two or three years. We only have figures up to June this year, but if the trend until June continues, building activity in Victoria this year should for the first time exceed \$15 billion worth of works. If you break those figures down, you see that last year 59 per cent of that building activity was domestic building works — nearly \$8.5 billion. This year that figure should again be exceeded if the trend for the first six months continues. Of the total domestic building permits issued in 2002 and 2003 just over 90 000 were for domestic buildings. Looking at the trend for the first six months of this year, we may or may not get to that figure. It is going to be close — the total number of domestic building permits issued has been fairly constant.

By any figure you want to have a look at — and I have mentioned just a few — you can see that the building industry is extremely important to the Victorian economy and employment. When I talk about the number of people who are registered builders in Victoria, I realise of course that a lot of other tradespeople contribute to building construction in the state. I am talking about electricians, plumbers and all the other tradespeople who rely on the building industry work to get projects under way. By any stretch of imagination the building industry is very important.

I listened to the four case studies outlined by the Honourable Chris Strong; all involving Glenwill Homes. I certainly have a great deal of sympathy for the people involved, particularly given that our home is probably the largest investment we will ever make in our lives. The frustrations that those people Mr Strong mentioned have to deal with are appalling. I was surprised when he showed the house the reports done by the Building Commission. With at least, I think, Mr Harvey's case, there were some very significant reports. I recollect Mr Strong saying there were three just this year; yet the case remains unresolved. It seems to me there is something wrong with the system if that case and the other three Mr Strong outlined are still not resolved.

In fairness to the industry, I think we are pretty lucky in country Victoria, certainly in the areas I represent — and in the areas represented by other members in this chamber — because we do not experience the same degree of dissatisfaction with the building industry as people in the metropolitan area. The reason is that most of the builders in country Victoria are locally based; therefore, they rely on getting future work by maintaining a reputation for completing a product, and completing it well. Consequently, over the years I have not been aware of any really significant cases of complaints against local builders. If there were, they seem to have been addressed very quickly. The problems we might have in country Victoria involve what I call the fly-by-night tradespeople who fly into the area, offer to do a cheap, quick job, and leave people with problems. Over the years I have, in particular, come across people who offer to paint roofs or something similar on people's houses, and this has often caused a lot of problems, because the quality of the work is very poor. In country Victoria, generally, the view is that local people practising in the building industry and associated trades live locally alongside the people they perform work for and consequently they want to uphold their reputations so they do a very good job. Therefore we do not always experience the sort of situations described by Mr Strong.

I also listened to Ms Elaine Carbines and noted particularly her reference to some of the resolution mechanisms referred to by the Building Commission and the Building Practitioners Board. She referred to some figures contained in the 2003–04 annual report of the Building Commission tabled in this house last Tuesday, or thereabouts. I picked up that report and had a look at it. I had a look at the disputes and the outcomes of those disputes and inquiries conducted by the Building Practitioners Board. As an overall view you can interpret those statistics in whatever way you like. You can put a good spin on them, or you can put a

negative spin on them — they are open to interpretation.

Ms Elaine Carbines suggested that four builders have had their registration cancelled following inquiries by the Building Practitioners Board, but that was over a three-year period; it was not in one single year. In 2001–02 three registrations were cancelled; in 2002–03 one registration was cancelled; and this year no registrations have been cancelled. Again over a three-year period, and according to the Building Commission's annual report, five registrations have been suspended. I am not sure whether Ms Carbines said four or five in respect of that matter, but it is over a three-year period. It is interesting that the Building Practitioners Board held 42 inquiries between 2001 and 2004, and all were proven or found guilty: 34 people were reprimanded; 33 people were fined; 33 people had costs awarded against the building practitioner; 1 had their registration suspended; and none had their registration cancelled.

One could argue that those figures are low, reflecting on the fact that people in the industry are generally working well, or it could be interpreted — as I think Mr Strong said — that the Building Commission and the Building Practitioners Board have not been strong enough in the industry and have not been harsh enough to stamp out shonky builders in the industry. I am not sure what the case is and I am not passing judgment on that except to say that in the cases that Mr Strong has put to the house today it surprises me that so many inquiries have been undertaken by the Building Commission and extensive reports done in some of those cases, and yet matters remain unresolved. So there needs to be some inquiry and some criticism of the process if people are putting in that much effort without getting any results.

Towards the end of her contribution Ms Carbines spoke briefly about builders warranty insurance, and I want to concentrate on that matter in my contribution today. She said that Victoria now has six companies that offer builders warranty insurance. That may be the case, but Vero still has 92 per cent of the builders warranty insurance market in Victoria and consequently it is in a monopoly position. What Ms Carbines did not say was that insurance companies, including Vero — the major company — place some pretty draconian provisions on builders in this state. To enable them to obtain builders warranty insurance it restricts the amount of jobs they can do, it restricts the value of the jobs that they can do and it makes them give up-front bank guarantees. It has been a huge impost on Victorian builders. So while we have six companies that now offer builders warranty insurance in Victoria there are still some major

problems with the insurance systems that need addressing, and that is why I strongly support that component of the motion moved by Mr Strong.

I want to look at builders warranty insurance and make a few more detailed comments about it. Ms Carbines listed a range of measures that the government has been using to try to address the issue of builders warranty insurance in this state, including the measures brought about by the Building (Amendment) Bill recently passed by this Parliament. That bill aimed to address the disproportionate number of owner-builders in this state; and yes, the number of owner-builders in this state compared to others is quite dramatically different. During the course of that debate several speakers said that the amount of domestic building work in Victoria undertaken by owner-builders is in the order of 40 per cent. That should be compared to places like Queensland where the last figure given to me was 4.89 per cent. Why do we have that disproportionate number of owner-builder registrations in Victoria? I said during debate on the Building (Amendment) Bill, and I say again here today, that the problem is with the builders warranty insurance system in this state, which is completely different to Queensland where there is a government-run scheme, and consequently builders warranty insurance for builders in Queensland is a very simple and transparent process. But not so here in Victoria, and I will talk about some of those draconian provisions that have been placed upon builders.

Mr Pullen interjected.

Hon. P. R. HALL — Mr Pullen says that we sold off the scheme in Victoria to the Housing Guarantee Fund. I presume that is what he is making reference to. In response to that I say that if that was a mistake, we should be proud enough to say that it was a mistake and go back and look at it again. I say again today that if builders warranty insurance is not working in its current form in Victoria, we should be prepared to go back and look at schemes that actually work. If that means going back to a scheme that was previously discarded, so be it, but I think for the sake of the Victorian economy and the sake of employment we need to have effective builders warranty insurance.

I want to talk about the current system of builders warranty insurance. The important thing that we need to understand and realise at the start is that builders warranty insurance only covers people for defects in buildings where the builder has died, gone broke or disappeared somewhere; it does not cover any product warranty or fault rectification where the builder is still operational in Victoria. So if you have a defect in the house that you are building and the builder is still

around, you have to take other avenues, sometimes through the courts, through conciliation or through the processes employed by the Building Practitioners Board and the Building Commission to try to have that fault rectified. So builders warranty insurance only covers you for defect rectification when the builder has died, gone broke or disappeared. People do not necessarily understand that when we are talking about builders warranty insurance.

However, builders warranty insurance is compulsory in this state, so a builder must be able to get builders warranty insurance if they want to be a registered builder. That is a necessary criterion. They need to have a separate certificate for each of the jobs they undertake during the course of the year. In the experience of builders it is often costly and in some cases they have been unable to obtain timely coverage of insurance for a particular task that they wish to undertake. One of the real problems that the building industry — and individual builders — have had is that they have been limited in the value and number of the houses they are allowed to build, and they have also been required to provide bank guarantees. In a moment I will quote one of my local builders who has been required to put up \$600 000 as a bank guarantee before being given builders warranty insurance.

The thing that I find hard to comprehend about builders warranty insurance is that the insurers are virtually double-dipping in the process. Builders are required to put up a bank guarantee at the start of a project to underwrite the activity that they are doing, and in addition they are required to pay a premium on each job that they undertake. So they might pay a premium of about \$1000 for a domestic house worth about \$150 000 — and I will give the exact figures in a minute — but they also have to underwrite that insurance by giving a bank guarantee up front. I do not know of any other insurance system in this country that requires you to pay a premium and then underwrite your own risk, so to speak. That is how builders warranty insurance works in this state, so it is pretty good money if you can get it; you are covered both ways if you are the insurer because you take the premium, which is supposed to be the hedging against the risk, but if the builder falls over he has underwritten his own insurance policy by way of an up-front bank guarantee. You can understand why builders are becoming so disenchanted with the system if that is the case.

I said I would give you an example, and it is the one I used when I spoke about builders warranty insurance in my contribution on the Building (Amendment) Bill. It was about a 35-year-old guy called Brett Nielson, who

runs a company Brett and Fiona Nielson Builders in Traralgon, in partnership with his wife Fiona. He currently constructs somewhere between 80 and 100 homes a year with about 35 of those under construction at any one time. He is also involved in commercial building and development around Gippsland and directly employs around 40 people — not a bad effort for a young fellow of 35 years of age.

Brett currently has 12 apprentices; he has a commitment to training young people, and takes on four or five every year. The annual turnover for his business is about \$12 million for residential work alone. So by any measure he is a pretty good operator, and to sustain that over the 12 years he has been in business and build his business to that level is an outstanding effort.

He is very scathing of Builders Warranty Insurance (BWI). He formerly had insurance with Contractors Bonding, a New Zealand-based company which failed to gain the approval of the Australian Prudential Regulation Authority. Consequently he had to search for another company and has been able to obtain insurance with a company called Australian Home Warranty, but he had to put up \$600 000 as a bank guarantee. That is a lot to put aside for a young person employing so many people. He could well spend that on further developing his business and employing more people rather than tying up \$600 000 of capital in a bank guarantee.

He showed me the contracts he has for his builders warranty insurance. The contract I have in my hand is for a house worth \$170 466, and the premium he paid was \$941.88 — the best part of \$1000. That is what I mean about having to pay the premium but also underwrite it. It simply does not make sense. From talking to Brett I learnt the sad outcome of all that. He said in recent months he had to put up the average price for the sort of home he would frequently build in Gippsland for \$150 000 by about \$6000 simply because of the increased costs he has had to incur with BWI. That is why this motion talks about the impact an inefficient BWI system will have on consumers and home owners in Victoria. It is a real and significant impact. People whose homes are constructed by Brett and his company now face that \$5000 or \$6000 increase purely because of the ineffective BWI system we have in Victoria.

The minister is genuine in trying to address this problem — I have had talks with him and his advisors about builders warranty insurance — but we have a long way to go. We might have six insurers in the market now, but when one company has 92 per cent of

the product that means its monopoly position is being used to dictate the terms of BWI for every one of those other six. If it can set a benchmark, then the others will simply follow. It is good business when you ask people to underwrite their own insurance and then pay a premium on top of that.

There are things we should be looking at in respect of this matter, and I mentioned those when I spoke on the Building (Amendment) Bill. One of the measures I spoke about was looking at a government-run scheme like the one in Queensland. The record of that scheme means it is well worth consideration. As I said, I am not too proud to say that if we got it wrong in the past, we should admit it was a mistake and put such a system in place.

The other thing worth looking at is a voluntary builders warranty insurance scheme. I do not think there is anything wrong with that. In most other cases insurance is voluntary; you are not compelled to take it out except for transport accidents through the Transport Accident Commission. This sort of insurance could well be voluntary, particularly for country people who use local builders who want to retain their reputations and where the call on builders warranty insurance is very limited. But if you want to accept a lower quote and take some risk with a builder you do not know, there is then the option of taking out builders warranty insurance.

These things need to be looked at. The building industry in Victoria is too important for these matters not to be considered seriously. Mr Strong has raised some important points in this motion. I feel passionately about the fourth component of this motion — builders warranty insurance. More work needs to be done. I welcome having had the opportunity to comment on the motion today. It is an important motion, and I commend Mr Strong for putting it forward.

Hon. A. P. OLEXANDER (Silvan) — I would like to add my voice to the congratulations of Mr Strong for putting this motion before the house today. It is an important motion which attempts to deal with four key issues which many in the industry — both on the consumer side and the professional side — have been identifying for some time as huge challenges and key problems they confront on a regular basis. There are four distinct parts to Mr Strong's motion, and I intend to deal with each of them in turn to identify some of the issues and systematic problems that exist with respect to each of them. In the first part he calls for the government to direct the Building Commission to deregister shonky builders and building practitioners. In the second part he calls for a direction to Consumer

Affairs Victoria to take action against those shonky builders and building practitioners in the interests of consumer protection. In the third part he calls for empowerment of Consumer Affairs Victoria to give resolution directions where domestic building mediations are required. And in the fourth part he calls for reform of the current building warranty insurance system, which he rightly points out provides extremely limited consumer protection and has had the effect of driving small to medium builders and country builders out of the industry, limiting choice and increasing building costs.

Each part of the motion is relevant and worthy of the government's consideration. It is disappointing that in the government's only response to the motion so far today, by Ms Carbines, a picture was painted that all is well in the building industry. She says it is experiencing a boom; everybody is extremely happy — the consumer side is happy and the builders are happy; the warranty insurance scheme is working well; and Consumer Affairs Victoria is proactive and acting in the interests of consumers as far as building is concerned. It is the contention of the opposition that all is not well in the industry. To confirm that you only have to ask the building practitioners themselves, who are still experiencing enormous difficulties and imposts on their business and competitive practices, and the consumers, who are experiencing enormous delays and difficulties and a failure to resolve the very important issues that are facing them. It is a denial of reality for the government to come into this place and say that both sides of the sector are working as well as they possibly can be. They are not.

We in the opposition acknowledge that the vast majority of builders are legitimate, reliable and professional people who do a very good job. Not only do the shonky builders among them put consumers at risk they also give the industry a bad name and make it more difficult for reliable and legitimate practitioners to operate. The level of trust and goodwill in the community is reduced as a result of those shonky builders who are the target of this motion, and their activities also have financial effects on reliable and responsible builders seeking to obtain insurance cover.

The first part of the motion asks for the Building Commission to be more proactive in deregistering shonky builders and building practitioners, and this is well justified on the evidence available. Instances of failure to work to acceptable standards need to be more assiduously monitored by the commission than they are currently. We believe that auditing and monitoring of registered builders is a key failing under the current system. We are not referring just to those who do not

happen to be registered; there is an endemic problem of failure to live up to acceptable work practices and standards even within the pool of registered builders, of whom there are approximately 11 000 at the moment in Victoria.

We have heard today that 90 000 permits have been issued for building works by builders within that pool of 11 000 — about \$9 billion worth of domestic building work. Even though the level of activity is very high and there are very many players, in the last three years only four deregistrations have been ordered by the properly constituted body from within the Building Commission — the Building Practitioners Board. It is our contention that there is insufficient scrutiny of these builders by the Building Commission. Last year there were 24 000 complaints and inquiries about problems being experienced by consumers, and as a result of those only 1200 — a very small proportion — were ever investigated and inquired into. At the final reckoning only three or four deregistrations occurred over the whole of the last three years.

By anybody's reckoning there is a problem here. There is either a large under-reporting problem or an unwillingness on the part of complainants to go through the process — a process which is onerous, causes further delays, is costly and often does not lead to a resolution at the end of the day anyway. Is it any wonder that of this very large number of initial complaints it comes down to only a very small number of cases being actioned? This is a problem that is sought to be addressed by this motion and that should be addressed by the government.

The endemic problems being experienced include overclaiming of progress payments, substandard materials being used and substitution of materials from original specifications. We have documentation of irregularities of many kinds — lockouts preventing inspection of the quality of building works, requests to fix certain problems that have been identified being ignored, and delaying tactics. Mr Strong rightly asked the question: given the small number of actions taken as reported in the Building Commission annual report, how can it be claimed that things are well in the industry? It is false and misleading on the part of the government to make this claim. There is a very severe under-reporting problem, and there is an unwillingness of complainants to go through the whole process, and we hear about this on almost a daily basis. Is that any wonder, because even when the Building Commission does investigate building problems and report voluminously on them — hundreds of pages of reports have already been alluded to here today — nothing is done, and problems that are highlighted are not

corrected? So there is an unwillingness on the part of complainants to go through the process.

Mr Lenders interjected.

Hon. A. P. OLEXANDER — That is an endemic and systemic problem which is within the power of the Minister for Consumer Affairs to correct, and he should correct those problems. There is a lot of buck-passing to other authorities and to other professionals within the industry on the part of the Building Commission, and advice to go to the Victorian Civil and Administrative Tribunal is very common. That should be the last resort, but it has become almost a first resort. If complainants are going to be advised by the commission to go to VCAT anyway, why would they bother going through the complaints process? This issue has to be addressed.

Mr Lenders interjected.

Hon. A. P. OLEXANDER — Given the minister's re-ignition of interest in this issue due to this debate, it is probably an opportune time to talk about the direct role of Consumer Affairs Victoria in both these areas. The Fair Trading Act in Victoria, which has been built up over many years, is potentially one of the strongest pieces of consumer protection legislation that exists in any state, and it is arguably stronger than the federal Trade Practices Act in many areas. Experts agree it is a stronger piece of legislation and consumer protection tool. Unfortunately, Consumer Affairs Victoria has abrogated its responsibility in the building area to other bodies and has not sought to use its significant powers under the act to intervene on the part of building consumers.

Mr Lenders interjected.

Hon. A. P. OLEXANDER — It is empowered to do so, but as we see in so many cases within the consumer affairs portfolio under the watch of the current minister, Consumer Affairs Victoria has simply failed to act. This is also the case in the building industry.

Consumer Affairs Victoria has powers with regard to products and services being supplied which are not fit for the purpose for which they were designed. It has powers under the act in relation to false and misleading claims and unconscionable conduct. It has powers under the act which are extremely efficacious, but they are never used. Consumer Affairs Victoria stands back and allows the Building Commission to create a bureaucracy that does very little to resolve the problems that currently exist within the system.

It is not just opposition members who believe the current system is in need of reform, and that brings me to paragraph (4) of the motion, which calls for reform of the insurance system itself. It is very important to understand that consumer lobbies right around the country have also echoed this call and said that the system needs reform. The Australian Consumers Association, for example, recently published a report into home warranty insurance which shows that in most states — including Victoria — you cannot insure your home against builder failure in the same way as you can insure against most other problems like theft. While it is compulsory to have home warranty insurance, it does not cover all cases of incomplete or shoddy work. It will only kick in if the builder dies, disappears or becomes insolvent.

The turmoil in the insurance market a few years ago has almost become an excuse for governments not to act to make the insurance process and the system work in the interests of consumers. The issue here is that the current system places huge imposts on builders and does not adequately protect consumers. It is almost as though we have an insurance system because we had one before 9/11 and we had one before the stock market crash and as a result of the reduction of insurers in the marketplace we still have one; but it does not insure you or protect you and it creates more problems than it is worth. In this situation there are huge requirements on the part of builders to put up strict financial securities in order to obtain insurance. That is anticompetitive in itself because some builders simply cannot do that. As Mr Hall pointed out when he quoted the statistics, this has resulted in a reduction in the number of registered builders in the state because they cannot get insurance. They cannot afford the strict financial tests that are placed upon them.

On the consumers' side, consumers have basically no recourse if they wish to enforce or correct shoddy workmanship, or if they wish to monitor and enforce the quality of the workmanship of the building, unless they go to VCAT. Even if they go to Consumer Affairs Victoria and request a voluntary mediation, where the parties might legitimately agree, there is no power there for a direction to do anything. In that case why would people seek the input of Consumer Affairs Victoria? Why would they not just talk to the builder themselves? That is what the vast majority actually do.

There are serious endemic and systemic problems in the way the insurance system works. I add my voice to that of Mr Strong, and I support this motion. The Building Commission needs to be more proactive in deregistering and taking action against shonky builders. Consumer Affairs Victoria needs to be empowered

under the act and to do more to resolve disputes. The building warranty insurance system, which is anticompetitive and does not insure consumers and protect them, needs reform.

Mr PULLEN (Higinbotham) — I think everyone in the chamber would sympathise with the cases Mr Strong brought up. I often wonder though when cases are brought up by members of Parliament if the members have done anything about them. That is the first thing I always, say because I know what I do if anyone comes to my office or gives me the sort of information Mr Strong was given. Has he done anything about it? I would like to learn about that as far as it goes.

From the motion that has been put up today it is obvious why the Leader of the Opposition wanted to close down Parliament early because we would not have had this motion put forward. The opposition has obviously cooked the motion up at the last minute, because the presentations by Mr Strong, and Mr Olexander in particular, made no mention of the motion. In fact Mr Strong spent only 3 minutes on paragraph (4) of the motion. Also neither Mr Strong nor Mr Olexander mentioned anything about rural builders, and I give credit to Mr Hall for raising that issue. I intend to concentrate mainly on paragraph (4) of the motion, which states:

Reform the failed building warranty insurance system which provides limited consumer protection at the cost of driving small to medium builders (particularly rural builders) out of the industry, limiting choice and increasing building costs.

The government recognises that many builders do not like building warranty insurance. It is and always has been a consumer protection measure intended to benefit home purchasers, not builders. However, builders gain indirectly from builders warranty insurance because it underpins consumer confidence in the home building industry. Builders warranty insurance and other requirements such as statutory limits on progress payments protect home owners against risk. While it is rare for a structural defect not to become evident until up to six years after completion of a home, it nonetheless does occasionally happen, and home owners can and do successfully claim under builders warranty insurance if the builder has died, become insolvent or has disappeared.

Builders warranty insurance has existed in Victoria for more than 30 years but throughout that time has always been based on an assessment of the financial strength of the builder. Insurers, whether they be commercial businesses, industry-run bodies or government entities, rely on either the established financial strength of the

business as indicated by its net assets, its trading record over seven years, its liquidity or on the availability of supporting security, including bank guarantees. Mr Strong also mentioned the government's 10-point plan. In conjunction with New South Wales we have implemented a 10-point plan while maintaining an appropriate level of consumer protection. We have established builders warranty insurance on a sustainable basis for Vero and Reward to remain in the market to encourage new insurers.

Some of the points in the 10-point plan include raising the threshold for compulsory home warranty insurance to \$12 000; imposing a minimum period for the coverage of structural defects of six years; imposing a minimum period of cover for non-structural defects of two years; removing the requirement for builders warranty insurance for high-rise — that is, more than three storeys — residential buildings; setting the maximum cover excluding legal costs for the completion of claims at 20 per cent of the original building contract amount; providing that a home owner can only claim under a home warranty insurance policy when their builder is dead, has disappeared or become insolvent; increasing the minimum amount of cover to \$200 000; and agreeing that both New South Wales and Victoria would use their best endeavours to harmonise their builders warranty insurance products and the specified processes to be followed by all parties.

I want to touch on part of Mr Hall's contribution. I refer to an article that appeared in the *Bayside Leader* of 6 October 2003. This article was about a meeting of 150 builders which took place at the Frankston football ground to discuss how they could reform the system which they say is squeezing them out of the industry. All members would be well aware of Mr Phil Dwyer, a constituent in the electorate Mr Strong and I represent. I believe he is a very genuine man who has put in a lot of effort and work on the builders warranty insurance issue. The article states:

Gippsland Province National MP Peter Hall spoke at the meeting. He said the National Party supported the builders collective.

Mr Hall said he was prepared to put up a private members bill in state Parliament to reform the system if the builders collective failed in its bid.

'The bill won't get up because we don't have the numbers, but it might well shame the government into doing something constructive', he said.

That was on 6 October 2003. It is now November 2004, and I have not seen any bill come forward in this house. I also refer to another article that appeared in the *Australian Financial Review* on 15 April 2004. It states:

Builders in New South Wales and Victoria will pay up to 30 per cent less for their home warranty insurance policies after Promina, which has dominated the niche market for the past three years, said yesterday it would cut premium rates.

The move follows an announcement by Insurance Australia Group last week that it would enter the \$131 million market, signalling that heightened competition will benefit builders who are still reeling from the tough policy conditions and massive premium rate increases sparked by the collapse of HIH in March 2001.

Builders warranty insurance, which is compulsory in New South Wales and Victoria, is a difficult and unprofitable market that was privatised by the government —

I reminded Mr Hall of this by way of interjection earlier —

in 1997 and has prompted three separate inquiries.

It is paid for by the builder —

and so on it goes. The article further states:

Before its collapse, HIH had a share of up to 40 per cent of the market and in most cases provided the cheapest and easiest cover for builders. In the past three years, builders warranty has been abandoned by the insurance companies, leaving Promina's Vero with a market share of more than 80 per cent.

We have heard today that it is higher than that. The article continues:

Vero said yesterday it would cut premiums by up to 15 per cent and extend the discounts it offers Housing Industry Association members to all builders, taking total savings to up to 30 per cent.

Hon. D. K. Drum — What is the date of the article?

Mr PULLEN — I told you the date; you should listen — it is 15 April 2004. The article continues:

Some builders said the rate reduction was too little too late.

'I find it offensive that the minute IAG makes an announcement, Vero can suddenly reduce premium rates by such a massive amount when builders have been going through hell for the past three years', said Phil Dwyer ...

I want to speak about Mr Dwyer because I have a lot of respect for him, and I and my electorate officer have met with him. The article further states:

John Carolan, who runs MPM Constructions, said insurers were now coming back to the market because of new legislation which exempts high-rise building from the need to obtain the builders warranty insurance.

'For anything above three storeys you don't need home warranty insurance ...

I have already covered that. Further the article states:

More insurers may come back to the market after the legislative changes and an agreement by the New South Wales government not to materially intervene for a set period of time.

Ms Carbines has already mentioned a number of new insurers coming back into the market.

I know the issue of builders warranty insurance has been raised by Mr Strong and Mr Hall, and I took on Mr Dwyer's case. My electorate officer Terry Grange spent many hours with Mr Dwyer, and it is important that I outline some of the issues with this type of insurance, if time permits. I made representations on behalf of Mr Dwyer to the Minister for Planning and the Building Commission. My report to Mr Dwyer states:

The ... government has worked very hard in the face of worldwide problems confronting the insurance industry in recent years, and the collapse of HIH, to maintain the viability of domestic building insurance. These changes have encouraged private insurers and their international reinsurers to continue in the Australian market and, as recent events have shown, are proving attractive to new insurers to become involved.

We have often heard about Queensland insurance, which is government run, and the report states:

Queensland, which has the only state-run domestic builders insurance scheme through the Queensland Building Services Authority (QBSA), relies on international reinsurers for around 75 per cent of its capacity. The QBSA was able to secure new reinsurance arrangements a few months before September 11, 2001 and so avoided the insurance problems which flowed from that unfortunate event.

In relation to last-resort insurance, I am advised you have incorrectly sought to characterise the Queensland system as a first-resort scheme where it is just a matter of making a claim in order to get a payout from the insurer. This is not so. Queensland has a mandatory dispute resolution process and claims to the insurer can only be made if the dispute process fails to achieve ratification by the builder.

In Victoria, a consumer can avoid costly legal action by applying to Building Advice and Conciliation Victoria, which will provide free assistance in dealing with the relevant builder as well as a free inspection report. This report can be used in proceedings before the domestic buildings list of VCAT if necessary.

This morning I had a look at the wonderful Building Advice and Conciliation Victoria (BACV) web site. I do not know whether other members have looked at it, but the front web page is fabulous — it covers building warranty insurance; things to do before you start building; permits; the domestic building contract; checking the progress and quality of your building; making a complaint; owner builders; building definitions; useful contacts; and publications. I went

right through it and believe it is tremendous. I urge members to have a look at that web site.

I wish to cover a little more regarding Mr Dwyer because I have a lot of time for him, which is why we took up his particular case. The information I passed on to him states:

Despite suggestions to the contrary, the current system with assistance from the BACV is working well. I am advised that BACV received 1300 written consumer complaints in the 2003–04 financial year. Of these, 82 required a site inspection that resulted in 58 matters going to conciliation and only 35 cases remain unresolved

While there have been continuing and unexpected difficulties regarding insurance for some builders, the situation is steadily improving with CGU entering the market and now providing insurance to eligible builders regardless of their turnover. The minister also recently approved Exporters Insurance Company Ltd as a designated insurer and understands it will act as the underwriter for Contractors Bonding Ltd when it resumes operations.

As well as working to improving the availability of insurance the government, through the Building Commission, is working to develop a memorandum of understanding with domestic building insurers which commits them to an agreed set of service standards. Hopefully this will minimise the difficulties some builders are facing. Reduction in premiums is already occurring and will continue as a result of increased competition.

I only obtained information two weeks ago, and it backs up what I read in the *Australian Financial Review* in April of this year. The report further states:

The review of the Domestic Building Contracts Act 1995, announced by the Minister for Consumer Affairs in July, is also examining issues related to arrangements some builders may be using to circumvent the requirements of that act pertaining to domestic contracts and insurance.

Builder insolvency represents the largest risk for insurers. For this reason the financial criteria used by insurers is under constant review in light of current circumstances to improve disclosure by builders. Insurers have indicated a preference for companies to have a strong balance sheet rather than rely on bank guarantees. Some of the problems builders face in obtaining insurance have been due to profitable companies failing to retain sufficient profits in relation to turnover. In other cases, builders have sought to operate at turnover levels that are not financially sustainable.

I certainly know of one case so far as that is concerned. The report continues:

Builders having problems in negotiating terms and/or a suitable turnover are encouraged to engage the services of an independent professional such as a broker or accountant to assist them in preparing a submission to their insurer.

That is the information I passed on to Mr Dwyer because I know the issue has been raised with him for

some time. I take up such issues because that is my role as a member of Parliament.

I return to the BACV site for a moment. It is important to look at what is involved in making a written complaint because that has been raised in this debate. The web site states:

What if the dispute cannot be resolved through conciliation?

If you are unable to resolve your building dispute through use of BACV's voluntary dispute resolution services you may make:

an application to VCAT —

which has been criticised here today —

or an application to the relevant builders warranty insurer if the builder has died, is insolvent or has disappeared.

Once you have lodged your case with VCAT, the courts or any other tribunal, BACV will no longer be involved in the process.

The motion was moved because the opposition wanted to go home and wanted to fill in time by moving it. It is a disappointing motion. The two opposition speakers have spent 6 minutes of their contributions on builders warranty insurance. The motion should be defeated.

Hon. B. N. ATKINSON (Koonung) — I can assure the previous speaker that the opposition does not want to go home. The opposition wants the government to get its act together and get its legislative program right, so that this house is able to give due and proper consideration to all legislation that comes before the house and so that Victorians are assured that this house is doing its job as a house of review. Let government members — and this is not really an issue in the context of this motion, but I simply make the remarks because of what the previous speaker said — be under no illusion: the opposition is keen to be here and to participate in vigorous debate on all legislation. What perturbs us is the fact that the government seems to be managing its program with a view to creating a logjam in the last couple of weeks of each session so that it can sneak through contentious legislation, like the occupational health and safety legislation, with limited debate, public scrutiny and opportunities for effective consideration by this house in particular. The government resorts to the guillotine in the lower house if necessary and increasingly uses the government business program in this house to close down debates. Those matters have very little to do with the motion that has been brought to the house today, but Mr Pullen ought to be under no illusion about what our position is.

This motion has been introduced because it deserves to be considered by this house. It is a matter of some importance. I would go further than Mr Strong in the context of the motion here today and suggest that the appropriate minister might consider whether or not some of the issues raised by Mr Strong in his motion ought to be referred to an all-party parliamentary committee for further examination of the function of laws and regulations that apply to the building industry. I say that because there is some value in reviewing some of the reforms that were initiated by the Kennett government. These reforms have been retained by the existing government to a large extent. They need to be revisited and checked to see if they are in the best interests of the building industry and the ability of consumers to go forward. Some of the changes that were made by the Kennett government were based on predications that I am not sure are the same as they were at the time the changes were made. For instance, I had considerable discussions with people from the former Building Control Commission about how the changes to housing guarantee arrangements would affect consumers and whether or not they could rely on the sorts of warranties and the opportunities to gain compensation in the event there were building defects going forward and so forth. One of the key elements that was pressed upon me at the time was that there was a vigorous private insurance market available that would take care of these matters. As a number of members have said in this debate and as the motion mentions, at one point in time there was a significant problem with insurance that impacted upon the building industry, particularly HIH Insurance.

Mr Lenders interjected.

Hon. B. N. ATKINSON — The minister interjects that there are now six suppliers. I do not resile from that. I agree that the circumstances appear to have improved. There is no doubt about that, but that is nothing to do with the government. It is more to do with the function of the insurance market, world markets, reinsurance markets and legislation in other jurisdictions. In particular the federal government provided an overarching position which has made insurance companies more confident about their investment and development of products in this area. Do not get me wrong: I recognise the fact that the state government has also put in place companion legislation on insurance that has provided an opportunity for some of those insurers to come into the market. Members need to understand that HIH Insurance is not going to happen again. We need to understand that the system that we have is going to continue to provide support and guarantees for consumers in the event there is a situation where the insurance market contracts again.

When you are working on a system that is predicated on the functions of a private sector market — and Mr Pullen particularly referred to this in the context of Queensland having an alternative process — we need to be assured that the system that is in place is going to be effective.

Honourable members interjecting.

Hon. B. N. ATKINSON — I do not think that ought to be done from partisan political points of view and on the basis of political point scoring, which has also been represented in this chamber now with those sorts of interjections. This ought to be examined under an all-party parliamentary committee that reviews the reforms that have been made in the building industry over a period of time to ensure that we have the best structure to support the building industry into the future. There is absolutely no doubt that the building industry is a very important industry within our state economy. It drives our state economy in many respects and the management of this sector is a very important one to the community. People who use the building services are reliant on the proper function and discharge of responsibilities by local government authorities, by officers who are authorised under legislation to carry out certifications such as building surveyors and so forth.

Indeed they also rely on the Building Commission and the various government departments or agencies, but particularly the Building Commission, to assure the integrity of the whole system that governs our building industry. It is interesting to note that this motion refers to shonky builders. I note that the Honourable Chris Strong mentioned that they are very few in number, and I concur with him. Overwhelmingly most builders are good corporate citizens and people who go out of their way to try and do the best possible job. In particular those who are small business people recognise that referral advertising and the ability for them to get other work very much depends in many cases on the quality of their workmanship on a particular project.

I recognise that there are some people who do not provide services of an adequate standard and who cause problems for consumers in building contracts. That has certainly been my experience, and I am sure it has been Mr Strong's experience as well. First and foremost the very people who want action taken against those individuals are other builders. Those other builders recognise that if there are shonks in the industry, those people create a perception that is bad for the industry and bad for their businesses when they are complying with their responsibilities.

Mr Lenders interjected.

Hon. B. N. ATKINSON — The minister is absolutely nonsensical in some of his interjections. It makes you wonder why Mr Pullen is not the Leader of the Government, let alone a minister.

An honourable member interjected.

Hon. B. N. ATKINSON — Indeed he would! He certainly would be better than the present Minister for Consumer Affairs. From my point of view one of the key issues that is important in terms of understanding the dynamics of the building industry and how we move forward in terms of providing good building development for consumers is the issue of skills development. That area has not been brought up in today's debate, although I noticed that one of the speakers touched briefly on delays in contracts or delays in building works, or the issue of people who have been unable to get work done because of a shortage of tradespeople. I think it might have been the Honourable Peter Hall. Again, that is certainly my experience in talking to many people — that is, that many builders are hard pressed to meet demand for their services.

We have lived through a very buoyant period in the building industry, both in terms of new construction and particularly in terms of renovations and extensions to homes. People have spent a good deal of money. Certainly statistics tell us that we have seen record levels of building over recent years. What is significant is that the building industry has been unable to cope with that demand. One of the other issues that to me stems from this motion, or one of things that this motion begs a question on, is skills development in the industry and what our response should be as policy-makers. Not only should it be to ensure that more people are trained adequately to come into industry so that they can meet ongoing demand for work but also that they can meet the expectations of people in terms of workmanship and the quality of the work that is done.

I share concerns that other people have had. Again, Mr Pullen touched briefly on the issue of smaller builders who, because of concerns about being able to obtain insurance, have used owner-builder provisions in particular to get around the processes or go outside the framework of inspections and so forth. These people have therefore placed a considerable responsibility back on to the person who is really simply a client obtaining building services. Those people are being forced increasingly by a number of smaller builders to take on a quite different responsibility at law. That is a matter

of concern to me, and certainly it is a matter of concern to the industry, and I think it falls within some of the concerns that have been expressed in this motion today.

Building work is an important area from the point of view of public safety, and it certainly is an important issue in terms of the legal issues. The fact is that, for most people, the original investment they make in their home and perhaps in its refurbishment or renovation, represents the largest investment they will make in their lives. Particularly for work that requires new building services, they need to be assured that those services have been done properly to an adequate safety standard and that the integrity of the building is right. Many of the disputes are about matters of the integrity and quality of the building and not just about cosmetic matters, which are probably fairly easily and more straightforwardly dealt with.

Notwithstanding the assurances given to the house, particularly by Ms Carbines — who obviously had the task of delivering the main government speech on this, which was no doubt prepared by the department — I share the concerns raised by the Honourable Chris Strong about the fact that only one prosecution has gone forward in the past two years. Ms Carbines mentioned that there have been a number of deregistrations, but I think the number was actually about eight in that similar period. From my point of view, which is that of enforcement, I would have thought that given the number of buildings involved and given the number of complaints that have historically found their way to the Building Commission those statistics would have suggested more needs to be done in the enforcement area as well. Certainly I would be keen to see this motion taken as a pointer to the government that it might well be worth while to have an all-party parliamentary committee look at this industry and the regulatory regime we have for it.

Ms ROMANES (Melbourne) — My colleagues Ms Elaine Carbines and Mr Noel Pullen comprehensively demolished Mr Strong's motion piece by piece. Although we all acknowledge that there are many unfortunate examples of people who do not do the right thing in the building industry — and Mr Strong gave us four case studies today — my colleagues have outlined the many actions taken by the Bracks government over the last five years to progressively improve building regulatory control in this state. From listening to the whole debate, during which other members have come in and out of the chamber — and Mr Atkinson having appeared only recently — it appears to me that the opposition and The Nationals were not listening carefully enough to what

Ms Carbines said. She made the point that in this financial year — that is, in the year 2004–05, in the past few months — four building practitioners have been suspended and four deregistered. It is not, as Mr Hall said, four over the last few years. He took his figures out of the annual report of the Building Commission tabled in this house last week. It is eight compared with one in the last financial year. As Ms Carbines said, three more inquiries are being conducted today, and she made the point that if the current trend of inquiries were to continue at the level it has been taking place at in the last few months of this financial year, there would be about 80 inquiries. It is a trend that projects 80 inquiries for the year 2004–05.

That would, if it eventuates, be double the 42 inquiries in 2003–04. I make the point, as Ms Carbines did, that through Building Advice and Conciliation Victoria (BACV) and all the processes it has put in place to strengthen conciliation, mediation and prosecution of those who do not do the right thing, the Bracks government has strengthened consumer protection in the state of Victoria.

I look at the motion of Mr Strong today and think what gall the opposition has to put such a motion forward. I recall very clearly how the former Kennett government, the government of the opposition in this house, failed to manage Victoria's regulatory building practitioners for the benefit of the public in this state. The performance of the Kennett government was a disgrace in this area. In the middle of the 1990s the Kennett government introduced great changes to building regulatory reform in this state by privatising them, and from that time on there was a dual system with a choice of using a municipal or private building surveyor for building projects. In 1996 when I was elected back to the Moreland council I became acutely aware, along with many other councillors, how Moreland and other councils across the state were being inundated with complaints about a system which at that period was out of control.

Some Victorian Local Governance Association (VLGA) members set about trying to document the difficulties local government was facing within the new building regulatory regime. We did a survey of municipalities, we did some analysis and we certainly highlighted some of the problems that were facing the community and councils at that time: the inconsistency between planning and building controls; inadequate heritage protection through the building controls; the lack of site protection for neighbours who were abutting sites where building was taking place; the lack of respect by building practitioners for public infrastructure and the resistance to restoring public

infrastructure when building projects were finished; the fact that the relationships between private building surveyors and builders were often too close; and a confusion at the time over who was responsible for enforcement.

We put all that information together and put forward a report. We were trying to be constructive about the way in which the building regulatory system could be improved, and we sought to make representations to the then Minister for Planning and Local Government, Minister Robert Maclellan. A delegation including a representative from the Victorian Local Governance Association, which did the report, the president of the VLGA, one of our respected municipal building surveyors, Geoff Goddard, from, I think, Boroondara council, and I met with Minister Maclellan to discuss these issues. We thought we were going there to have a serious conversation about the way in which building regulatory controls could be improved, but we were wasting our time. It was the worst experience I have ever had in the political arena at any level.

Minister Maclellan devoted an hour of his precious time to us, and he wasted our time and that of the then building commissioner, Max Croxford, and the departmental and ministerial advisors who were with him. He wasted our time, because at no point was there any serious conversation or exchange of views on these issues. He used that full hour to ridicule us and to shower contempt over all of us. Never in my life have I been treated with such disrespect before that meeting or since. It was very revealing of the arrogance of a minister in the Kennett government and of the resistance to ideas on how the building regulatory regime could be improved. Although the Kennett government's move to the system of using private building surveyors and municipal building surveyors has enabled the state to cope with the enormous growth in building activity — and I acknowledge that that was certainly a reasonable way forward — there were nevertheless many issues that the Kennett government never addressed in the building arena.

It was not until the election of the Bracks government in 1999 and the appointment of a new building commissioner that there was a serious commitment to address the issues I outlined earlier. That was a very serious commitment, and the Bracks government has been working hard to address the need to keep improving and progressing the way in which we regulate the building industry. None of us wants to see shonky builders get away with shonky work. None of us wants to see anyone sold short in this way — either the consumers or the other builders whose names and reputations are obviously diminished because of the

work of any individual shonky builder. So we all want to see an industry that is working well, and we want to know that there are systems and processes in place whereby people who have a grievance who need some help can go and get that assistance to make sure they get some fairness and justice from those who have taken their money but have maybe not delivered what they committed to deliver for them in building works.

Ms Elaine Carbines put it very clearly when she outlined comprehensively the many different steps the Bracks government has taken to improve the system, particularly through BACV, through the intervention in building warranty insurance and through the many changes and improvements in the way in which the Building Commission operates. We can read those in the 2003–04 annual report. We have seen building regulatory controls improved in this state in many ways over the past five years. I do not support the motion before the house today moved by Mr Strong.

Hon. D. K. DRUM (North Western) — I am glad to rise to support this motion. It is good for me to have this opportunity as I worked in the building trade in another life. So many of our builders are in such a tough situation. As Mr Hall mentioned in his contribution to the debate, we are talking about a huge industry, not only in metropolitan Victoria but also in regional Victoria. He quoted figures of between \$14 billion and \$15 billion as the annual turnover of this industry, well over half of which is generated in the domestic market.

I want to spend my time speaking mainly to the fourth paragraph of the motion. I have not had a lot of experience with what Mr Strong has called shonky builders. I understand that they are out there and that there are shonks involved in every aspect of consumer affairs, but I have not come up against them very often. I had an interesting experience when I was building a house in Sydney where we had continual defects. It was interesting for me to be on the other side of the ledger and have to continually get the building company back to fix a leaking house. I have had a lot of first-hand experience in this, and I would like to spend most of the time available to me talking about builders warranty insurance.

There has been some suggestion this morning that the builders warranty insurance market is trying to open up. However, the fact is that more than 90 per cent of the market is run by Vero Insurance Ltd. There is not that choice, there is not that competitiveness in the market, and at the moment builders are effectively forced to go through just the one insurer. I cannot get my head around why there are not more players in this market because it is money for jam. Builders have to put up

their own assurances — \$200 000 — before an insurer will look at them, and they can only claim it as a last resort. This is not a first-resort insurance, it is last-resort insurance, and it is not available for defects. The Minister for Consumer Affairs sent a letter to a Phil Dwyer on 24 December 2003. In that letter the minister said the purpose of the builders warranty insurance is to protect home purchasers if their builder is unable to complete construction or remedy defects. That is not the purpose, and I do not know why the minister would have said that. Builders warranty insurance is not about remedying defects. As we all know, the only way you can claim is if someone dies, is incapacitated permanently or goes missing. In those circumstances builders warranty insurance can be claimed and they will then finish the house.

Hon. C. A. Strong — To a certain extent.

Hon. D. K. DRUM — Yes, to a certain extent. It is certainly not insurance for remedying defects. If people want that, they have to take out separate insurance.

This is a very serious situation. I have taken a couple of very serious personal company matters to the minister. I must admit that he and his office have been quick to move on them, but the experiences I have had show exactly how despotic these insurance practices are. Insurers can withdraw an insurance policy from a builder with a phone call on an absolute whim. I spoke to the minister about an instance where they held up one of Bendigo's leading builders for three or four days simply because they wanted some financial papers and they wanted them now. It would normally take a builder a week or two weeks to get the necessary paperwork together, but it was demanded one day and insurance was withdrawn that afternoon. That is the sort of whim builders in this very important industry have to deal with.

It is not just builders warranty insurance. There are also issues about products and liability insurance, which for one company has risen from \$7000 per annum two years ago to more than \$27 000 per annum. That is an enormous increase in two years. They were initially quoted \$42 000 so they were looking at an increase from \$7000 to \$42 000 until the minister's office was able to intervene to try to help the company out. This is an absolute nightmare.

Every Wednesday honourable members get up and move motions in general business. All we ever tend to get from the government is a denial that anything is wrong or that there is an issue out there. This is a very down-to-earth issue, a down-to-earth problem. It is a real problem which exists within the community, and

we need to acknowledge a little bit more that there are some very serious issues out there.

I would like to make mention of the *National Review of Home Builders Warranty Insurance and Consumer Protection*, which was put together by Professor Percy Allan about two years ago. Although it is slightly dated, the executive summary begins by stating:

Home builder warranty insurance is in a crisis.

Many builders complain they cannot get insurance or if they do it is insufficient to support their business turnover.

That is a very real problem in today's environment. The report continues:

Meanwhile the regulatory framework for the home-building process does not provide sufficient protection for honest consumers, builders and insurers or offer quick and inexpensive remedies if things go wrong.

Again, that is very real; it was two years ago and still is today. Professor Allan goes on to mention that there are three objectives on which any reform should be based: consumer justice, accessible insurance, and sustainable insurance.

Those points are very real, and we need to base our reforms around them. We fear very strongly at the moment that these reforms are not taking place. We still have this very delicate situation out there where the building industry in regional Victoria is reeling. This is predominantly because we cannot get enough builders. As Mr Atkinson touched on in his contribution, we do not have the training programs or the incentives for builders to employ apprentices, so we are not bringing tradespeople through the system at anywhere near the rate required if we are going to create a sustainable building and trades industry. The offshoot of this is we have a shortage of builders in regional Victoria. It takes well over 12 months to get a basic house built from go to whoa. Extensions, renovations and any sort of designer house costs in excess of \$10 000 to \$12 000 per square. We currently have a very unrealistic housing market, and we need ministers and others to keep attacking this issue and trying to create more accessible builders warranty insurance — —

The PRESIDENT — Order! The member's time has expired.

Hon. C. A. STRONG (Higinbotham) — In reply I would like to thank my colleagues on this side of the house for their contributions. It is disappointing that those on the other side simply say there is not a problem and everything has been solved. Anybody who has any understanding of, interest in or communication

with the building industry would tell you that without exception everybody sees that there are problems with the Building Commission. There is nobody in the building industry who does not accept that. Although the government will oppose this motion on partisan grounds, I hope government members take some of the sentiments to heart.

Likewise nobody in the building industry, whether they be a consumer or a builder, is happy with the dispute resolution process. It is a nightmare for people who have to go to the Victorian Civil and Administrative Tribunal for minor things. It does not matter whether you are a builder or a consumer, that is clearly not a very cost-effective way to deal with dispute resolution. There is nobody in the industry who does not see building warranty insurance as a problem. These are problems, and to deny they exist and to insinuate that they are all fixed is a nonsense; it is a head-in-the-sand approach. Although the government will no doubt oppose this motion, I hope it will try to do something about these issues, because they are real; they have not gone away. The government does not have the solution, but it does have the power to do something about it. I urge it to do so, and I commend the motion to the house.

House divided on motion:

Ayes, 18

Atkinson, Mr	Drum, Mr
Baxter, Mr	Forwood, Mr
Bishop, Mr	Hall, Mr
Bowden, Mr	Koch, Mr
Brideson, Mr	Olexander, Mr
Coote, Mrs	Rich-Phillips, Mr
Dalla-Riva, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr (<i>Teller</i>)
Davis, Mr P. R.	Vogels, Mr (<i>Teller</i>)

Noes, 21

Argondizzo, Ms	Mitchell, Mr
Broad, Ms	Nguyen, Mr
Carbines, Ms (<i>Teller</i>)	Pullen, Mr
Darveniza, Ms	Romanes, Ms
Eren, Mr	Scheffer, Mr
Hadden, Ms (<i>Teller</i>)	Smith, Mr
Hilton, Mr	Somyurek, Mr
Jennings, Mr	Theophanous, Mr
Lenders, Mr	Thomson, Ms
McQuilten, Mr	Viney, Mr
Mikakos, Ms	

Pair

Lovell, Ms	Buckingham, Ms
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Motion negatived.

Sitting suspended 1.02 p.m. until 2.02 p.m.

QUESTIONS WITHOUT NOTICE

Go for Your Life campaign

Hon. D. McL. DAVIS (East Yarra) — I direct my question without notice to the Honourable Justin Madden, the Minister for Sport and Recreation. I refer the minister to his comments in this chamber last week and the launch of the \$22 million Go for Your Life campaign. I ask the minister: what involvement did the firm owned by Labor's fundraiser, Mr Bill Shannon of Shannon's Way, have with Labor's multimillion-dollar Go for Your Life media extravaganza, and how much he is being paid in consultancy fees?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I welcome the member's question, because this is a great program. It is an opportunity to continue participation and involvement in physical activity in this state. It is particularly important because, as I have said on a number of occasions in this chamber, in the last five years we have seen the highest average increase in participation in sport, and I could name a whole lot of other benchmarks. We have seen higher rates of participation in organised sport by females — young girls. This is a particularly important program, because it builds on our ability to make sure that we continue to grow participation in physical activity in a whole range of areas.

I can understand why the opposition wants to shoot this down, because it is such a good program. It is interesting, because the last time we saw a program like this was when Brian Dixon was a sports minister. Not once during the years of the Kennett government did we see a program in place to raise the levels of physical activity in this state. So I can understand why the opposition wants to come into this chamber and criticise us — —

Hon. B. N. Atkinson — On a point of order, President, the question was very specific. It was directed to the minister in a way that perhaps even he would understand, and up to this point he has not addressed the question at all. He has sought to filibuster and to run down the clock so that he does not have to answer the question. I ask you to bring him back to the point of the question.

The PRESIDENT — Order! The minister has been responsive, and on that basis I do not uphold the point of order. I ask the minister to continue his answer in the remaining time.

Hon. J. M. MADDEN — I will continue talking about this program, because it is a great initiative, and I

will take members back to where I was before I was rudely interrupted by the member on the other side of the house. The last time we saw a program like this was when Brian Dixon was the sports minister. He was a good sports minister, because he initiated the Life. Be in It program. It is a shame that some of the members on the other side of the chamber did not learn a few lessons from that program. The Life. Be in It program is significant because — —

Hon. B. N. Atkinson — On a point of order, President, I invite you to review the previous decision you made. You suggested that the minister was responsive to the question. I listened to the question, as you did. There was nothing in the question about Life. Be in It or former governments. Indeed, the question was about a particular company called Shannon's Way and its involvement in providing a program that this government has announced. I suggest that the minister has not been at all responsive to that question, which asked: what is the involvement of Shannon's Way, and how much is it being paid for its consultancy services?

The PRESIDENT — Order! The question was about a program called Go for Your Life and the consultants who were employed to produce it. The minister has been referring to the Go for Your Life program and a previous program put in place by a former government. The minister has 1 minute and 43 seconds to continue his response to the question, and I ask him to come to the crux of his answer in the time remaining.

Hon. J. M. MADDEN — As I said, the fault with the Life. Be in It program was that it placed out there — —

Hon. B. N. Atkinson — On a point of order, President, the minister has flouted your ruling! You asked him to get to the point of his answer, and all he is doing is going back over previous ground. He has rejected your ruling.

Hon. J. M. MADDEN — On the point of order, President, if I heard your direction correctly, you said that I had 1 minute and 43 seconds to answer the question. So I still have 1½ minutes left. The answer the member wants is probably a one-line one, but I am giving a preamble to that one-line answer. But I am happy to give the one-line answer.

The PRESIDENT — Order! I do not uphold the member's point of order. I indicated that the minister was referring to the Go for Your Life program, and he made comparisons of that program with a previous one. I indicate that the minister now has 1 minute and

34 seconds to respond to the question, and I ask him to do so.

Hon. J. M. MADDEN — Thank you President. In getting to that answer, people will appreciate that the figure in that campaign was Norm. The trouble with Norm was that he legitimised inactivity, because a lot of people identified with him. I can understand why a lot of people on the other side of the chamber might identify with Norm. Can I just say that this program is fantastic, because it tells you to get active. ‘Go for your life, Bill Forwood’ — that is what it is saying. I am pleased that this is a great program — —

Hon. Bill Forwood — On a point of order, President, during question time it is entirely inappropriate for a minister to refer to opposition members in the way the minister just has, and I ask you to remind him that this place should be operated with a modicum of decorum.

Hon. J. M. MADDEN — On the point of order, President, I can understand why Mr Forwood might be sensitive to a matter raised in relation to physical activity, because I know that he is particularly active. I know he plays a lot of golf, and I understand he is not a bad golfer.

The PRESIDENT — Order! The minister should not debate the point of order.

Hon. J. M. MADDEN — I do not believe that remark was in any way offensive to the member on the other side of the chamber.

The PRESIDENT — Order! The Honourable Bill Forwood did not raise the issue of the minister being offensive; he just asked the minister to stick to the question in his response and not drag members of the opposition in. I ask the minister to respond in his remaining time.

Hon. J. M. MADDEN — Go for Your Life is a great program because it tells people to get active. I know Mr Forwood is very active — it is great to hear that. He has a number of political handicaps, but his golf handicap is not bad. This is a great program, and I am happy to answer any more questions on it.

I can tell the member on the other side of the chamber that I am not aware of any involvement of Shannon’s Way in this program — such a great program in every sort of way. I say to the opposition: in relation to any more questions on this topic, go for your life!

Supplementary question

Hon. D. McL. DAVIS (East Yarra) — In that case, I ask the minister to indicate to the house which companies have been involved and how much of the campaign money is to be spent on media and television advertising?

Mr Viney — On a point of order, President, you have already given the house comprehensive guidelines on the issue of supplementary questions. I do have them here, but in the absence of time my recollection is that it is not appropriate for a member to ask an initial question that is then used as a fishing expedition for a broader supplementary question. I ask you to rule this question out of order, because the member has asked a specific question in relation to one company, which the minister has dealt with comprehensively, and he has then come back to the minister and asked a much broader, fishing-expedition question.

Hon. D. McL. DAVIS — On the point of order, President, my question was very direct and was entirely driven by the minister’s first answer. The fact is that the minister indicated that a particular firm was not involved, and I asked which firm was involved.

The PRESIDENT — Order! With respect to guidelines that have been issued regarding supplementary questions, a supplementary question must be actually and accurately related to the original question and must relate to or arise from the minister’s response. The minister has responded to the question from the Honourable David Davis with respect to who has the contract for a program called Go for Your Life, and the member has asked a supplementary question related to the minister’s response. I do not uphold the point of order, and I ask the minister to respond.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — In relation to this program, we have an enormous amount of infrastructure out there for participation, we have an enormous number of organisations and we have an enormous number of programs, but some people may not be getting the message that these facilities, these opportunities or these programs are available to everybody across the community. A substantial component of the program, as announced, is a communications program to make sure that people are enthused, responsive and get physically active. It is worth appreciating that in the advertisements that have been shown on television there is a significant reference to a web site. The web site will give you opportunities for participation; it will give you recipes and a whole range of things. The \$22 million program is made up substantially of

programs identified for target groups. This is a program that we are very proud of. I am happy to answer more questions and to go on and tell you more great things about it.

The PRESIDENT — Order! The member's time has expired.

Hon. D. McL. Davis — The minister did not respond to that question at all.

The PRESIDENT — Order! The minister gave a response to the question that was asked as to how much the program cost. He has been responsive.

Fuel: prices

Hon. R. G. MITCHELL (Central Highlands) — My question is to the Minister for Consumer Affairs. Will the minister outline how the Bracks government is governing for all Victorians by regulating the fuel industry and monitoring the operation of fuel markets to ensure Victorian farmers are receiving the cheapest diesel fuel prices possible?

Mr LENDERS (Minister for Consumer Affairs) — I thank Mr Mitchell for his question and for his ongoing interest in issues of diesel. As the house will be well aware, before he was elected to this place Mr Mitchell worked in the industry as a diesel parts salesperson and in a lot of specialised areas, but his question is really: what are we doing and what can a state do on this issue? I guess the issue is not new in this place; Mr Bishop has also asked questions about this.

I inform the house that Victoria was the first Australian jurisdiction to regulate terminal gate pricing. That was back in August 2001 when my colleague Minister Thomson along with Mr Russell Savage in the other place — a very dynamic member for Mildura — initiated legislation to do this. That was when we decided to get things more transparent at a state level. With terminal gate pricing, when a retailer goes to a wholesaler they know what the price is. We are transparent about it. This house had a debate the other day on amendments to the Petroleum Pricing (Terminal Gate Pricing) Act.

This leads us to the question of what we can do to make fuel more affordable — and more affordable for farmers. I have responded to Mr Bishop in writing. It is important to note, firstly, who has carriage of this. Excise, the largest component of tax on diesel, is levied by the commonwealth. The goods and services tax is levied by the commonwealth. When it comes to pricing there are a number of schemes, such as the energy grants credit scheme, which give back to farmers some

of the excise. Who administers that? The commonwealth. In addition, when the commonwealth brought in the goods and services tax it put in a price adjustment to wholesalers in regional areas. Who did it? The commonwealth.

In response to Mr Mitchell, we make laws to make these prices transparent, and we will monitor them. But the tools, the levers and instruments of taxes and rebates, are controlled by the commonwealth. My suggestion to members in the chamber who have an issue with this, and particularly to members of The Nationals, is to lobby their colleagues in the commonwealth who put both the charges and rebates in place.

But further than that, this is not a static issue. Perhaps Mr Bishop should be lobbying Mr Anderson and his other commonwealth colleagues on this. During the life of the last commonwealth Parliament the federal Liberal-National coalition put in place an increase in the excise on diesel fuel. This increase on a certain form of fuel, which is basically the most available fuel in the commonwealth, applies to everybody. All farmers in Australia have had their diesel excise price jacked up by the commonwealth. That is a fuel that is available through most of Mr Bishop's electorate. Not only has it been jacked up but it will be jacked up again and again, because according to Treasurer Costello, on 1 January 2007 there will be a further increase on diesel and on 1 January 2006 there will be a further excise on petrol. Despite the commonwealth rebating 39 cents a litre on diesel for farmers through its energy grants credit scheme, the price for high-sulphur diesel, which is the most common diesel in times of fuel shortage, will go up again and again because of the commonwealth Liberal-National government.

Diesel is affected, as all fuels are, by what happens with our imports. Prices will go up because of international pricing, and the commonwealth has very limited scope in that, but on a direct measure of taxation and excise, every single diesel user in Australia who uses high-sulphur diesel has seen increase after increase by the commonwealth. My suggestion to Mr Bishop and his party and to other parties is to lobby the commonwealth government, because it controls the taxes and it control the rebates.

Minister for Finance: performance

Hon. RICHARD DALLA-RIVA (East Yarra) — I direct my question to the Minister for Finance in his capacity as Leader of the Government. In the 1999 election material *Restoring Your Rights*, the then Bracks opposition promised that Labor would have a

longer and more effective question time. Given that a review of *Hansard* since the 2002 election clearly shows that the minister has personally failed to answer 54 of the opposition's 122 questions in this place — or 44 per cent of the questions asked of him — I ask: when will the minister deliver on that election promise, and when will he start taking responsibility for his abuse of question time?

Mr Viney — On a point of order, President, I seek your guidance. This is a question that has been asked of the Leader of the Government. I draw your attention to standing order 6.01, which states:

Questions may be put to ministers of the Crown relating to public affairs with which the minister is connected or to any matter of administration for which the minister is responsible.

This standing order appears to be taken directly from a ruling in *May*, and there are also rulings in *Odgers* that reinforce that specific matter. Asking questions about a minister's portfolio responsibilities is an appropriate use of question time, but I find it difficult to see how a question about the procedures of question time can be relevant to a minister's portfolio and administrative responsibilities.

Hon. Philip Davis — On the point of order, President, it is quite in order for a member to raise a matter with the Leader of the Government, who holds a portfolio office, is a cabinet minister and answers questions every sitting day in this place about matters for which he is responsible. As you have properly pointed out from time to time, President, it is a matter for the minister himself to give the answer he deems fit to give. I do not think it is appropriate for a member of the government to defend the minister and suggest to him that he ought not answer. If the minister does not want to answer, let him say so, but it is a matter for the minister to dispose of the question put to him about his portfolio responsibility. He has portfolio responsibility delegated to him by the Premier as Minister for Finance and Minister for Consumer Affairs as well as being Leader of the Government in the Legislative Council.

Mr Gavin Jennings — On the point of order, President, the premise of the member's question is on the assumption that the questions posed were appropriately asked of the minister. On many occasions that list must include matters that have been ruled out by the Chair as being inappropriately assigned. I apologise to all my colleagues if I have made life difficult for them by answering any number of questions that have been put to me in this place that were quite clearly outside my portfolio responsibilities, but I have endeavoured to answer them in the spirit in which they were asked if they related to the wellbeing

of either older members of our community or Aboriginal people. But I would be most reluctant — as I am sure would all ministers of the Crown in all governments through all periods of time — to start getting into answering questions outside my portfolio responsibilities and being accountable for responsibilities of other ministers. It is an erroneous question, because it is asked on the false assumption that the questions were appropriately asked of the Minister for Finance. On many occasions I have sat in the company of that minister and known, as the question was being delivered, that it was inappropriately assigned to him.

The PRESIDENT — Order! I will rule on this point of order. If there are further points of order to be made after I rule, I will be happy to take them. My concern about the question asked of the Leader of the Government by the Honourable Richard Dalla-Riva is that it was not directed to either of the minister's portfolios. Standing order 6.01 states:

Questions may be put to ministers of the Crown relating to public affairs with which the minister is connected or to any matter of administration for which the minister is responsible.

The member's question to the minister did not indicate whether it was related to the minister's portfolio of finance or consumer affairs.

With respect to the comments made by the Deputy Leader of the Government, all members in this house would know — although the honourable member asking the question has been here for only a couple of years — that I have made it abundantly clear in my rulings that although the way a minister responds to a question may not be satisfactory to the person asking the question, it is deemed under the standing orders and the rules of the house to be answered. If the minister stands up and says, 'I don't want to answer it', that is the call of the minister. The minister is entitled to do that, and the question is deemed to be answered.

Under standing order 6.01, the original question asked by the Honourable Richard Dalla-Riva would be ruled out of order, because it is not directed to the Minister for Finance or the Minister for Consumer Affairs. I give the honourable member an opportunity to rephrase the question and direct it to one of the portfolios of the minister of the Crown; otherwise, I will have no option but to rule the question out of order.

Hon. RICHARD DALLA-RIVA — I direct my question to the Minister for Finance. Given that a simple review of *Hansard* shows that the minister has personally failed to take responsibility for his portfolio by failing to answer 54 of the opposition's

122 questions without notice in this term of the Parliament, will he now admit that under his leadership he has failed to deliver on his election promise and in his role as the finance minister?

The PRESIDENT — Order! I have a concern about the member's attempt to rephrase the question. The standing rules of practice of this house relating to questions state that questions should not contain arguments. The member is arguing that the minister has not responded to questions, whereas the minister has responded. It is recorded in *Hansard* that he has answered the questions. I remind honourable members that if they are not satisfied with a response to a question, it does not mean the minister has not answered it. I rule the question out of order and call the next question.

Consumer affairs: housing loans

Ms HADDEN (Ballarat) — I direct my question to the Minister for Consumer Affairs. Given the recent warnings by the federal Reserve Bank governor to banks and other lenders to stop lowering credit standards for housing finance, will the minister advise how the Bracks government is governing for all Victorians?

Mr LENDERS (Minister for Consumer Affairs) — I thank Ms Hadden for her question and for her ongoing interest in issues of financial advice for consumers and her ongoing interest in the pressures on her constituents in times of high interest rates.

Hon. Andrea Coote interjected.

Mr LENDERS — The Bracks government is governing for all Victorians. As I have said in this house before, when there is a risk of interest rates rising we are particularly concerned about the high gearing that many people have and what that exposure can do to consumers who are either vulnerable people with low mortgages or people who have more assets but are in a sense affected by the gearing. I take up Mrs Coote's interjections on these issues, because if anybody has talked up the risk in this country of high interest rates, if anybody has put a fear into this country of the risk of high interest rates, it is none other than one John Winston Howard. He is the one who put the fear into the community that interest rates would rise.

We as a responsible government are conscious of the need to have a raft of measures in place to deal with these issues. It was therefore with particular interest that I heard the speech yesterday of Mr MacFarlane, Governor of the Reserve Bank of Australia. I believe

Mr MacFarlane, who does not often make public speeches, spoke to a very well-attended meeting at which he raised concerns and warned financial institutions about their lending practices. He put out an alert that they should take more responsibility before they lend money.

As this house would be well aware, the changing nature of banking these days means that rather than having a person in Main Street in a regional city, town or suburb walking into a bank to seek a loan, now people often go through mortgage brokers. Mortgage brokers seek to line up a mortgage with a bank or with another financial institution for a commission. Whether it be, as speculated on in this week's *Australian Financial Review*, for 0.25 per cent for the first year, or an ongoing commission for seven or eight years, there is a whole new market dynamic. What they do is get mortgages sold, sold, sold — and quickly — and therefore obviously there are less checks and balances and less of an alert to consumers as to what the consequences are, particularly if interest rates go up.

I am therefore very interested in what Ms Hadden has asked, and very interested in the warning of the Governor of the Reserve Bank. We as a government are working with all other jurisdictions to try and get some better sense in mortgage broking. We are working with the other jurisdictions in Australia to get in place common rules so that we can deal with this industry in a way that is prudent for consumers. We are looking for nationally consistent broker regulations. This is not just idle chatter from this government. We are working with other jurisdictions in the particular area of vendor terms, and I welcome Mr Hall's intercessions in this area. We have worked as a community to stamp out the excesses of vendor terms. There is more to be done, but we have started: we have some good court cases and some good law. We certainly have our consumer credit advisory committee strategically targeting our grants to work on this, so we are working hard on how to get Victorians to better manage credit, whether it be through our consumer education in schools, better information on web sites, better information in contracts, or better fixing of the rules so that these things can happen.

If interest rates do go up and people are overly geared and overexposed, it will mean disaster for our state. We want the state to make informed decisions, and we welcome the intervention of the Reserve Bank. We support the call on banks and financial institutions to be prudent about how they lend money and how they advise consumers, because we are governing for all Victorians. We are working on this very important issue for all Victorians.

Minister for Energy Industries: overseas trip

Hon. P. R. HALL (Gippsland) — My question without notice is directed to the Minister for Energy Industries. I ask the minister: is it a fact that Mr Steve Buckle, the managing director of Wind Power Pty Ltd, accompanied the minister on an overseas trip to Germany in March of this year?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — I thank the honourable member for his question. I am aware that he is implacably opposed to wind farm development by Wind Power, and by extension to the head of that organisation, Mr Stephen Buckle. The company has been successful in obtaining approval for the development of wind power in a number of locations in the state, particularly at Bald Hills in Gippsland. It is not true that Mr Buckle accompanied me on my very important trip which was to examine a whole range of issues, including wind power, in Europe. We looked not only at the question of renewable energy and wind power, but also at coal development —

Hon. W. R. Baxter — Who is ‘we’?

Hon. T. C. THEOPHANOUS — Me and my staff — the people the Premier authorised to go, who were my chief of staff and a member of the department. We went on that trip and looked at very important questions about the development of coal technology, particularly in Germany where we were looking at coal-drying technology and some of the new brown coal power stations which use supercritical boilers — which we do not have in our brown coal stations in Victoria — and which are also introducing coal-drying technology as an adjunct to those supercritical boilers, which means they are able to reduce greenhouse emissions significantly.

We also looked at wind power in a number of locations, including Germany and Denmark. As part of the trip it is true that I certainly met not only Mr Buckle but also a number of other representatives from other wind farm developers while I was in those countries as part of looking at potential sources for the turbines and also in trying to attract development in relation to the manufacturing of blades and so on in this state — for example, I was pleased to be able to speak to Vestas while I was over there. As a result of those discussions with Vestas and the discussions that took place with Pacific Hydro and its representatives, which is another developer also involved in assisting this trip, we were able to secure the commitment from Vestas to install the blade factory at Portland. As I indicated to the house yesterday, that blade factory is due to go ahead and will

result in the location of 50 jobs in the Portland region. I look forward to the proposals from Wind Power also going ahead and resulting in much-needed jobs in the Gippsland region, despite Mr Hall’s opposition to them.

Supplementary question

Hon. P. R. HALL (Gippsland) — I thank the minister for a frank and honest answer to that question. Further to that, the minister indicated that he had met representatives of the wind industry on that trip, and he also indicated that he was looking at brown coal technology as part of that trip as well. I ask the minister: during the course of that trip was he either accompanied by or did he meet representatives of the Australian brown coal energy industry?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — I will need to check that. I am fairly certain that there were not representatives of the brown coal industry as such, but I have to say that the trip and the inquiry into new ways of drying and dealing with brown coal have been very much supported by the brown coal industry here, and that includes my more recent trip to China and to Japan where there is an enormous amount of interest in brown coal development from companies in both those countries. I would be very happy to brief the member or anyone else who is interested on our vision for brown coal development in this state and on how we intend to attract investment from major companies not only in Europe but also from China and Japan.

Fuel: prices

Ms MIKAKOS (Jika Jika) — My question is to the Minister for Finance. With the Bracks government governing for all Victorians, can the minister outline what impact Victoria’s recent law reforms is having and will have on public liability insurance?

Mr LENDERS (Minister for Finance) — I thank Ms Mikakos for her question on what has been a very difficult issue for government. Governing for all Victorians requires a balance, and this has been a difficult issue requiring balance. The specific question was: what is happening to public liability insurance and what are the reforms doing for Victorians?

This morning in this house there was discussion of builders warranty insurance. Ms Mikakos’s question is about public liability. We have also had big debates in the community on professional indemnity, something that Mr Davis could talk about in this house, and we have also had medical indemnity as a big issue. On all of those we try to get some sense of what is happening

and of whether our three rafts of legislation have had an impact in the community on premiums.

I was interested to receive a report last week from the Victorian Employers Chamber of Commerce and Industry (VECCI) on the effect on public liability insurance premiums since changes were made to the law in Victoria. Public liability insurance is a commodity that most of us do not have a lot to do with other than paying a premium. One in four or five people a year put in a claim on their vehicle insurance, but with public liability it is 1 in 250 people a year who put in a claim. It is insurance, in a classical sense, against disaster. Every prudent business is required to do it; every community organisation is required to take it out; and every householder takes it out. It is something that is near and dear to all of us.

The VECCI survey showed that in 2002–03 the average public liability insurance premium in Victoria rose by 85 per cent, which does not take into account availability — that is just affordability. Some people could not get public liability insurance. In the VECCI report for the next year the average increase was down to 9 per cent. We expect more from the insurance industry, and we expect future premiums to be in line with the consumer price index. It is interesting that the increase went from 85 per cent before the legislative change to an increase of 9 per cent after the legislative change. Those figures are not dissimilar to the sorts of figures the Australian Competition and Consumer Commission offers when each six months it does a report on the affordability and availability of insurance — a report on how premiums are going and also a report on the key issues of medical and professional indemnity, public liability, and builders liability.

The VECCI survey also showed there was a 64 per cent fall in the number of respondents reporting that they experienced difficulty in renewing their insurance from one year to the next. We have seen the increase in premiums go from an 85 per cent increase down to a 9 per cent increase, and we have seen a 64 per cent drop in the number of businesses that said it was difficult to get insurance. The message out of that on how we are governing for all Victorians is that difficult and tough as those decisions were in getting the balance right between the right to claim and the right to affordable and available insurance, a year later we are seeing results in these areas.

Hon. Richard Dalla-Riva interjected.

Mr LENDERS — Mr Dalla-Riva may think it is funny to talk about how small businesses are

responding to these issues, and he may find it humorous, but what we are seeing is that through our legislation we are governing for all Victorians — insurance premiums are coming down for businesses and community organisations; insurance premiums for professional associations are stabilising; and insurance premiums for medical indemnity are improving. We are governing for all Victorians.

Go for Your Life campaign

Hon. D. McL. DAVIS (East Yarra) — My question is to the Minister for Sport and Recreation. Does the minister know the names of any of the consultants, including advertising or public relations firms, engaged by the government on the Go for Your Life campaign?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I welcome the member's question, and I would love him to ask a question every day on the Go for Your Life campaign — and I encourage him to go for his life. It is a fantastic campaign, and no matter how much opposition members try to undermine the message about the campaign it will not work, because this is a campaign that encourages people not only to get out there and be active but to link with their communities.

We know from research on physical activity that if you are physically active, then you will be more connected to the community. It also means that if you are physically active you are more likely to feel better about yourself and better about the community, and the community is more likely to feel better about you. It is worth appreciating that those who are physically active are more engaged — they volunteer more and they feel socially connected.

One of the great economic indicators of any community is the level of physical activity. The more people walk in their communities the more business activity you find — for example, if you are out walking you are more likely to spend money than you would if you were trapped in your car, so it is also a good economic indicator. The more opportunity there is for people to get physically active the more they will be engaged, which is better for the economy and the community.

I know opposition members are desperate to get the names of consultants because they are great conspiracy theorists when this government is doing great things. We have processes across government and guidelines in relation to advertising. No matter how much opposition members want to chip away, we comply with those guidelines and processes. I am happy to tell the member opposite that Young and Rubicam is the

organisation involved in the delivery of the campaign. I can also say that Shannon's Way is in no way involved in the campaign.

In relation to this campaign I say to members opposite: keep asking questions, keep chipping away, be as active as you want on this issue and go for your life. I am happy to answer as many questions as they can ask on it.

Supplementary question

Hon. D. McL. DAVIS (East Yarra) — It is clear that the minister knows very little about the program, but I ask one simple question: of the \$22 million that has been allocated, how much will be spent on television advertising?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I am happy to keep answering questions on this because this is a fantastic campaign. What we have is something the Kennett government could never do because our ministers talk to one another. The Minister for Aged Care, the Minister for Education and Training and the Minister for Health in the other place and I are all working together on the campaign, and we have all made a contribution to a pool of funds in the order of \$22 million. But that is not the expenditure on the campaign; the campaign is only one piece of the program. The program is about getting people active and about targeting groups which are underrepresented and which I have talked about on many occasions. Through this campaign we will no doubt increase physical activity in a way the opposition has never been able to do.

Commonwealth Games: volunteers

Hon. KAYE DARVENIZA (Melbourne West) — My question is directed to the Minister for Commonwealth Games. As the Bracks government governs for all Victorians, what action has been taken to provide Victorians with opportunities to gain long-term skills that will assist them in becoming volunteers for the community and for major sporting events, such as the 2006 Commonwealth Games?

Hon. J. M. MADDEN (Minister for Commonwealth Games) — I thank the member for her question because I know she has a specific interest in many of these issues, particularly volunteerism and opportunity for her province. Today is a day about good news stories, which is one of the great things about sport and recreation and the Commonwealth Games—good news stories.

I encourage opposition members to ask me as many questions as they like because I will keep coming out with good news stories. This one in particular is about what a wonderful reputation Melbourne has in relation to fantastic major events. As a government we have been able to deliver more broadly to regional Victoria because we know what major events do for the community. It is an opportunity to showcase what this state has to offer. This includes our people, our skills base, our work force, our performers, our athletes and, importantly, our volunteers.

With respect to the Commonwealth Games, they are a once-in-a-lifetime opportunity for the state. As part of this we are investing in our volunteerism — not only the volunteers for the Commonwealth Games and the legacy of volunteerism post the games, but we are governing for all Victorians, and as a part of that we are planning opportunities that will involve lots of different people. They will be an inclusive games. To help that we are working through the Office of Commonwealth Games Coordination with the Office of Training and Tertiary Education and adult and community education providers to provide an introduction to community and event volunteering in preparation for the Commonwealth Games. This program will be delivered through 75 adult education providers across the state — 1500 funded places will be targeted at people who have not traditionally engaged in mainstream or event volunteerism.

This is a part of the Equal First strategy that I have announced previously in the chamber. This \$300 000 initiative is designed to help people who face barriers to getting involved in events, including new immigrants; the long-term unemployed; early school leavers — that is, particularly young people; indigenous communities; and people with disabilities. The course will specifically assist participants to gain skills in preparing volunteer applications, with interviews and with working in teams. They will gain skills and develop the aptitude for both community volunteering and major events such as the Commonwealth Games. It is envisaged that many of these participants will apply for and gain places in the Commonwealth Games volunteering program, which will be launched early next year.

The Melbourne 2006 Commonwealth Games Corporation is holding 1000 assessment places within the games volunteer program for people who complete the course. Others will be encouraged to become involved in Commonwealth Games-generated community volunteering positions and general community volunteering. This is a fantastic announcement because, as I said yesterday about the

Commonwealth Games, this is a once-in-a-lifetime opportunity for this state. It is a turning point for the state, but most importantly, as part of the Equal First strategy we will make sure that these are games for all Victorians because as a government we are governing for all Victorians.

Commonwealth Games: athletes village

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — My question is to the Minister for Commonwealth Games. Given the minister’s answer in the house last week, I ask: what is the approximate cost of the unbudgeted decontamination works on the Commonwealth Games village site?

Hon. J. M. MADDEN (Minister for Commonwealth Games) — I welcome the member’s question about the Commonwealth Games village because it is great to see that he has moved on from ships and boats. I mentioned last week that there are issues in relation to the site. As we know, the Commonwealth Games village site is located down at the former psychiatric centre site in West Parkville. It has been a government-owned site for many years — for the better part of the last century. One should appreciate that in the past government-owned sites were not treated in the way they are treated these days. There was some surplus material left on that site. Some of it was related to the construction of the Tullamarine Freeway some years ago. A few of the minor contaminants and a few major contaminants — but nothing to worry about — found on that site have been removed. That has not impacted in any significant way on the budget of the games or on the games village, because it is funded within the contingencies that have been allocated in the budget for the games village. It also does not affect the contingencies that have been allocated to the games in any significant way.

We are confident that the games village will be not only a fantastic development for the games but a landmark opportunity to create a significant inner urban development with a range of environmental initiatives which will be associated with the new suburb in the long term — well beyond the games — and of which we can all be proud. The significant investment in the games will make sure it is one we are all proud of.

Supplementary question

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — Given the minister’s answer, I ask: how much contingency funding remains in the Commonwealth Games village budget?

Hon. J. M. MADDEN (Minister for Commonwealth Games) — There is a reasonable amount of contingency funds across all areas of expenditure on the Commonwealth Games. When the budget for the games was set we appreciated that there might be some movement in that budget, and no doubt there will be, but we are very confident in respect of all the initiatives that will be delivered as part of the Commonwealth Games that they will all set their targets and will be delivered in the manner in which we expected — that is, on time. We are very confident that the comprehensive rollout delivery for the games will be one that we are not only proud of but one which will showcase the fantastic skills of everybody involved in the delivery of the event.

Information and communications technology: broadband access

Ms CARBINES (Geelong) — I refer my question to the Minister for Information and Communication Technology, the Honourable Marsha Thomson. Increasingly Victorians need access to broadband and more affordable telecommunication services. Can the minister advise the house what the Bracks government is doing to help communities access these services, especially communities in provincial Victoria?

Hon. M. R. THOMSON (Minister for Information and Communication Technology) — I thank Ms Carbinés for her question and her ongoing interest in the telecommunication needs of her constituents and more broadly those of provincial Victoria.

The Bracks government recognises the importance this service holds for Victorians and Victorian businesses. High quality, affordable telecommunication services are vital to the growth of our regions. We understand that telecommunications is the responsibility of the federal government; it is not ours. Unfortunately the federal government has not managed to ensure that all Victorians have access to broadband and affordable telecommunication services.

The Bracks government recognises the benefits that come from demand aggregation, and that it can in itself drive better telecommunication infrastructure and more affordable pricing. In fact through its own aggregation of its telecommunication demands through the telecommunication purchasing and management strategy the government has already lowered its telecommunication costs by \$100 million over the next five years and has stimulated infrastructure investment of more than \$60 million.

A few years ago businesses in Bendigo aggregated their telecommunication demands and the result was the establishment of the Bendigo Community Telco, which is a great asset not just for Bendigo but for Victoria as well. I might add that it is a model that is being looked at by other communities. There is great potential for other communities to benefit from demand aggregation, and that is why the Bracks government is assisting them to develop strategies to do so.

Last night in Queen's Hall Mr John Eren joined Ms Carbines and they were pleased to hear the Premier announce that the G21 regional alliance would receive \$40 000 to develop a telecommunication development strategy which will establish the needs of the community and identify the opportunities to increase telecommunication infrastructure investment in the Geelong region. Part of this strategy will look at the possibility of demand aggregation. Yesterday's display in Queen's Hall, which most of us took time to have a look at, was put on by the G21 regional alliance, which is made up of the City of Greater Geelong, the Borough of Queenscliffe and the shires of Colac-Otway, Golden Plains and Surf Coast. The region has a population of 261 959 and a telecommunication expenditure of around \$412 million, which confirms that there is a strong market for telecommunication services.

This grant will allow the region to have a good look at its telecommunication opportunities and give an opportunity to the market to meet those demands to ensure that they drive down prices but build up infrastructure for the region. It will ensure that the region can continue to grow and provide economic growth and social wellbeing not just for the people within that region but for all of Victoria. This project is a great example of how the Bracks government recognises the needs of all Victorians and how it is working with communities to grow the whole of the state.

ELECTRICITY INDUSTRY (WIND ENERGY DEVELOPMENT) BILL

Second reading

Debate resumed from 16 November; motion of Hon. T. C. THEOPHANOUS (Minister for Energy Industries).

Hon. BILL FORWOOD (Templestowe) — On page 26 of the *Age Good Weekend* magazine on 4 September Steve Buckle, who was recently mentioned in question time, is quoted as having said:

... we're playing this game with no rules. The government is making rules as we go.

The first rule we know is that if you want to get ahead — —

Hon. T. C. Theophanous — Who said that?

Hon. BILL FORWOOD — Steve Buckle, managing director of a company called Wind Power. He was quoted in an article in the *Age Good Weekend* magazine of 4 September — after the trip with the minister. I will read the quote again:

... we're playing this game with no rules. The government is making rules up as we go.

The first rule if you want to get ahead in the wind industry is that you go overseas with the minister. That is an important part of it. I understand that, and I am pretty sure that they had a good trip. The second part is that when you need to make the rules up as you along — —

Hon. T. C. Theophanous — On a point of order, President, I take exception to the inference in the statement just made by the honourable member. I ask that you ask him to withdraw that statement as being objectionable.

Hon. BILL FORWOOD — I withdraw.

The next thing you do when you make the rules up as you go along is bring in legislation, and the legislation before the house today, the Electricity Industry (Wind Energy Development) Bill, is just that sort of legislation. What we have before the house today is, to use Mr Buckle's words, an example of making the rules up as we go.

I will turn in some detail to the legislation before the house in a moment, but first I think it is important to put the legislation — this making-it-up-as-you-go-along legislation — into proper context. That context starts with the commitment of the Bracks government to have 1000 megawatts of wind energy in this state by 2006. Blind Freddy knows that without subsidies — —

Mr Smith — How do you know Blind Freddy knows it?

Hon. BILL FORWOOD — I talk to you all regularly! Blind Freddy knows that there is no way in the world that the wind energy industry, without a bunch of subsidies, could create in Victoria by 2006, 1000 megawatts of wind power energy. Everybody knows that, including Blind Freddy. So what do we need? We need a raft of subsidies. The first subsidy that

the rent seekers seek when they are trying to get their snouts in the trough is through the mandatory renewable energy target (MRET). Honourable members in this place know that I have been a supporter of the MRET, that I believed an impetus was required to establish some renewable energy targets and that that was a sensible system to put in place.

Hon. T. C. Theophanous — Do you support it?

Hon. BILL FORWOOD — I am reconsidering my position as we go, but I will get to that later in my contribution. What we needed in order to get 1000 megawatts was not just that the MRET, the current 9500 gigawatts, be in place, but that there be an increase in the MRET — and the minister himself argued vigorously in a submission to the Tambling review a year or so ago that there should be a massive increase in the MRET target, which would have enabled the rent seekers to put their hands up and to continue to build wind energy in Victoria and therefore for the Bracks government to reach its 1000 megawatts by 2006.

As honourable members in this place know, in the lead-up to the federal election and while considering how they would vote the people of Australia had the opportunity to consider the *Securing Australia's Energy Future* document produced by the federal government. That election led to a ringing endorsement of the Howard government, including it taking control of the Senate. The review that led to that particular document decided not to increase MRET to the level requested by many, including people in the wind industry and, of course, the Minister for Energy and Resources.

I will quote from page 148 of *Securing Australia's Energy Future* — —

Hon. T. C. Theophanous — It did not accept the recommendation of its own committee.

Hon. BILL FORWOOD — True, and this is what it said:

A recent review of MRET, conducted by an independent panel, recommended that the target be extended from 9500 gigawatt hours by 2010 to 20 000 gigawatt hours by 2020 and beyond [MRET review panel 2003].

That is more commonly known as the Tambling report.

This target, while providing a subsidised growth path for renewable energy, would impose significant economic costs through higher electricity prices. The review estimated that implementing its recommendations would double the current projected cumulative economic cost of MRET to over \$5 billion by 2020 in net present value terms. The Australian government does not believe these costs can be justified.

There is a fair argument to say, as Tambling did, that MRET is not the most effective way of leading to greenhouse abatement and I think most Australians — —

Hon. T. C. Theophanous — That was not Tambling's proposal!

Hon. BILL FORWOOD — Yes, but he also said that — and I can give the minister the quote if he wants it.

Most Australians would believe \$5 billion is a fair amount to pay to the rent seekers just to get a bit of wind energy up. The other issue that is important to put on the table as we discuss the Victorian government's desperate attempts to try to get 1000 megawatts of wind energy in the face of the fact that there is no increase in MRET is that the legislation before the house will introduce a new raft of subsidies.

Before I go through that in detail, it is important that we look at wind energy in a broader context. One of the issues that seems to be coming up more and more is that in order to get the 1000 megawatts we are going to have to destroy Victoria's landscapes entirely. This is a matter of grave concern to many people, and I for one have been through the guidelines produced by the government and I must say that our view has always been that communities should be put back into the process. But even allowing for the fact that there are some communities that do want to have wind farms — for example, we have heard about Portland being happy to have them down there — my own personal belief is coming round to the view that if you want to have 1000 megawatts there will be so many wind generators that we run the risk of destroying our landscape. And for what I ask?

It is important that we look at some of the evidence that is now being adduced in relation to wind energy around the world. Some of this is readily available, and one of the most recent articles was by Trevor Sykes which deals with the German experience. I thank Mr Hall for his copy of that article and I am sure he will deal with this as well. I have a number of these articles and I think it is important we put these on the record. The article by Trevor Sykes in the *Australian Financial Review* of 6 November basically says that very little of the installed capacity is actually getting to the grid. I think the figure that he used was 11 per cent.

Hon. P. R. Hall — That was the German experience.

Hon. BILL FORWOOD — The German experience was 11 per cent, and I will allow Mr Hall to use this during his contribution.

Earlier in the debate on 19 May 2003 there was an article in the *Age* headed 'Green debate generates plenty of energy'. The article says:

Powerful sources are staking their claims in the ongoing renewable energy discussion.

This article by Rod Myer talks about Theo Theophanous, the Victorian energy minister, entering the debate and arguing that MRET should go up to 19 000 gigawatt hours. It says that is supported by some people, including the BSCE's Rupert Posner. It goes on to say that Andrea Sharam, the president of the consumer watchdog, the Energy Action Group, said there is too much focus on MRET. She says MRET is effectively applying a tax, and that tax falls predominantly on the least contested part of the market — householders. I will come back to that again, because the subsidy in the bill before the house today does exactly the same thing — it puts the cost back on to the consumer. Andrea Sharam argues also that in a 'bang for your buck' sense MRET does not produce the lowest possible greenhouse gas reductions and that standards for buildings would help that as well. In her complaints about it she says this is not an efficient way of doing it.

Roman Domanski from the Energy Users Association of Australia in the same article said that wind farms' irregular output leads to big increases in system balancing services for which users must pay. He goes on to quote a South Australian government report which recently found that only 8 per cent of wind capacity could be counted on as being available all the time with wind farms typically running at 32 per cent capacity over a year.

There is a major problem with the supply side of these particular facilities. Firstly, we have the issue of whether wind farms will provide the security of supply that we require; secondly, we have the significant problem about landscape degradation across Victoria; and thirdly, we have the increased cost of these things in terms of consumer costs that have been estimated from \$65 million in 2003, rising to \$346 million a year in 2010. This is a significant amount of money as anybody would know.

Also, there has been increasing concern from overseas. Often we get the government saying that overseas people are wholly in love with wind energies. The United Nations framework convention on climate change on 20 June heard a call to end European

renewable subsidies. A major renewables conference in Bonn highlighted the ongoing debate about the cost and effectiveness of renewable policies across Europe, which the minister visited recently. It states:

Energy users in Germany have joined with the economic ministry in demanding that Germany's renewables laws be scrapped.

Manfred Panitz, head of German energy user group VEA, argues that the renewables legislation is incapable of meeting its objective of contributing to climate protection through expansion of renewables capacity. 'The legislation cannot fulfil that purpose ...

He went on to say in commenting on the relationship between renewables credits and emissions trading:

... These measures result in a financial burden for Germany. The renewables legislation means that Germany is forced to pay more for its power than other countries. This is a negative for the German economy; industry will change locations to other countries which offer better conditions.

There is a study from the United Kingdom produced by Professor David Simpson from the David Hume Institute called *Tilting at Windmills — An Economic Analysis of Wind Power*. This particular example is based on wind energy in Great Britain. Point 1 of its summary states:

At the present time the cost of generating electricity from wind power is approximately twice that of the cheapest conventional alternative source. By 2010 the cost of subsidising wind and other renewable forms of energy is officially expected to be about £1 billion every year.

It goes on to talk about Britain's renewable obligations scheme and states:

The cost of the scheme falls on electricity companies who pass it on to consumers in the form of higher bills. At the present time, the extra cost of renewables is thought to be adding about 2 per cent to domestic electricity bills, and it is set to grow. Most consumers are unaware that they are paying this hidden levy, and they do not know what they are getting for it.

It is widely believed that wind power will eventually become competitive in price with conventional sources of power. But projections by government advisers, using relatively optimistic assumptions, show that even by the year 2020 a generation portfolio containing 20 per cent wind power will still be more expensive than a conventionally fuelled alternative.

There are major concerns around the world, not just in Victoria, about the three aspects I have talked about. The first is the cost being pushed on to consumers. The second is the degradation of the landscape through what is happening. The third is security of supply.

Let me turn now to the bill before the house, the explanatory memorandum of which states that it:

... aims to remove barriers to grid connection for wind generators and provide a transparent and clear pricing framework for small generators ...

What is the situation at the moment? If you go to the rules of the electricity system as they stand at the moment, you discover that clause 5.5 of the code states:

The network service provider and the generator shall negotiate in good faith to reach agreement as appropriate on the:

- (1) connection service charge to be paid by the generator in relation to connection assets to be provided by the network service provider;
- (2) use of system service charge to be paid by the generator in relation to any augmentations or extensions required to be undertaken in respect of all affected transmission networks and distribution networks ...

In other words, under the system which exists at the moment the generators are responsible for getting connected to the grid — to the distribution and transmission system. The proposal before the house, which the government would have us support, says that because of the pioneering nature of the first wind farms this cost should not be entirely borne by the generator as the code says but should be spread across other people. The first thing this will do is distort the market. As a matter of course it will distort where these wind farms go. They will not now necessarily go in the places where economics would have dictated because — —

Hon. T. C. Theophanous — Like in those sensitive areas near the coast.

Hon. BILL FORWOOD — I am happy to deal with the coast issues, because one of the problems with this legislation is that it encourages wind farms on the coast.

Hon. T. C. Theophanous — Rubbish! It does the opposite.

Hon. BILL FORWOOD — It does. Let us go through this very simply. Where are most of the distribution networks? They are inland, not around the coast.

Hon. T. C. Theophanous — That is not true.

Hon. BILL FORWOOD — It is absolutely true. Have a look at the map.

Hon. T. C. Theophanous — I will bring one in for you.

Hon. BILL FORWOOD — You can. It is absolutely true. If you talk to any of the players in the game, they will say this is about distorting the economic decision making by providing a subsidy through the system the government proposes to put in place. Not only is the subsidy distorting the economic allocation of wind farms in Victoria it is also distorting them across state borders. People will say, 'Hang on, I can get augmentation assistance in Victoria through the minister' — we will get to that process in a minute. This will push the decision-making process about these wind farms away from an economic basis on to a basis that enables this cost to be passed, firstly, through to distributors; and maybe later on to other generators if they decide to proceed in that area — but there is no evidence anywhere that that will happen; and thirdly, on to the poor consumer.

The second problem with this is that the way the bill is structured it will fall on to the poor consumers in the areas where the wind farms will be, not across all Victorian consumers. The people who are going to have to pay for this more than others will be the people in the country.

Hon. P. R. Hall — A double whammy. They get the wind towers, and they get to pay.

Hon. BILL FORWOOD — Thank you. Not only do they get the wind towers, as Mr Hall says, but they get to pay extra through distribution charges, because the government, in a desperate attempt to get to its 1000 megawatts because the federal government did not increase the MRET, now decides it needs to find another way to subsidise the rent seekers in the wind energy industry.

Now is as good a time as any to point out that those rent seekers are not doing all that badly. It is possible for anybody to go to Pacific Hydro's annual report and see that it had a good year last year, and in doing so to work out how much money its chief executive officer (CEO) was paid for his activities in supporting his organisation throughout the year. I know that on page 59 of the annual report, which is a publicly available document, it points out that the CEO of this particular rent seeking organisation received \$1.59 million last year, including a special performance bonus of \$750 000 — three-quarters of a million dollars bonus! This is an industry which is dependent on the MRET and other subsidies being pushed its way by the state government.

That is the point made in the submission written by Alan Moran recently. He wrote:

Perhaps in response to the industry's pressures and its well-established publicity machine, some state governments

are preparing to offer a further free kick to wind generation. This is even at the expense of the much-trumpeted apparent unity they expressed in support for national energy regulatory uniformity.

Two aspects of this should be mentioned. The first is that the proposal before the house today has not been through the Victorian government's own process of being looked at by the Victorian Competition and Efficiency Commission — it did not look at this particular bill. As we know, to his credit the Minister for Energy Industries has been a leading advocate in trying to get a uniform national market and rules and systems for electricity, energy and gas in Australia. This particular piece of legislation, like other legislation we will be dealing with soon, has come along and undercut that.

Not only is this poor legislation from a technical and practical point of view, it goes against the grain of what this government stands for when it says it will put this stuff through economic regulation reform units to see its impact, and it goes against the national market for which the minister has been such an advocate over a long period of time. An article by Alan Moran headlined 'A blow to deregulation' was published recently in the *Herald Sun*. Mr Moran says that the Victorian bill frees inefficient wind farms from the expense of transmission lines. He continues:

Providing 'free' funding for these generators would bring a vast increase in the cost of the electricity delivered to the customer.

He then goes on to the other issue we will be dealing with when — —

Hon. T. C. Theophanous — Do your own analysis!

Hon. BILL FORWOOD — I have done my own analysis.

Hon. T. C. Theophanous — That is incorrect information.

Hon. BILL FORWOOD — I look forward to the minister's contribution when we get to the committee stage of this bill, because he and I can have a really interesting conversation about it. The minister and I know how this bill works. It is going to require — —

Hon. T. C. Theophanous interjected.

Hon. BILL FORWOOD — It is going to require Mr Theophanous as the Minister for Energy Industries to take something to the Governor in Council, and the first question that could be asked is: why the minister? Why not have the Essential Services Commission? Why not have VENcorp? Why not have an independent

person decide where the relevant augmentation needs to be? This is a very dangerous precedent because it says, 'How is the minister going to decide which of the augmentations to approve and to take?'. These are the issues.

Hon. T. C. Theophanous — On the basis of advice.

Hon. BILL FORWOOD — On the basis of advice. What will the nature of the advice be?

Hon. T. C. Theophanous — Impartial advice.

Hon. BILL FORWOOD — Impartial advice. We will explore 'impartial advice' in the committee stage of the bill.

I trust the minister absolutely, but he may not always be the minister. Who knows, we might get a minister who would be influenced by the brown paper bag. We may get a minister — not Mr Theophanous — who is influenced by the fact that a particular company attends the progressive business breakfasts; we may get a company that decides that the best way of getting its augmentation is through the minister. I am not saying it will happen under this minister; I am sure it would not, but that is the danger this sort of legislation leads to. It is an absolute disgrace that it can be designed in a way that enables the minister to directly influence the economic future and outcome of individual rent seekers in the wind industry. That is a matter of grave concern to members on this side of the Parliament.

We also have some concerns about clause 4 of the bill which inserts new section 23B dealing with electricity purchasing and requires retailers with more than 5000 customers to put their buyback prices on to the Internet. In this particular case there has been no market failure that requires this to happen. The measure itself, as the minister knows, requires only that the price be listed. Who is to say that the price will not be so small, so low that no-one will want to sell to it anyway? In his second-reading speech, the last time I read it, the minister said there was no intention to regulate these prices. We will be interested to know in committee, if this particular scheme does not work, whether or not that is the next step being contemplated by the government and that retailers would be required to purchase electricity generated in these forms by generators of less than 100 kilowatts capacity, which is the purpose of that particular clause.

I also make the point that the member for Brunswick in the other place, Mr Carli, said that the reason the government wanted to bring in the wind farm subsidy clauses was because of market failure. No-one has been able to give me one indication of market failure — not

one indication! Can somebody please tell me of a wind farm in Victoria that has not proceeded because of the cost of connection of transmission or distribution? I will be asking that question in committee as well.

Yes, there is an argument for the minister to say that we need to have a fair way of allocating the costs of augmentation, but I put it to the house very strongly that it is not the mickey mouse situation that has been brought before the house today. The bill before the house is a nonsense, and it is really disappointing that this sort of weak energy legislation is in front of us.

I want to make a couple of final points. The first is that this legislation again overrides the regulator, and that is really disappointing. It is inconsistent with national energy market reform; it brings in a form of cross-subsidisation, and it can lead to problems with the gazetted pricing, which I mentioned a few moments ago. It is not a bill that should be supported, it is a bill that should be rejected.

I am seriously concerned about where this government is going with its energy policy. On this side of the house we support renewables, and in the past we have supported wind energy. I for one am beginning to look at whether or not wind energy is something that should be supported to the extent that I have supported it in the past. I will be happy to make my views better known as they develop, but international evidence is beginning to show that the costs of these things, the reliability of these things, and the landscape degradation they cause may not be worth the candle the government has pinned all its hopes on — having 1000 megawatts by 2006.

I know Mr Theophanous is interested in poetry. He has read wind power poetry into the record of this place in the past, and I am happy to do so too. This is called *An Ode to Theo*:

Turbines, turbines everywhere,
Beating wildly at the air.
Communities shattered, friendship broke,
Neighbours driven crazy by the sound of each stroke.

The landscape is damaged, beyond repair,
Please don't complain, please don't despair.
Birds and bats have no fear,
The new age has arrived, it is time to disappear.

We've all been consulted, we've all heard their spin,
From Hamish, Donna and an expert named Flynn.
The planet needs saving from you and your type,
Follow the process, for we can do as we like.

Theophanous, Bracks, Delahunty and Thwaites,
Buckle, Harding, Hall and the rest of their mates.
They know where they're heading, they have a great plan,
To cover the state from Bald Hills to Ballan.
With great whirling turbines, electricity to create,

A target to reach by a certain date.

Are they efficient we ask, do they save greenhouse gas?
You are all NIMBYS they say, your questions are crass.
Investment and jobs, it all sounds perfunctory,
If you play your cards right you'll get a blade factory?

When all's said and done, and all comes to pass,
Then all we can say, Theo, is stick them up your ...

The ACTING PRESIDENT

(Hon. R. H. Bowden) — Order! I understand the sentiment of the poetry that has just been presented, but I suggest that some honourable members are indicating their discomfort with the final word, so perhaps the honourable member may care to present some other word that might be a little more parliamentary, and Hansard should strike out the last word.

Hon. BILL FORWOOD — I am seriously taxed now to find a word that will rhyme with 'pass' other than the one I have just used. Perhaps what I should say is that I withdraw the word that I used and without rhyming say, 'Up your jumper'.

The ACTING PRESIDENT

(Hon. R. H. Bowden) — Order! I thank Mr Forwood; that is considered to be an effective withdrawal.

Hon. P. R. HALL (Gippsland) — It is a bit difficult to beat that conclusion by the Honourable Bill Forwood. It was a class act!

This is a small bill, but I am afraid that the Victorian government's enthusiasm to embrace wind energy is having a profound impact on coastal and rural communities throughout Victoria. By any measure the impact has been overwhelmingly negative, and I say that right upfront. So before talking about some of the particular aspects of this bill, I want to make some general comments about its purpose and also some comments about statements made in the second-reading speech. The bill states that its principal purpose is to:

... facilitate the development and construction of wind energy generation facilities in the state ...

I am interested in comments made by the minister in his second-reading speech, which states:

Government is committed to developing Victoria's substantial wind energy resource, recognising that wind energy projects can provide a range of economic, environmental and social benefits.

I want to talk about the perceived social, economic and environmental benefits. What are the social benefits of wind farms? I am going to challenge the minister if he wants to respond — or any other member of the government — to explain to me the social benefits of

wind farms in Victoria. They certainly have a social impact on people in Victoria — but a social benefit? I have spoken to a lot of the communities in my electorate that have been the subject of wind farms being placed close to where they live, and I am yet to recognise any social benefit attached to wind farm developments in their local communities. I have seen government members tabling petitions in this house complaining that there is no social benefit; it is all down hill.

I say that there is no social benefit in respect of wind farm developments but a huge negative social impact on the lives of the communities. Mr Forwood referred to an article in the *Good Weekend* magazine of 4 September, and I cannot ignore it either. The headline of the front page of the magazine declared, 'Trouble at mill: the human cost of Australia's rush to harness wind power'. The story was written by John van Tiggelen. I will refer to a couple of comments made in the article headed, 'An ill wind blowing'. It is a very extensive article with lots of commentary and opinions from people on both sides of the fence, so to speak, when it comes to the wind farm debate. It is interesting that throughout the commentary the government dismisses this ill wind, as it is described, by saying things like:

Meanwhile the government blames local National Party MPs for whipping up NIMBY concerns.

That is the government's response to community concerns about this particular issue: it blames The Nationals. People like Trixy Allott, who lives down there, are saying:

'It gets back to the way rural communities function,' says Trixy Allott, who's fighting a wind farm proposal in the hills above Welshpool, a township on Corner Inlet. 'In Welshpool we've got 400 people and 35 volunteer organisations, and we band together whenever we can. To suddenly find out that the neighbours who were your friends will sell you out — it's heartbreaking. The carpetbaggers have ripped the soul out of our community'.

That is the exact sentiment expressed wherever you go and whenever you talk to people who have wind farms proposed for their communities. I was talking to a lady yesterday from Wonthaggi who is extremely concerned about the six wind turbines that are proposed and approved to be erected in Wonthaggi. The people of Bald Hills, Dollar and Welshpool — all of those communities — are extremely upset and concerned about — —

Hon. T. C. Theophanous — Did you talk to the people who are getting them on their properties?

Hon. P. R. HALL — I will come to exactly that point during the course of my contribution; no worries

about that at all. The people in these communities overwhelmingly feel that there is an unsocial benefit and a completely negative response. It is tearing the heart out of communities, as has been said. This is what the article says about the Minister for Energy Industries:

Asked about wind farm concerns, the minister for energy was dismissive. 'It seems to be happening only in Gippsland. There's a small vocal group down there. I don't think it goes much beyond that.'

Those were the minister's dismissive comments. The minister is completely misguided on this issue. This will be one of the icon issues that will carry through to the next election. People in country Victoria are having these monstrosities imposed upon them. They have no say in the matter because of the inadequate wind farm planning guidelines, and they will rebel at the next election. This government continues to dump on country Victoria without any regard whatsoever for the views of local people, whether it be through their local council or directly.

Typically this is why people have got their backs up in country Victoria. It goes to some comments in this article by Mr Steve Buckle who, as I said today in question time, is the managing director of Wind Power Pty Ltd. The article says:

Wind Power is a shelf company with a paid-up capital of \$100. Its four shareholder companies have a paid-up capital of \$2500, \$100, \$2 and \$2. To build the \$220 million Bald Hills wind farm, superannuation funds will provide the equity. The guaranteed returns makes everyone a winner — until the farm is decommissioned. Because the pressing question remains: who is going to clean up the defunct turbines in 20 years time.

'Dunno,' says Steve Buckle.

A cavalier comment like that simply does not go down well with the community. People like Steve Buckle are seen as cowboys who simply want to make a quick dollar. In the article he says that he bought a windy property in western Victoria some time ago and wondered how he could make a dollar out of it. In the article he says, 'I will stick a couple of wind farms on it'. He goes on, and it is the last thing I want to say about this article:

'Look, we're playing this game with no rules. The government is making rules up as we go.' Marriott smiles uneasily, but Buckle laughs. 'Thing is, is wind power is good, right? It's a very simple industry. Why make it complicated? Why is everybody so freaked out when wind farms are all over the world? What are they saying? That wind will not replace coal? Well, f ... ing der!'

That is his finishing comment in the *Age* article. That is the sort of attitude that gets up the nose of people in my

electorate and other people in country Victoria. It is simply not good enough that you have cowboys like Steve Buckle who come and rape the land and destroy the landscape down there. They destroy communities with their cavalier attitude purely to make money out of the great amenities that we have in coastal and rural communities. It simply is not good enough. That is why people in my electorate and other electorates in country Victoria get so upset when people like Steve Buckle and others demonstrate that sort of attitude. I think it is disgusting.

It is no secret that Steve Buckle and others have the ear of the minister; they talk to him frequently. We heard today in question time that he met with them when they were overseas. So this is the sort of issue we are fighting. Communities have no say whatsoever in wind farm developments; their views are not listened to. The government talks about a social benefit — I get sick of this throwaway line the government uses all the time: ‘economic, environmental and social benefit’ — but there is no social benefit whatsoever with wind farms. There is certainly a social divide — there is much of that. That social divide is caused by this government’s lack of consultation — its processes are appalling — and by a lack of any coherent plan for wind farm development. The only plan is, as Mr Forwood said, a nominal output of 1000 megawatts by 2006. I keep stressing the word ‘nominal’, because at best, according to the government’s own guidelines, the actual output is 30 per cent of that. So when we are talking about 1000 megawatts of nominal capacity, we are talking about a relatively miserable 300 megawatts of additional generation capacity — and that is if you believe the government’s 30 per cent output figure. There is plenty of evidence to suggest otherwise, and I will come to a couple of opinions about that in a minute.

In answer to a question without notice last week the minister spoke about his government having the most aggressive wind energy policy. It is aggressive all right. The government is simply bulldozing country and coastal communities by ensuring that these wind farms go up wherever it wants, because it is hell-bent on reaching that target of 1000 megawatts of nominal output by 2006 — and watch out if anyone stands in its way. But the developers of wind farms are struggling a bit, so the government will make it easier for them to get established and connected to the grid. It will make it more attractive for them to come to Victoria, and that is what some of the provisions of the bill do.

The minister asked before, ‘What about the people who have wind turbines on their property?’. There are a few of those. I quote from an article in last week’s *Great*

Southern Star, under the headline, ‘15 win, 120 lose in Dollar turbine plan’:

Fifteen separate land-holders in the Foster North area stand to benefit from the Dollar Wind Farm project while 121 adjoining landowners and more than 110 home owners within a 2.5 kilometre radius will lose out.

Those are the sorts of statistics we have. I agree: there are winners. If you are lucky enough, or desperate enough, to have a wind turbine on your property — —

Mr Smith — How could you lose out?

Hon. P. R. HALL — How can you lose out? Let us go to that question; let us talk about that now. I know people in Toora who have had to move off their farm because of the shadow flicker of wind farms and the constant drumming noise. They have been forced off their land. I know of a multitude of people who own property neighbouring wind farms and have had that property devalued as a result of having a wind farm neighbour. That is not just me saying this: if you look at the evaluations at the South Gippsland Shire Council you will see that properties neighbouring wind farms have had the value of their property reduced. Who loses out? Those owning property next to or near a wind farm lose out!

If government members think wind farms are a nice thing to look at, they have a contrary opinion to that of the vast majority of people whom I talk to or represent in this Parliament. They do not believe they are a nice thing to look at. So people do lose out — they are direct losers in a financial sense and also regarding the aesthetic amenity of the area in which they live.

The front page article in the *Mirror* of last week is headed ‘Don’t want wind turbines at Foster North? Tell the planning minister’. This is typical of the headlines that have appeared in these papers, particularly in Foster and Leongatha. The *South Gippsland Sentinel-Times* is another paper to look at. If you go upstairs in the parliamentary library and have a quick glance through some of the editions of these newspapers you will see it repeatedly. Local communities in South Gippsland simply do not want these monstrous industrial precincts in their area. There is no benefit to them; they are direct losers.

Before I was interrupted and diverted by Mr Smith I was talking about the perceived social benefits. I repeat: there are no social benefits to wind farms; there is a social divide, but no social benefit. I want to look at a second element of that throwaway line, economic, environmental and social benefits, and refer to economic benefits. Again, I want someone to explain to

me how we gain in an economic sense by having wind farms in this state. The minister frequently claims there has been a million-dollar boost to regional Victoria, but where is that great influx of money? Where are the supposed spin-offs? We might get a blade factory in Portland. Is there an economic spin-off to the people in Gippsland who will have to put up with the wind farms proposed for their area? There is no blade factory proposed for that area, there is no manufacturing capacity proposed for the Latrobe Valley area — —

Hon. T. C. Theophanous — At least we're working on it.

Hon. P. R. HALL — The minister says the government is working on it. Temporary jobs in construction are more often than not filled by people coming from outside that area. What about tourism? We have seen no benefits from tourism with the Toora wind farms. There was one person there for about three days, but thereafter there was nobody there, because there is no great tourist attraction and no planned tourism organisation. People do not come to an area simply to see twelve 110-metre high monsters sticking out of the lovely green hills of Toora. There is no tourism benefit, and I fail to see any economic benefit whatsoever. As I said in response to Mr Smith's interjection, there has been an economic disadvantage created for many people who own land that has been devalued because of the presence of wind farms nearby. As I said the value of property assessed by local government property evaluations has decreased, and so have land sales for South Gippsland properties that are in proximity to wind farms.

I could name people — I will not, because I do not like the names of private individuals appearing in *Hansard* unless absolutely necessary — with whom real estate agents have put me in touch who have been trying to sell land in that area. Before wind farms were planned for much of South Gippsland it was pretty easy to sell a nice piece of real estate in that area — but not now. Real estate sales have decreased quite significantly because of the threat of future wind farms in that area, and people who could once have sold land have simply not been able to since the advent of plans to locate wind farms in the area.

With respect to the economic benefits of wind farms there is more downside than upside. It is only those lucky few people who have agreed to have wind turbines located on their property who seek any financial benefit from them. I would be interested to hear in the minister's response reference to any assistance this government may have provided for the establishment of the blade factory in Portland. I am not

against a manufacturing business being established in Victoria, but I was concerned when the minister said on ABC radio in Gippsland last Friday that not 1 cent of government money has been used to assist wind farm developments in Victoria. I wonder whether an industry assistance grant has been given to Vestas for the establishment of that blade factory in Portland.

Hon. T. C. Theophanous interjected.

Hon. P. R. HALL — In light of the comments made by the minister on ABC Gippsland radio last Friday, it would be a courtesy to the house to explain whether any industry assistance grant has been given to that company to establish a blade factory in Portland. If I am wrong, I am happy to be told I am wrong, but it is up to the minister to clarify that.

Finally, I will talk about the third component of that throwaway line, 'economic, environmental and social benefits'. I want to have a bit of a chat about those perceived environmental benefits. I say quite categorically that my strongest objection to wind turbines throughout has been the impact they have on landscape values. That is rarely taken into account when planning matters relating to wind farms are considered. I have talked in this house before about landscape assessments and how they should or could be undertaken, and I have pointed the house in the direction of the South Australian model for landscape assessments, which is a far more thorough model than the scant recognition that is given to them in the planning guidelines currently employed in Victoria. I encourage members who have an interest in that particular area to have a look at the model used in South Australia to assess landscape values.

But putting that really important component of landscape value aside, I ask: how efficient is wind as a replacement for coal-fired energy production? Mr Forwood made brief reference to the article by Trevor Sykes in the *Weekend Australian Financial Review* of 6 and 7 November. In that article Mr Sykes wrote about a report done in Germany:

Wind power is of little practical use, judging by a recent report from Germany. The report should carry some weight among environmentalists in Australia because Germany is the world leader in wind farms. One-third of the world's wind generation capacity is installed in Germany, much of it around Schleswig-Holstein, near the Danish border.

The article goes on to talk about a report by E.ON Netz GmbH, the owner of the grid system that includes 44 per cent of Germany's installed wind farm capacity. Mr Sykes spoke about the variance of production out of wind farms and made the point that because wind speeds are available and hence power production is

variable, 80 per cent of the wind farm nominal output needs to be backed up and supported by a base generator — brown coal. If that reasoning is applied in Victoria as well, that will simply mean that no matter how much wind power we introduce here, at least 80 per cent of it will need to be supported by an increase in base load production. Trevor Sykes also makes the comment that the average output of wind power into the generators — Germany is known as a fairly windy country, and it would be just as productive in terms of wind speeds as Australia — is just 11 per cent of nominal capacity. The government guidelines in Victoria say that wind power averages 30 per cent of the nominal output. That is why I made the comment before — —

Hon. T. C. Theophanous — Don't worry about the truth!

Hon. P. R. HALL — Let me finish the point. The government's own guidelines say that it expects to get a 30 per cent actual capacity out of the nominal capacity of wind generation in Victoria. That is in the government's guidelines. According to this report, the people in Germany who actually own wind facilities are claiming they are getting only 11 per cent of actual capacity. I have a story that was submitted to me by Tim LeRoy. I am not making any secrets about who supplied me with this information.

Hon. T. C. Theophanous interjected.

Hon. P. R. HALL — The minister can discredit this and say it means nothing at all; I have always found Tim LeRoy to be passionate about the subject, certainly, but also to be a source of great wealth of information that he has referred me to in different areas when looking at this issue. I certainly value his opinion, and, as I said, I am being quite up front in telling the house who gave me this information. Recent visitors to the Challicum Hills site in Ararat looked at the output being generated by the turbines there at the current wind speed. Using the 30 per cent factor that the government proposes, the actual output for those turbines at Challicum Hills at that particular time should have been about 21 megawatts of electricity, and yet its computer was showing that the actual output at the time the visitors were there was simply 2 megawatts of electricity — not the 21 megawatts it should have been.

Hon. T. C. Theophanous — You are stupid! You know that 30 per cent is an average figure for the whole year.

Hon. P. R. HALL — Does Mr Theophanous think we can walk around this chamber and say what we like?

The ACTING PRESIDENT

(Hon. R. H. Bowden) — Order! The minister was out of his seat. It is required under standing orders that debate be conducted through the Chair, and I invite honourable members to be mindful of that fact.

Hon. P. R. HALL — I am making the point that there seems to be a lot of debate about what the actual outputs from these wind turbines are. The government guidelines say 30 per cent in Victoria.

Hon. T. C. Theophanous — It could be 2 per cent at one time and 100 per cent at another time, but the average is 30 per cent. You don't have to be Einstein to figure it out!

The ACTING PRESIDENT

(Hon. R. H. Bowden) — Order! I advise the minister that there will be ample opportunity for him to present his views, and I am sure the Chair at that time will be most tolerant and accommodating to him. However, this Chair asks that comments be made through the Chair and that the standing orders be followed.

Hon. P. R. HALL — I love it when the minister gets upset. You know that you are striking somewhere near the real truth of matters! The point I am making is that nobody can tell me what the output is. The government is saying 30 per cent average output — to use the minister's own words; people who own wind generation facilities in Germany are saying 11 per cent; and a person visiting Challicum Hills said the computer reading was 2 megawatts out of a potential 100-odd megawatts. There should be some accountability in this area. There should be a process whereby we can find out exactly what average output is being produced at existing wind farms in Victoria.

I would like to know the answer to the question posed to me by a lady from Wonthaggi yesterday — that is, what is the performance of the 18 megawatts of capacity down at Toora? Are they achieving 30 per cent of that capacity or are they not? I do not know the answer to that, and it is beholden on this government as part of its wind farm energy policy to tell us how we can find out accurately just what the measured actual outputs of wind energy production are from all the wind farm sites in Victoria. That should be done as a matter of course. We know, for example, that the actual output from brown coal is 97 per cent or thereabouts.

Hon. T. C. Theophanous — Where?

Hon. P. R. HALL — The published figure for the output it is achieving is 95 to 97 per cent. Look at the 1800 megawatts at the Hazelwood power station, for example; it is achieving 95 per cent of that output over a period of time. I am simply saying that we do not have such mechanisms — —

Hon. T. C. Theophanous interjected.

Hon. P. R. HALL — I am saying we need actual readings. We need to know what the outputs are. How can we be sure that the 30 per cent figure that the government's guidelines have quoted is being achieved or whether it is more like 11 per cent or less? We do not know. There should be a process by which people can find out what sort of output levels are being achieved by wind generators here in Victoria.

I make that point as part of the consideration of those environmental benefits. If that output is extremely low, if you balance the other environmental issues as opposed to using brown coal or gas, for example — as the minister claimed with the new gas power station in the western part of Victoria recently — then I do not know if there are any significant environmental benefits whatsoever in terms of greenhouse gas emissions. It is simply yet to be proven that there are significant environmental benefits with wind farms here in Victoria. My personal view is if you weigh up what might be marginal reductions in greenhouse gas emissions against the imposition on landscape values, then I say the environmental impact is negative as well.

I shall finish my discussion on what I believe is becoming pretty much a throwaway line by this government — the social, economic and environmental benefits. Certainly in respect of wind farm there are no social benefits. I do not think there are any economic benefits, and there is a downside in respect of the impact on local economies. The environmental benefits are marginal at very best.

Having said that, I turn to some of the provisions that are contained in the bill. As I said at the outset, it is a short bill, but it has a profound impact on the lives of Victorians. That is why I have been expansive on its purposes, which basically have two components. The first of these is an enabling of network connection and augmentation cost arrangements for new wind farm developments to be set by order in council. The bill gives no understanding of how cost arrangements may be structured; there is no detail there. It is the same in the second-reading speech: there is no detail on how those cost arrangements may be sorted out. I asked about those issues during my briefing and was given some explanation as to how it may work, but there is no

definitive statement in either the second-reading speech or the bill to give us some idea of how they will work.

Therefore there is no accountability in respect of this — more so by the fact that these arrangements will be done by order in council. There will not be an opportunity for public input into the construction of those arrangements; nor will there be any opportunity for parliamentary debate on those proposed cost-sharing arrangements. I reckon Mr Buckle and others will have a real windfall on these issues. They will be right in the minister's ear and sorting things out nicely for themselves, thank you very much. The order in council is an inappropriate mechanism to set these arrangements, because it will allow the minister to do what he likes without any public scrutiny whatsoever.

There is no doubt that the connection and/or augmentation of networks will be a costly exercise. I can recall, with the Leader of The Nationals in the other place, Peter Ryan, speaking to TXU in early 2003 about these particular matters. TXU followed up in writing on some of the questions that were asked. I quote from one part of the letter from TXU to the Leader of The Nationals, dated 7 April, 2003 in which TXU spoke about the network capability of future wind farms, which is exactly what this bill is talking about. The letter states:

The current proposed 100-megawatt wind farm needs a \$6 million upgrade to the 66-kilovolt lines to enable it to be connected to the Gippsland South network.

Any additional 100-megawatt generator (wind farm or gas fired) could require a \$25 million upgrade of the 66-kilovolt lines to enable it to be connected to our network.

So there is a significant cost in connecting wind farms to the main network that we have around the state. Mr Forwood made a very valid point in his contribution that the fact that wind farms have been located in areas without substantial network connections means that they are being located in uneconomical positions. This bill proposes that the minister can now come up with a cost-sharing arrangement without any scrutiny whatsoever being applied. There is no doubt that ultimately the cost — in the order of \$25 million — that I am talking about will be borne at least in part by consumers. The wind proponents will rub their hands together over this. They will have only to pay an initial nominal connection charge and then ultimately the remaining balance — the upgrade for those connection costs — will be transformed down the line so to speak to consumers, and they will end up paying. It is, as Mr Forwood said, a double whammy for the people who live in localities where wind farms will be positioned — that is, they will have to bear the

imposition of these industrial sites being in their local communities, and on top of that they will be the ones who will be paying for increased distribution costs for the power to their homes. It is not fair.

One thing I have always said about wind energy is that if we are fair dinkum in this state, we will endeavour to put it where people live and where there are transmission systems. If you want to look at where that principle could apply, Port Phillip Bay is a classic example. Williamstown is another classic example — there are some really windy areas of coast down there. If we were fair dinkum about the most efficient placement for wind farms, we would look at places like Williamstown and the Bellarine Peninsula. But I am sure Mr Bracks would give a look at that suggestion that is similar to the look Mr Forwood is giving me now — he would be aghast! How could we ever do that? Not in my electorate please, Sir! The simple fact of the matter is that consumers throughout Victoria, particularly those in coastal areas, will be doubly blighted by having wind farms on their landscape and paying extra transmission costs for the electricity to their homes.

In an article in the *Herald Sun* of 30 October Alan Moran wrote about how hypocritical the government is in proposing this legislation. It states:

Treasurer John Brumby last April announced a new government agency, the Victorian Competition and Efficiency Commission.

A key part of the VCEC's task was to scrutinise proposed new regulations, which were in future to require a business impact test.

...

So Mr Brumby has introduced a wind energy development bill that will require customers, not wind developers, to pay for the costs of new electricity lines to connect them to the users.

Is that accurate? The minister might say, 'Well, that is not accurate. That will not be the case'. We do not know, because these arrangements are to be developed by an order in council. Therefore the minister cannot say that is an incorrect statement. We suspect that wind developers will pay a contribution, but we do not know for sure. The article continues:

As with the commonwealth subsidy, consumers will be unaware of the transfer. Needless to say, there was no scrutiny of the proposal by VCEC.

The new proposal piles on yet another subsidy to a hopelessly uncompetitive power source. It also thwarts the national uniformity Victoria has so vociferously championed.

That is true. This minister has been the champion of getting national uniformity in electricity arrangements,

yet here we are standing by ourselves with a wind energy development bill simply to make it more attractive for wind farm developments to occur here in Victoria.

I turn to the other major section of the bill before the house — that is, the requirement for retailers to offer and publish a purchase price of power purchased from small wind generators. We are told that in future this may be extended to other forms of renewable energy generators as well. It is interesting that there is no requirement for the retailers to stick to this purchase price. I understand there is still an ability to negotiate up or down, so it is not a make-or-take price; it is simply, as I see it, a starting point for negotiation —

Hon. Bill Forwood — Indicative.

Hon. P. R. HALL — Indicative is the word. It will be a starting point or an indicative figure. I wonder about the value of having just an indicative figure. This is no great initiative. It is interesting that one of the people who responded to the National Party consultation on this was Origin Energy. I had an email from Julian Turecek on this particular matter. He made these comments:

There is no market failure. Origin has successfully negotiated power purchase arrangements (PPAs) with all [those] currently producing wind power in Victoria, from the Bremlea turbine (60 kilowatt) near Geelong to the largest (52.5 megawatt) wind farm at Chalicum Hills between Ararat and Ballarat.

He also made a comment about overriding the regulator, the Essential Services Commission, which has established guidelines for embedded generation. Moreover he says this about problems with gazetted pricing:

The legislation fails to take into account the fact that only the franchise retailer is physically able to settle the energy produced by an embedded generator. Another retailer could potentially purchase the output, but in doing so would require an arrangement with the franchise retailer to 'wheel' the energy from the franchise. This is because only the retailer with the local load receives the benefit of the energy produced, as it reduces the amount required to be purchased from the pool.

That simply means that if you own the local network it is much easier for you to purchase at the price than somebody who owns another network because they will have to pay this wheeling cost, as he calls it, to take that electricity from the other person's distribution network to yours, and there is also a loss in power in transmitting electricity. In terms of creating competition, realistically for small purchases effectively only one retailer is able to purchase — that is, the

retailer currently owning the system where the generator sits. The comment is also inconsistent with the national energy market reforms, the same comment as written in the *Herald Sun*, and also with the cross-subsidisation that will occur because in fact ultimately all consumers within that distribution network will share in the cost of these new connections or augmentations. Some very good points are made by the Origin Energy representative with respect to that.

Other people have expressed views on this legislation, such as the Australian Wind Energy Association, which reckons this is terrific. No doubt that is the view it would come to because it certainly means a lot to the association to not have to pay up-front costs to connect its business to the electricity network in Victoria, and it would be delighted with that. Prom Coast Guardians, which I know well, and the people in the organisation in my electorate are concerned about this and have made a range of points on this matter. I guess some of the sentiment of what I have already seen reflects their views — for example, Noreen Wills, president of Prom Coast Guardians, said in a letter to me:

This bill is aimed at 'facilitating' wind energy development, without due regard to the negative impacts these developments have.

That statement says it all. This government is gung-ho in introducing wind energy facilities in Victoria, and forget about any of the adverse impacts they will have on communities, which is what I have been saying throughout. Many comments have been made by that organisation which have been echoed in the sentiments I have expressed in my contribution to the debate today.

Having said all that, it will come as no surprise that I can now formally advise the house that The Nationals will be opposing this legislation. It is another wank by the government to try to assist in encouraging wind energy in Victoria purely to obtain its political policy of achieving 1000 megawatts of nominal output in Victoria by 2006, something that is purely a political signal without any practical consideration whatsoever. I have expressed a consistent view on wind energy, and that is one of opposition, which is reinforced by The Nationals' opposition to the bill.

Mr SMITH (Chelsea) — A wank, Mr Hall? I would have thought at least an intellectual wank!

I offer my sincere congratulations and genuine praise to the Minister for Energy Industries for the tenacity he has demonstrated in bringing this policy to its current state and the bill before the house. The minister has demonstrated not only his but the government's commitment to improving the environment in which

we all live and targeting a reduction in global warming gases and so on that are generated through the power industry.

I would have thought that those opposite would have a similar view, given that we are all impacted upon by all these environmental problems. But no, there is strong opposition to it. Despite the fact that we have stated the intention is that windmills will deliver the capacity to generate 1000 megawatts of power, the opposition's response is that it cannot be done, will not be done, and will never happen. But I did not hear any ideas or views about what the opposition would do. One can only conclude that its answer to the policy is to do nothing, leave everything alone, do not change anything, allow the power industry to continue to go along its merry way and not look at any options that would benefit the state — just do nothing. As a proactive progress government we take a very different view. As luck has it, we have a competent minister who is able to drive this policy, which we should all appreciate. What does the bill do?

Hon. Bill Forwood — It provides a subsidy.

Mr SMITH — I will get to that. I advise Mr Forwood that we have the answers to that one too. The bill does two things: it removes the barriers to connection to wind farms and ensures that small generators are offered rates by retailers for the purchase of electricity. This bill targets specific problems, puts everyone on a level playing field and creates a more competitive market. I would have thought the opposition would support all of these good economic theories and ideas and so on, but no, there is dark opposition. I am confused about the opposition. I can understand political expediency, but the opposition has sensed a wind change and decided to jump on the wagon and oppose the legislation because some of its constituents are either left out in the cold or are strongly opposed to it et cetera.

The government has taken the big picture into account. It is fair to say that some people are unhappy with what the government is doing in terms of the location of wind farms and so on. The overall benefit is what we are looking at, and the common good for the state is the goal we are pursuing. I will not be so flippant as to talk about what you have to do to make an omelette, but basically we are saying that you have to take the big picture into account, which is what we are doing. I express surprise at the opposition's position today because I have a couple of clippings from which I wish to quote. The first states:

Victoria has the capacity to generate electricity from wind, and projects of that kind are afoot at present. There are wind

power projects in South Gippsland and south-western Victoria. I have had the opportunity to look at a large number of wind farms in the United Kingdom, and notwithstanding the concern of many of my constituents about the visual impact and amenity of wind farms, I was surprised by the benign nature of the wind farms. They did not seem to be a blight on the landscape to any significant degree. Indeed, what surprised me, given that the United Kingdom depends to a large extent on its aesthetic environment for international tourism, was how well within that landscape wind farms were adapted.

So said Mr Phil Davis, the current Leader of the Opposition, in his contribution to debate on the Electricity Industry (Amendment) Bill in 2002.

I wonder what has happened. I would like to see Mr Phillip Davis do a backflip; it would be something to behold, but he is not the only one. We are all now aware that the new speaker of the federal house is the member for Wannon. He has made a comment on this. He is in a position to make a comment given that he is the member for Wannon. The *Ararat Advertiser* on 24 August 2004 says:

Mr Hawker said he supported wind farm developments ...

The article goes on to say Mr Hawker said:

... there were already several wind farm developments planned in western Victoria which were going to be constructed in Portland.

'In other words thanks to the federal government right now there is a massive growth in wind farm turbine manufacturing but regrettably Ararat is not the preferred site. Much as some might hope it was, Portland seems to have got in first', Mr Hawker said.

I reiterate: Liberal members of the federal Parliament and in this house are supportive of and glowing in their praise of wind farming. It is no wonder that I and other members on this side of this house are confused. Why wouldn't we be? The opposition does not know where it is going and has no policy as to what it would do with the issue. All we hear is whingeing, carping and negativity rather than positive contributions as to what alternatives the opposition has.

The opposition also complains that there will be more wind farms in coastal areas. Well, I say au contraire! The government has made it clear that it will positively not support any development or further development of wind farms along Victoria's coastline. The Great Ocean Road, for instance, will be protected. We did not have to legislate; we simply made it known we would not be supportive. As a result applicants at Narrandera, Narrandera South, Stawell and Meridian have withdrawn their submissions to develop wind farm turbines in coastal areas, which demonstrates again that we are being sensitive not only to those areas but that

we are aware of where wind farms should be situated geographically to benefit the state and particularly the industry.

Hon. J. A. Vogels interjected.

Mr SMITH — That is the one that leads to the Portland aluminium smelter, my friend, and I know that one very well. The opposition's fears that wind farms may be established in those sensitive areas along the coast are clearly ill founded. We have put that one to bed.

At the start of this whole issue I was not one of those people who jumped in and thought wind farms were a fantastic and great idea. I had my doubts about them. All credit should go to the minister, who did a fantastic job of convincing me that I did not have it quite right. I have always prided myself on being able to admit that I may be wrong or have something to learn. But it was not just the minister who convinced me. The one thing that really convinced me that this policy was the right policy to take Victoria into the future was listening to the New South Wales Premier, Mr Bob Carr. Mr Carr was on *Lateline* earlier this week talking about the big picture in terms of environmental issues, the responsibility of governments and where we should be heading. It made me think that it is true that when you are in government you should be thinking about the long-term benefits to the state, where we are going and the benefits that will flow to the generations — not just our kids but to our grandchildren and great-grandchildren and those who will follow. We have a responsibility to do that.

It is fair to say that the wind-powered turbines on their own do not make a huge impact on the state's power needs. Our argument is that wind farms are a step in the right direction and part of a bigger puzzle. I have used this saying of Chairman Mao Zedong previously in the house, but I will use it again because it is appropriate: the march of thousands miles starts with the first step.

An honourable member interjected.

Mr SMITH — That is the only thing he ever got right, but it is true! The government is looking at the bigger picture.

This proactive minister is looking at all sorts of technological ways and means of improving things. All sorts of things, including brown coal, are being looked at to maximise the resources we have up at the Latrobe Valley. Brown coal is a resource and it and its manufacturing base are extraordinarily valuable to Victoria. Technology will allow us to continue to

develop and use that resource to provide cheaper and more reliable power to manufacturers in particular.

Hon. Bill Forwood interjected.

Mr SMITH — I was going to make some comments that even Blind Freddy could do that, but my thunder was stolen by Mr Forwood!

We have talked about economic benefit, and the previous speaker, Mr Hall, said that there were only a handful of jobs in Portland. I would have thought that Keppel Prince Engineering and the citizens of Portland would be quite grateful for 75 extra full-time jobs. The economic impact of that — in case the opposition did not know — flows on to an extraordinary extent. There will be millions — —

Hon. J. A. Vogels interjected.

Mr SMITH — Mr Vogels will even be down there trying to claim some credit for this. He will be down there on the bandwagon saying, ‘The feds have done this’.

The reality is that it will be a massive contribution to the Portland economy. We can look at the Latrobe Valley as well; there is no doubt that there will be spin-off jobs in Gippsland. I would have thought that a government that destroyed as many jobs as the former coalition government did in the Latrobe Valley in terms of privatising the power industry and whatever — —

Hon. Bill Forwood interjected.

Mr SMITH — At last count the former government destroyed 20 000-odd jobs, and the lives of ordinary working people with them. You would have thought that opposition members would be grateful for any jobs that were coming back into that area.

Hon. Bill Forwood — Under us unemployment came down from the 10 per cent that you had it at.

Mr SMITH — Twenty-thousand-odd jobs in the power industry went under you lot, and you did not bat an eyelid.

I would argue that people in the Latrobe Valley and Gippsland would be more than a little grateful for whatever is coming their way. I do not mean that they should be grateful, that would be condescending. Let me say that they will be pleased those jobs are coming.

Hon. J. A. Vogels — You only have a minute to go.

Mr SMITH — And I am counting.

Hon. Bill Forwood — You forgot to say you support the bill.

Mr SMITH — I thought it went without being mentioned. I will take up that interjection from Mr Forwood and say that of course I support the bill; it is a very good piece of legislation.

Hon. Bill Forwood — What about the Australian Workers Union?

Mr SMITH — I am sure the AWU supports the bill as well. There would be spin-off jobs, especially in Portland at Keppel Prince Engineering, where we are the principal union.

Hon. J. M. McQuilten — They are!

Hon. Bill Forwood — ‘We are’!

Mr SMITH — That is neither here nor there on this particular bill. Again, what I say is that of course this is an emotional issue, and those farmers who are benefiting significantly to the tune of something like \$10 000 a year to have turbines on their land have a very different view to those on the other side and down the valley who are not getting anything except the effects of those turbines on the visual aesthetics of their surroundings and the other possible problems.

The ACTING PRESIDENT

(Hon. J. G. Hilton) — Order! The member’s time has expired.

Hon. J. A. VOGELS (Western) — The stated purpose of the Electricity Industry (Wind Energy Development) Bill is to facilitate the development and construction of wind generation in Victoria by eliminating obstacles to grid connection and supplying an assured buyer for small wind generators. As Mr Forwood explained, this bill has implications for the supply of electricity in Victoria from generation to grid connection and retail sales. The bill is also about subsidising wind farm connections to the distribution system.

The opposition is not opposed to finding alternative sources of energy; whether they be wind energy, solar energy or tidal energy, I think they are all good projects. We also understand that if you are going to find new, alternative and renewable sources of energy that the government of the day has to step in and provide subsidies or things will never happen. We all understand that, and that is not the issue here today. At the moment solar and wind power are the main alternative forms of energy. At Portland, Keppel Prince Engineering is also working on what hopefully in the

future will be the alternative power we will all embrace — that is, tidal power. Nobody disagrees with any of that.

Someone has already quoted from the *Weekend Australian Financial Review* of 6 and 7 November. In an article headed ‘Wind power looks like so much hot air’ Trevor Sykes wrote:

Wind power is of little practical use, judging by a recent report from Germany.

Apparently Germany has more than half the energy-generating windmills in the world. Usually you learn from other people’s experience. Apparently the minister went over there and you would have thought he would have learnt that in Germany, according to this article, wind generation is a big, fat flop. Basically it is generating about 11 per cent of Germany’s power. The article says that wind energy has done basically nothing to reduce greenhouse gas emissions because wind generators are there only as a backup — and it is obvious they need lots of wind to work. The times of year we most need electricity and power are the winter and summer, yet in both Germany and Australia the most wind is generated in the spring and autumn. The article says that wind energy has done very little to reduce greenhouse gas emissions. It states:

The average feed —

in Germany of wind power into the grid —

was a mere 11 per cent of capacity.

Opposition members oppose this bill because it sets up even more subsidies. I did say at the start of my contribution that, yes, we need some subsidies, but in my experience any industry that is built on subsidies will eventually fail; it cannot last. We all understand that energy derived from wind power is at least twice as dear as that which comes from our brown coal, our base-load power down in Gippsland. We are listening and what we are hearing is that we are going to have to have carbon signals, or that energy will be too expensive. What will happen is that the base-load energy producers will have to put up the price of their power because they will be forced to pay some sort of tax or similar to the government if they are polluting the atmosphere. Those prices will go up so that eventually they will be equal to the price of wind power or whatever other types of power are available, otherwise those other types of power will not be able to be sustained in the long run.

We have heard a bit about Portland. Yes, 75 jobs have been provided at Keppel Prince Engineering in building towers, and I think the minister said in the house

yesterday that another 50 jobs would be provided in blade manufacturing. That is 125 jobs, which is fantastic for Portland — no-one would deny that — but it was only last year that we were told there would be 2000 jobs in Portland. There is a huge difference between 125 jobs — even if it becomes 200 — and 2000 — that is, about 10 per cent of what was promised in the first place.

Honourable members interjecting.

Hon. J. A. VOGELS — Everyone is trying to wind me up; it looks like we are in a hurry here.

The other thing I find disappointing is that the government has managed to divide our rural communities with these wind towers. Originally there was a hell of a lot of goodwill out there towards wind generation and wind towers. The first lot were built at Codrington, and basically there was no opposition; at Chalicum Hills there was very little if any opposition and there was a lot of goodwill, but over the last two or three years the goodwill has gone. I can remember not long ago a lot of people on the steps of Parliament protesting vigorously at the way they had been treated by this government in forcing decisions on where these wind farms would be placed. The decisions were taken with very little community input. Councils were taken out of the equation and they were basically a minister’s decisions.

The Liberal opposition supports wind energy developments provided they do not adversely impact on sensitive landscape assets, particularly in our coastal regions, and provided they have local support. This position was clearly established before the last election, and since then that view has been very much reinforced by the inappropriate approach taken by the Bracks government. The opposition does not support this bill.

Hon. J. M. McQUILTEN (Ballarat) — I believe this bill is basically about two issues — that is, making it easier for small wind generating enterprises to operate and about leadership.

I will begin by talking about where I live and the environment that clearly seems to me to have changed. My neighbours and I are now going into an eighth year of drought. All of the old men and women in the district have never seen any drought like it.

Two years ago it was called the 100-year drought. I think it is now the 250-year drought, or maybe the 500-year drought. It is incredibly severe and trees are dying in forests, whole trees are dying and no-one has convinced me that there is no global warming effect. It has to be, I suspect, global warming. Because of my

personal experience and that of my neighbours I am very concerned about where we as a state, as a nation and as a global community are heading. Firstly, I should say I support the bill, in case I am picked up on that.

Hon. B. W. Bishop — Be a devil!

Hon. J. M. McQUILTEN — Thank you, Mr Bishop. The debate on this bill is about wind, but it is not only about wind. This bill is really about wind, and solar, and tidal, and coal — it is about energy and where we get that energy from. I have been talking to a number of private companies that are working in the area of solar energy. These Victorian companies in my view are making amazing inroads towards becoming competitive with coal. It might be five or six years away, but Victorian companies, technology and brain power are making a real attempt at changing the global scene. A company in my electorate has been spending a lot of money, time and energy in drying coal. Recently I visited a plant which is a prototype plant for drying brown coal to make it burn more efficiently like black coal. If that technology can work and that process can be scaled up and if we can then introduce that technology into Latrobe Valley, we will make an enormous difference to greenhouse gas emissions. This debate is beyond wind, it is about energy. We need energy to grow our economy and our society, and wind is one factor in that, as is coal drying and solar energy.

It was brought up by a proponent not long ago — I have forgotten his name — that another issue we have to think about as an interim measure is nuclear power if you want to have large amounts of energy, as Australia does. China wants huge amounts of energy. It is our largest trading partner, which I predicted in this house some four years ago. Energy is incredibly important for the benefit of humankind, but we need to show leadership to other parts of the world, as well as other parts of Australia, in how we achieve that energy in an environmentally sensitive way. Wind is one component. It is an important component in this particular debate, but it really needs to be taken more broadly. One of the things that came to mind last night when I was thinking about this debate was that 100 years ago your neighbour was the guy who had the paddock next door; today our neighbour is Europe, America, Chile, or the Pacific Islands. In the last 25 to 30 years we have come to understand that the globe is our backyard, the globe is our neighbour. What we do in Victoria is just a tiny piece of a huge jigsaw and what we are doing here today is a small part of a very large mosaic.

I would now like to talk about one of the things that Mr Bill Forwood forgot. He spoke about two points, but he forgot the third point which I think should have been leadership and self-interest. For too long Australians and human beings have always looked at what is happening just around them. What we need to do is look at what is happening around this globe. Yes, please be self-interested, but we should understand that we need to look at what is happening everywhere.

The Minister for Energy Industries was in Beijing only a week or so back and he could not see the sun because of the pollution. It would be simplistic to say that is just happening in Beijing. It is happening all over the world. When I do not get rain on my property and my neighbours do not get rain on their properties it is a part of what is happening in Beijing or Russia.

This is the story. Yes, be self-interested but please be self-interested from a global point of view. You cannot just think, 'I do not want a wind farm next to my farm or next to my house'. Everyone must look at this global change because it is a global change which is not going away. I have given you my own example — I can smell global change where I live. We need to show leadership, not only to Victorians and Australians but to the world.

There are incredibly creative people in Victoria and Australia who are working on amazing technology which may well help resolve some of these issues about brown coal reasonably soon. A solar energy company in Melbourne has opened up power plants in Alice Springs, Darwin and Queensland and will soon take on the world. There are a number of proposals in Victoria on the drying of coal to make it cleaner burning. These are Victorian brains working on resolving an issue. We cannot keep going down the track of burning brown coal as we have been. I think the solutions are not far away, and we have to keep doing that.

My call to Victorians and Australians is to not just think, 'I am the neighbour of the bloke next door and I do not want a wind farm', but to think about the global effects of everything. I believe what changed was that in 1969 we went to the moon and got photographs of human beings looking at the earth — and it was a blue globe. It is our backyard and that is what we have to start thinking about. What we do at Challicum Hills is a small issue compared to what is happening in China, Russia, Chile, South Africa and the Pacific Islands. It is incredibly important.

The Honourable Peter Hall said no-one has explained the social benefits to him. I will try to explain those benefits. If we do not act globally, not just in Victoria

but globally, our farmers — your farmers, my friends — will suffer dramatically from climate change. I am seeing it already. It may not be in Gippsland but I am seeing climate change where I live. That is the bit where I am asking the Honourable Peter Hall, the Honourable Bill Forwood and other members opposite to come on board and show leadership on the real problems of this globe. There are no borders on global warming.

In addition, we have an obligation to the world because of the technology — the smarts — that Australians have. We have an obligation to help and promote our better technologies. Wind technology is imported, it is from Europe, but I am happy with that so let us use it. We need to work on the other technologies we have available. I have a feeling that our coal-drying processes are smarter than those of the Germans and that could make a huge difference. Solar energy is the other one, and I know the Minister for Energy Industries is aware of all of this, but it is a matter of the companies and businesses coming forward. We as parliamentarians have to show leadership — and it is worldwide leadership. We are really smart at resolving a lot of the issues faced by the environment but we must show some leadership. My point is that going back 100 years ago our neighbour was the bloke who owned the paddock next door but nowadays our neighbour is everyone on this globe. If we pollute and the world is polluting, it is everywhere. We need to be part of that global solution.

Economic benefit is another point that was raised by the Honourable Peter Hall. If we do not resolve this problem, many businesses will go down the toilet. We need to focus now. We need the Liberal and Labor parties together — but even then we would be such a small voice in Australia and an even smaller voice in the world. We need to unite in really taking on this global warming issue and take this opportunity to promote Australian technology to keep the energy flowing to our businesses but to do it in a smarter and cleverer way.

Hon. A. P. OLEXANDER (Silvan) — I join this debate to make a contribution to the Electricity Industry (Wind Energy Development) Bill. In doing so I want to reflect for a moment on what my friend Mr McQuilten has just told the chamber. I always listen very carefully to Mr McQuilten's contributions because when he makes them they are generally extremely well considered and heartfelt. I believe Mr McQuilten does have a very deep and abiding concern about showing leadership. I believe he holds that principle very dear personally, and I believe he wants to believe that that is

what is being delivered in these proposals for wind farm generation in Victoria.

I can usually find some aspects of Mr McQuilten's contributions that I agree with, but on this occasion I have to differ with him because I do not believe true leadership is something which spoils an environment in order to save one. I do not believe true leadership divides communities. I do not believe true leadership sets up distribution subsidies, forcing consumers to pay for the costs of development. I do not believe true leadership takes decision-making power away from those most affected by those decisions. I do not believe for a moment that true leadership on the environment in this state is something that goes through all of this to deliver no real environmental gains.

If we want to talk about leadership on this issue, let us do so and let us talk about what should have happened with a proposal as significant as this. It should already be very clear that every speaker in this debate has declared publicly their support for renewable energy options and a greater role for renewable energy in the total energy generation mix in this state. That is as it should be. Any responsible legislature would see those arguments clearly — the greenhouse gas emissions, the damage to the environment and our overreliance on those old fossil fuels need to be changed over time. Unfortunately what we are delivered here by the Bracks government is something which has negative environmental impacts with the stated objective of improving the environment and the environmental outcomes.

I refer members to what the National Trust said about the key environmental problem with what the government is doing. In its publication *Trust News* of April 2002 the National Trust talked generally about wind farm development. It said:

The National Trust believes that it should be obvious that the most significant of our coastlines be spared the visual and environmental effects of large-scale modern developments like wind farms, but the state government and its various departments have been deafeningly silent up until now.

The National Trust will obviously have heard the government's response, just as the opposition has. It will have worked out by now that exactly what it feared was going to happen is happening under this government. Our coastlines are being marred by the visual effects and other environmental effects that will follow the development of these turbines.

It is also true that on a purely environmental level — the principle is that you should not destroy an environment in order to save another one — there are

significant issues and dangers for wildlife in the regions where these turbines are to be built. Significant species, birds in particular, will be threatened by these turbines. Evidence from South Australia shows that wedge-tailed eagles and sea eagles have been killed and injured in large numbers by turbine blades, and these birds are endangered species in Australia, particularly in Victoria. Black swans are also prevalent in areas where these turbines are to be built, and there are also fears for their safety.

Leadership does not divide communities. This proposal — possibly as much as and possibly more than any other decision the government has taken — has divided communities, and has done so in a terrible way. We have a situation where relatively small communities have been fractured by these proposals; not by the fact that we are developing renewable energy options, but the way it is being done. It is clear that the government has mismanaged the situation, and I quote from an article by Irving Saulwick in the *Age* of 12 July:

Relatively small communities have, over the years, developed a social cohesion and a tolerance that is precious. People know their fellow citizens. They greet them in the street. They meet in shops or at the show or at the school fair or in those myriad other organisations that country folk have developed to express their interests and enrich their lives.

The passion over wind farms is fragmenting this social cohesion. Families are split. Friendships are damaged. Opposing camps are created. Bitterness emerges. The health of communities is seriously compromised.

These rifts could take years to heal. In the meantime, communities suffer.

Mr Saulwick could not have been more correct about the direct effects of wind farms. It is not the leadership being demonstrated by the Bracks government that so divides communities on this issue; it is far from leadership. It is interesting that many of the voices that have been raised in favour of the government's proposal are the very same people who will be accepting money from the government to site these turbines on their land. They are the very same people who will accept a fistful of dollars at the expense of friendship, at the expense of their local communities and at the expense of social cohesion. The Bracks government and this minister are very happy to sign those cheques: \$5000 to \$12 000 per turbine to place them on people's land. That is not leadership, that is a fistful of dollars. That does not demonstrate the leadership of this government.

I also want to say something about decision-making power and the responsibility of leaders to allow those most affected to have a say in decisions that affect their

lives. Any leader worth their salt is going to provide people affected by a decision with a say in that decision. That is the sign of true leadership, but it has not happened in this case. Communities are concerned, angry, frustrated and annoyed that these decisions have been taken out of the hands of local government and now rest with the state. They are angry with what they see as an obfuscation by some of the developers. They have a sense of outrage about what they believe to be an assault on democracy and their right to have a say in what happens in their back yard. They are right to feel that way.

Local governments have spoken out about this. Heather Bligh, mayor of the South Gippsland Shire Council, is reported in Mr Saulwick's article as saying that planning responsibility for wind farms in her area was called in by the minister. Despite attempt after attempt by the mayor, her council, her constituents and her ratepayers to have a say in these decisions, that opportunity was denied. It was denied by a government that is hell-bent on proceeding with a program that takes decision-making power away from those who are most affected. That is not leadership, and it is another reason why the Liberal Party will be opposing this legislation. We do not believe real leaders take decisions away from those whom those decisions affect. The Liberal Party is also concerned about the real environmental benefits that wind power brings. I can find one element of Mr McQuilten's speech with which I agree — that is, that wind power is only one small part of the total equation. Mr McQuilten is quite right about that, but a demonstrated overreliance on that one mode of power — —

Hon. J. M. McQuilten interjected.

Hon. A. P. OLEXANDER — I am telling the chamber, including Mr McQuilten, that we believe there is an overreliance. There are many other ways of energy generation. This one has been chosen and is being overrelied upon. It should not be. It is interesting to note that every year our energy consumption increases by about 4 per cent. It is projected to be 80 per cent higher in 2010 than it was 14 or 15 years ago in 1990.

Hon. J. M. McQuilten interjected.

Hon. A. P. OLEXANDER — Mr McQuilten should do the sums. Even if 1000 wind turbines were installed in Victoria over the next few years, the benefit would be minimal, representing only about 1 per cent of our total energy consumption, and the amount of brown coal burnt in this state would still have increased significantly. This proposal does not solve our

problems. It is, as Mr McQuilten says, only one small part of what must be a much broader solution.

In conclusion I want to make it very clear that the opposition is very concerned about the environmental effects of greenhouse emissions. It is extremely supportive of renewable energy and the development of those technologies in a sensible and rational way; one that is economically viable and environmentally sensitive.

I am saddened that we have had a real failure of leadership by this government on five counts. It seeks to spoil an environment to save one; it is dividing communities; it is setting up inefficient subsidies, and consumers will pay; it is taking decision-making power away from people who deserve a say; and with these proposals it is delivering no real environmental gains for Victoria.

Mr SOMYUREK (Eumemmerring) — I rise to make a brief contribution in support of the Electricity Industry (Wind Energy Development) Bill 2004. The debate on wind energy has been fast and furious over the last year or so. The government understands the importance of renewable energy for the future of our state and country. In terms of renewable energy and wind energy in particular our position is clear. We intend to press ahead, because ultimately it is the right thing to do. We note there is some opposition, but it is the right thing to do, and we are firmly committed to it.

The position of The Nationals is very clear and unambiguous and ought to be respected. On the other hand, the Liberal Party continues to confound members on this side. The Leader of the Opposition in the other place has made some temperate comments in the community, and the member for Hawthorn in the other place has given a diatribe in the *Herald Sun* and on various platforms at various times against wind farms and renewable energy. Then there is Mr Forwood, whose adroit political skills have really come to the fore during this debate. I congratulate Mr Forwood; he should be the Leader of the Liberal Party. I have a lot of respect for him.

Hon. D. McL. Davis interjected.

Mr SOMYUREK — I advise Mr Davis that I speak the truth. He will never get my endorsement! He might as well quit now.

The purposes of this act are to amend the Electricity Industry Act 2000 by facilitating the development and construction of wind energy generation facilities in Victoria by removing barriers to grid connection and providing an obligation on large retailers to offer and

publish buyback rates from small wind generators. The bill amends the Essential Services Commission Act 2001 and the Energy Legislation (Regulatory Reform) Act 2004.

Removing barriers to grid connection refers to amending the Electricity Industry Act 2000 to provide that modified connection charging rules will apply where a network upgrade will facilitate development of the wind industry. At the moment, areas of Victoria have high average wind speeds, but because they are located at significant distances from the grid, the initial connection and augmentation costs in connecting to the grid are considerable and act as a disincentive for developers to invest in the industry. It is not a level playing field, because other developers who come on board afterwards do not have to pay the initial establishment costs and the pioneers of the industry are being disadvantaged. So the bill ensures that all the market participants get a fair go. This is not a subsidy; it is about equality, being fair and kick-starting this industry.

The bill also places an obligation on large retailers to offer and publish buyback rates from small wind generators. This will provide certainty to small wind generators and assist in overcoming market barriers impeding the development of a sustainable small wind turbine industry in Victoria. Small wind generators will provide the industry with time to develop new technologies which will help in productivity and will in turn feed on to economies of scale. This requirement may also be extended to other small renewable energy generation facilities. Much has been made about solar power, and this bill will act as an incentive for renewable energy generators which are currently less able to negotiate for commercial outcomes, so far as the solar energy industry is concerned.

As I said at the outset, the government recognises the economic, social and environmental benefits of wind energy and will continue to drive investment in the industry. The bill will give that process further impetus. The renewable energy industry has already injected millions of dollars into the Victorian economy through investment and job creation. These economic benefits will continue as the industry develops. I commend the bill to the house.

Hon. R. H. BOWDEN (South Eastern) — The government has at least been honest in the opening part of the second-reading speech where it says:

The principal purpose of this bill is to facilitate the development and construction of wind energy generation facilities in Victoria by removing barriers to grid connection

and providing an assured buyer for power from small wind generators.

It might be honest and upfront, but I believe and suggest to honourable members that the bill is undesirable and proof of the government's commitment to crusading to placate a fashionable element in the conservation and environment movement which has somehow captured this government and forced it to now force an unviable element of our power generation on to the people of Victoria. Based on the economics of the form of electricity generation, there is no question that without substantial subsidies wind generation is not viable in its own right.

The opposition supports the principle of alternate energy suppliers. It supports the concept of renewable energy, and we are very conscious of the desirability of exploring those productive aspects of our energy base. But in contrast to the situation that appeared to be the case some years ago, practical experience is starting to raise a substantial number of questions. The desirability of wind farms is starting to be very much at the forefront of thinking, and legitimate questions are now coming forward about their basic desirability. There is very clear proof that there are winners and losers, and I suggest that there are far more losers in the wind farm equation than there are winners.

For reasons of its own the government has committed to a well-announced policy of requiring a nominal installation of 1000 megawatts of electricity into the state by 2006. A nominal installation of 1000 megawatts is a substantial amount of power. But the secret that the government does not seem to have discovered is that the wind does not blow constantly: it varies from nothing to substantial levels, and therefore the 30 per cent expected achieved output is an optimistic one, which the government is understood to have accepted. I think that a 30 per cent achievable position of a nominal rating is high as is evidenced elsewhere — and overseas I understand it is as low as 11 per cent. The wind varies; it is not constant. Even if there is a nominal capacity of 1000 megawatts, which is 1000 million watts of power, it will not be achieved, because the wind is not constantly at that rate.

What is wind development doing to the communities along the coastline and in the areas nominated in the wind atlas? In most cases it is dividing the communities. This is not good. We hear almost on a daily basis from selected members on the government side the claim that they govern for all Victorians, but they appear to be governing for Victorians who want wind power — and if you added them up, you would not find too many of those. They do not appear to be

listening to or governing for those Victorians who do not want wind power in their backyard, region, town or environment. I suggest that the claim by the Bracks government that it is governing for all Victorians sounds pretty hollow when you look at the evidence facing us in relation to this bill.

Wind farm development causes conflict. There is anger among certain elements in the community, certainly in the province I represent and to the east of it. The story of Bald Hills and the stress in the areas of Wonthaggi and Dollar are approaching tragedy when you think of the division in communities. The result of wind farm development will also almost certainly be an increase in the cost of electricity. There is no question whatsoever that the implementation of the provisions of this bill will increase the cost of electricity to consumers. Having been in Parliament since 1992 I start to get a little questioning when bureaucratic words are trotted out to support a government's argument in the way we hear from the Bracks government. When I hear words and phrases like 'sustainability', 'economies of scale', 'models' and things like that I say to myself, 'That is gilding on the lily'. In this case it is not a lily; it is a very questionable flower indeed.

I am not impressed by the resort to bureaucratic language to try to dress this up, because all these developments will do is increase division and anger in the community, further the cause of unviable energy systems, raise the cost of electricity for our community, and generally be quite lacking in its appeal. It may have been the case some years back that the perceived benefits of wind farms were extremely desirable. Similar arguments were run in some places about other forms of power generation — and we will not go into the nuclear story, but there were certain stories in the 1960s and 1970s about that form of power generation.

This government should have a cold shower, have a long, hard think beside a quiet river bank and do some intense navel gazing as to the real need for this type of power generation. It is not efficient, it cannot stand on its own legs in the main and it is a pollution of a type. I can imagine the outrage from the Bracks government if there were a proposal to build, say, 50 narrow home-unit buildings of 130 metres or so in height on the same land.

Wind farms are not attractive; they are really a form of visual pollution. There are real questions about their acceptability in terms of engineering output, and the social cost is quite high. It is claimed there will be some extra jobs; these are real and quite necessary. But there are two types of jobs: the jobs involved in the planning, manufacturing and installation and the baseline jobs

needed for maintenance, which represent a drop-off in numbers. I suggest to honourable members that when one looks at the total cost one sees that these baseline jobs are not as numerous or economically desirable as we are led to believe.

In summary this bill is unfortunate. For reasons that previous opposition speakers have detailed and I have also mentioned, the opposition cannot support it. It perpetuates the myth that wind power is benign. I do not believe it is. The jury is fast coming to the opinion that it is not benign, and that there are high costs — both economic and social — to wind power. I have driven along the coast of California between Los Angeles and San Francisco, and also along the north coast of California, north of San Francisco, on the way to Sacramento, and I have seen many of their wind farms. There are huge wind farms in California, and I can tell members that they are not liked, not popular, not economic and, quite frankly, there is a great deal of community hostility to them.

We do not want wind farms here. It is not a case of ‘not in my backyard’; it is a serious case. Again I suggest that the Bracks government wants to do the right thing, probably for very good reasons. But in this case, in following the fashion of the conservation and environment movement, the Bracks government is in danger of burdening this state with a type of power generation system that is unsustainable and unjustified.

In conclusion I would like to say that we do not want wind farms and will not support wind farms in my electorate. We think they have a negative impact on the community. We do not want them and will campaign against them. The opposition will vote against this stupid bill.

Hon. DAVID KOCH (Western) — It is a pleasure to make a contribution to the Electricity Industry (Wind Energy Development) Bill. We appreciate that this amends the Electricity Act 2000. In opening, I put upon the table that the opposition opposes this bill. In saying so, I also wish to leave the house in no doubt that the Liberal Party is a supporter of alternative and renewable ways of producing power away from the fossil fuel industry wherever possible, but certainly not at the cost of consumers whilst lining the pockets of generation companies. I certainly second the comments of the Honourable Andrew Olexander in relation to leadership. He put it extremely well in saying that it is pointless destroying one environment to save another.

In relation to power augmentation, we all have a concern about underwriting and subsidising of the industry. I believe very strongly that if an opportunity

prevails within the scope of distribution lines we should certainly be looking at that. But the opposition takes on board the fact that wind energy comes at a large premium when compared with our existing sources of power — it is in the order of a cost factor of six to one over fossil fuels. At the end of the day these opportunities will either get up or not get up from the point of view of consumers. The other thing about wind energy that is of great concern across Victoria is that it does not offer base power, and given the need for a top-up from existing sources its reliability is heavily queried.

Turbine location has concerned Victorians across the board all along, and this further augmentation to distribution lines and the underwriting of that opportunity for power companies has further threatened some communities that believed as they were not located near these distribution lines there was a chance this type of energy production would go past them. It is unfortunate that the only reason it might land on their doorstep is the further underwriting and subsidising of this industry. Governments have a responsibility to underwrite and subsidise various industries where there is an element of social benefit to the communities they are servicing.

As I have mentioned, wind energy is recognised internationally as being hopelessly unviable. In Germany, where 50 per cent of wind turbines are located internationally, their viability is no longer recognised, and those communities are looking at alternative sources. In California many turbines have now reached the end of their life, and for viability reasons they will certainly not be replaced. On those grounds we need to be looking at the viability of alternative sources. There are many sources that can be relied on. Two fossil fuels that are not renewable are our brown coal reserves in the Latrobe Valley and gas, but there are alternative sources of energy — thermal, wind, solar and, as mentioned earlier, tidal. The one that has been missed on many occasions and that is probably the most affordable — the one that will be recognised at some stage and get put on the table nationally — is nuclear power.

The other lie the minister spread around this house earlier was in relation to where turbines may be located. Coastal positions are important, and we were fortunate enough to have a wind atlas published in January 2004 covering the whole of Victoria, so we now know exactly where the best opportunities are. Coastal areas were obviously not the only opportunity afforded for the generation of power by wind turbines. Places like Challicum Hills have been very successful — when the wind blows. There is another opportunity for wind

turbines at Crowlands, which I have inspected. I believe Pacific Hydro is looking forward to locating in the order of 70 turbines there on Jack and Lynne Start's property, which is, again, right against a distribution line. From that point of view wind energy should be given the opportunity for success in those circumstances.

Another thing that has concerned communities across Victoria is the planning process that has been used for wind energy. A lot of local government opportunity and autonomy has been removed when some of these applications have been made. The minister in her wisdom has called those in without any consultation in the areas where these generators will be located, and that has greatly concerned the people in those communities.

One thing that may not be recognised is the opportunity of gaining this extra 1000 megawatts of power required by the government. As many members will realise, as it has already been discussed in this house, Victoria has had a golden opportunity afforded to it by Origin Energy, which has proposed putting a new power station in western Victoria using gas from Port Campbell. It has proposed locating it at Mortlake in close proximity to a power grid. Not only has it developed technology to keep this power cool with air instead of water, which is a precious resource, it has also designed technology for using gas for base power, which has not been the case historically.

The other thing I bring to the attention of the house is the concern of some ratepayers in the Rural City of Ararat that there is a chase and an enthusiasm for putting in maintenance and service depots in Ararat for the wind industry. I know from a briefing with the mayor and the chief executive officer of Ararat council that they have purchased land unconditionally to put in an industrial park to facilitate the ongoing maintenance and service of the wind energy sector. I suggest to the house that that is highly unlikely to take place, given that that opportunity has already been afforded to Portland — only some 180 kilometres away. It is a matter of concern if this sort of buzz is being generated and if it is being indicated to local government that these opportunities are there. Local government is struggling enough now to keep its municipalities together and to keep its roads together, given the amount of cost shifting the state government has pushed on to it. Councils can ill afford to get into these situations if they do not have genuine expressions of interest, which until a month ago Ararat did not have and certainly did not have prior to purchasing this land unconditionally. The opposition is totally opposed to the bill in its current format and hopes the consumer

will not have to keep bearing the cost of underwriting the wind energy industry in Victoria.

Hon. PHILIP DAVIS (Gippsland) — In relation to the Electricity Industry (Wind Energy Development) Bill I note that the principal purpose of the bill as recited by the minister in his second-reading speech is to facilitate the development and construction of wind energy generation facilities in Victoria by removing barriers to grid connection and providing an assured buyer for power from small wind generators. The real subtitle of this bill is a Further Subsidy to the Wind Industry Legislative Effort Bill, and to that I will direct my remarks. Firstly, wind energy is part of a plethora of potential alternative energy generation schemes. We understand that in the broad there are potentially 43 alternative energy sources, including photovoltaic cells, solar thermal means, wave power, crop waste, energy crops, forestry residues, landfill gas, municipal solid waste gasification and municipal solid waste anaerobic digestion — that is, sewage and animal waste.

Of course, the most traditional power sources that we are familiar with in Australia and particularly in Victoria, are black coal, which predominates; in Victoria there is brown coal, of course; natural gas and, importantly, hydro-electricity. While we have not had any experience with nuclear power in Australia and will not for the foreseeable future, it is not necessary for us to go down this track, providing the Victorian state government does not stuff up the state energy policy framework. The reality is we have an abundance of brown coal available to us to exploit full base-load energy requirements, and nuclear is hardly likely to be something which the community would applaud at this stage, given we have 500 years or more of brown coal available.

The issue here is the state energy framework — the policy — which this minister along with the Minister for Planning in another place is responsible for to ensure that there is an appropriate releasing of brown coal which is, in a sense, in limitless abundance for our lifetimes. The reason Tony Blair, the Labour Prime Minister in the UK, is looking at nuclear power is that a few years ago with the changes to cross-pressures and the changing of access to black coal generation capacity, there was an increased effort to generate power from natural gas. More than a third of UK electricity is generated from gas, and it has exhausted the North Sea gas supply.

Hon. T. C. Theophanous interjected.

Hon. PHILIP DAVIS — Well done, Minister. I am glad he has done his homework. So Tony Blair has been left with no alternative but to look at nuclear power. The UK has made a mess of its energy policy framework in the sense of using a limited, exhaustible resource of natural gas for base-load power generation. In my view we need to put a marker down here in this Parliament and say, in a by partisan way, we do not want to waste that precious resource on base-load power that could alternatively be provided with environmentally effective brown coal electricity generation.

I put the challenge to the minister in the house to make sure that the Victorian government makes additional effort to ensure that the brown coal resources in the Latrobe Valley continue to be the basis upon which Victoria generates the majority of its power. That has been the case since the 1920s, and it therefore ensures that we have a low-cost, competitive energy framework. To pick up the minister's interjection about supporting renewable energy —

Hon. T. C. Theophanous — I do support it.

Hon. PHILIP DAVIS — I am sorry, I misheard the minister.

Hon. T. C. Theophanous interjected.

Hon. PHILIP DAVIS — Origin Energy is entitled to do what it likes, but the reality is Origin Energy will only be able to proceed with that project if the minister makes a mess of energy generation in this state and forces up the price of energy to at least double, because that is the only basis. As the minister full well knows, the cost of generating base-load power from gas is at least twice the cost of generating base-load power from coal. So I suggest to the minister that we move on.

The issue is to deal with the energy policy in relation to renewables, particularly to wind. With this bill the government is proposing to introduce a cross-subsidy to support what is clearly, even with commonwealth regulatory arrangements in place, an industry which is struggling economically — that is, wind energy; so the minister has helped some of his mates out here by introducing a regulatory framework to make it easier.

I am interested in what others have to say about this, because it is always informative to see what commentary there is. I note that the *Herald Sun* newspaper of 30 October published an article headed 'A blow to deregulation'. It states in part, and I quote:

Wind generators already receive hidden subsidies from consumers as a result of a commonwealth regulation. These

subsidies provide wind generators with a price for their output that is two to three times that received by conventional generators.

In spite of this, proponents of wind generators are finding it difficult to finance them.

So Mr Brumby has introduced a wind energy development bill that will require customers, not wind developers, to pay for the costs of new electricity lines that connect them to the users.

Further, the article states:

Making matters worse, the Victorian government's wind proposals leaves the receipt of subsidy for each proposal to the minister's discretion. This opens the door to the sort of banana republic political corruption that can cause the economy to nosedive.

I have to say that article is insightful, and it begs the question as to whether Victoria is heading back to the 1980s and the banana republic that was run by the Labor Party in the 1980s when it managed in 10 years to take this state from being on a sound financial economic footing to bankruptcy. It is a good question to those members who were not in the Parliament in 1992 when the Kennett government had to fix the mess.

Having said that, may I make the point: in the course of this debate members on the other side have referred to comments that I have made in a previous speech. I am delighted to pick that up. Indeed, I am delighted to go back to the references they quoted.

On 18 April 2002 I said, in relation to the Electricity Industry (Amendment) Bill, and I am happy to agree that I said it:

I have had the opportunity to look at a large number of wind farms in the United Kingdom and notwithstanding the concern of many of my constituents about the visual impact and amenity of wind farms, I was surprised by the benign nature of wind farms. They did not seem to be a blight on the landscape to any significant degree.

I admit that I said that. Indeed, that is exactly what I intended to say. But I also went on and said this:

The United Kingdom's present policy is to expand and develop green energy sources by 2010 moving from a threshold of 2 per cent to 10 per cent, half of which is proposed to be generated by wind. That will be in part assisted by a new policy, which is to locate and identify what are described as offshore wind turbine sites. This is the placing of turbines in marine waters. It was interesting to view superimposed visual images of the turbines on a marine environment. They seemed to stand out more than any terrestrially based wind farm that I have seen. It is an interesting policy.

Let me tell the house about some of this. I have made it my business to look at wind farms. I would like to know how many members of the government have ever

seen a wind farm in operation, let alone in Europe. One! One member of the government has seen a wind farm in operation. How many members have seen a wind farm in the UK or in Europe? Has the minister seen a wind farm? Well done! Three hands went up there.

The point I make is that one needs to be informed about these matters before coming to a position on them. I was quite happy to make the observation in the context of the debate in 2002 about matters that were in the Electricity Industry (Amendment) Bill, but I make the comment today that quite clearly the policy issues before the Victorian Parliament, the Victorian government, deal expressly with planning matters which have been taken out of the hands of local communities by a government that is riding rampant against public opinion in the communities that are affected by these matters.

I make the point that I know people who have been fiercely involved in campaigns against, for example, Basslink pylons. I can also attest that I know some of those people who are very enthusiastic about the prospect today of receiving a personal financial reward in the event that they are able to have a contract to allow a wind farm on their property. What it has demonstrated in those farming communities is just how powerful the motivation of personal financial benefit is and how that will cut across and divide communities and create enormous stress.

I know Ms Hadden would be very concerned about what has occurred at Waubra in her electorate where there has been a divisiveness which has manifested itself in bomb threats. That is extraordinarily unhelpful and is driven by the inappropriateness of the present government's planning arrangements with respect to wind farms.

I and the Liberal Party support renewable energy. We are happy to say that if wind energy can provide a net economic and social benefit, we should support it, but there are questions about that. As my colleagues have properly said, the evidence coming back from Europe is undermining the credibility of the government's policy position on wind. For example, in Germany the net benefit of wind is marginal in that it only contributes in the order of 11 per cent of the designated capacity of the turbines because of the limited operating parameters under which those turbines can produce electricity. The consequence of that is that it is not possible to dismantle any form of traditional electricity generation because one has to have in mind security of supply. I would like the minister to tell us in his summing up in the debate how it is that wind in Victoria will make any

material difference to the amount of energy requirement we have to pull from the Latrobe Valley from brown coal, because in my view it would be so negligible that it would be impossible to measure.

This bill is a disgrace because frankly it sets in place a political relationship with wind farm promoters and a potential for corrupt practice. I do not accuse the minister of being of a mind to benefit from that, but I am saying that the framework the government is putting in place clearly has the potential for corrupt practice to be observed as a result of that framework, and the government should seriously think again.

The bill manifestly distorts the pricing signals in relation to the viability of these projects. Bearing in mind that already there is a very significant subsidy going to wind generators as a result of the mandatory renewable energy target put in place by the commonwealth, it is unfortunate that the government insists on running down this path. In conclusion I confirm that the opposition is absolutely opposed to the bill and will be opposing it at every stage.

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — It is important at this stage of the debate for me to paint the broader picture because we as a government — I understand that in opposition you do not have to face the same sorts of responsibilities; and I have been in opposition too — have to face the responsibilities involved, and the following are the sorts of issues we have to face up to.

The CSIRO, which is not an organisation to be taken lightly, has estimated that in a do-nothing scenario in relation to climate change and global warming, by 2070 — which is a substantial distance away but not all that long away because it is in the realm of what our children will face — temperatures could rise by up to 5 degrees Centigrade. The CSIRO has estimated that rainfall in Victoria could drop by as much as 25 per cent. It has estimated that we will have three times the number of days of hot weather — that is, days above 35 degrees — as we have today in Victoria. It has also estimated that sea levels could rise by as much as half a metre.

This is a scenario that any responsible government would have to take into consideration. Beyond that you have the intergovernmental panel on climate change (IPCC) which has concluded that in order to avoid severe adverse climate change impacts brought about by human activities it will be necessary to reduce greenhouse gas emissions in order to stabilise atmospheric concentrations. In its third assessment report the IPCC points to the need for reductions in

global emissions of around 40 per cent by 2050 if we are even going to have any chance of reducing global impacts. The United Kingdom, which has been mentioned during debate, has set itself a goal of reducing gas emissions by 60 per cent by 2050. What we have in this country, however, is a federal government that has said that it will not sign on to Kyoto or embark on an emissions trading scheme. It will not do any of these things to address these issues. That is the context.

The Victorian government has done the following: it has said in response to this that it will set a target of 10 per cent of consumption from renewable energy from 2010. It has also set a target of developing 1000 megawatts of installed capacity from wind by 2006. These are tangible aims and targets which this government has in order to bring about renewable energy. How will the government do this? It will be done by setting guidelines. The guidelines will include proper landscape assessments. The other thing we are doing is introducing this bill, which simply removes the barriers to connection for wind farms and ensures that small generators are offered rates by retailers for the purchase of electricity. It is a bill which is limited in its applicability but which is important.

I turn to what I would simply call the misinformation that has been put around by opposition members and some people in the community — and Tim LeRoy has already been mentioned in this place as one of those who puts out misinformation. Mr Forwood said in his contribution that the bill will lead to the destruction of Victoria's landscape. He made a suggestion that it would promote wind developments closer to the coast rather than away from the coast. I invite Mr Forwood to look at the wind map to see where the grid is. You only need to look at areas that are within 10 kilometres of the electricity network to see there is a huge band that runs across near the coast but that there are huge areas inland which are not covered that are not closer than 10 kilometres. What this bill does is say, 'You see all those blank areas inland where the grid is too far away, then we should not rule those areas out but seek to promote wind in those areas'. I invite Mr Forwood to look at the map and make that assessment.

Mr Forwood also made the point, as have a number of other speakers, that Germany has 11 per cent wind efficiency in its turbines. I do not know what the wind efficiency of the German system is, and I am surprised by that figure, but since Mr Hall has asked me to provide figures for Victoria I am happy to tell him that when I indicated in this house it was about 30 per cent in reality the outcomes are that in relation to the Toora

wind farm the figure is 35 per cent and for the Challicum Hills wind farm it is 34 per cent.

We have highly efficient facilities in Victoria because we are lucky to have a good wind resource which is capable of being used for the purposes of producing energy.

A point has also been made about system balance. We found the system balance in Denmark is such that up to 40 per cent of their system is being run from renewables and wind. We are talking about 2 per cent in Victoria. When you ask people in the industry about this kind of approach they will tell you that anything up to 10 per cent is manageable in relation to system balance. This is yet another piece of misinformation that goes around!

Mr Hall made the point about backup support being needed for wind turbines. The 80 per cent figure that he quoted is incorrect because with the development of both substantial predictive capability and our wind farms in Victoria that figure is substantially lower. Let us say it is a gas facility which you do not have to turn on because you are providing power from a wind facility; therefore you do not use that resource during the time that the wind is blowing. Even if there is some backup required, that is a better outcome than to not have any wind at all. I make the simple point that every single megawatt that is created from wind energy is a megawatt that does not have to be created using fossil fuel. You do not have to be a genius to work that out. Whether the opposition wants to talk about infrastructure being in place or not, that is a basic and undeniable fact — —

Hon. Bill Forwood — No matter what the cost?

Hon. T. C. THEOPHANOUS — Mr Forwood has asked about cost, so let me tell him about it! The cost is about double the cost of normal power. The reason that we and the federal government through its Emirates scheme are promoting wind is that we know and the projections are over the long term the cost will come down as these units become more efficient. This is about developing an industry, getting employment into these regions and playing our part.

In respect of small wind turbines, which I will want to talk about at the committee stage, a number of people are going around with misinformation. David Bellamy was one of them. He was the hired gun and a discredited person who wanted to put a giant monorail in the Galapagos Islands so that people could travel by monorail into that pristine area. He was utterly and thoroughly condemned for his comments by David

Attenborough and David Suzuki. David Bellamy goes around with anybody who will give him a free first-class air ticket and he will turn up to places and make comments that are untrue. He will do anything to undermine an important industry.

The opposition has fluctuated with respect to these issues. A few years ago it had a program. The Liberal Party particularly had a view that wind development was not a bad idea and that it ought to be promoted. What happened over the course of time — as always happens with the Liberal Party — is that the National Party, the rump of the conservatives, goes out, puts an extreme position and gradually drags the Liberal Party into the same extreme position. Mr Hall commented four years ago that he was pleased that Gippsland was well placed to capitalise on the potential of wind-powered energy. He thought he could pick up a few local votes. Now he is prepared to sacrifice all the jobs that are involved, the development and the environment in order to pick up a few cheap votes in Gippsland for his own personal benefit and that of his party.

What I find disgraceful is that people like Mr Forwood, who is a person who has some principle, has been prepared yet again to allow himself to be dragged along on this chain and do the same Backflip Bill on this issue. This was exactly the same thing that he did when it came to the point of having to stand up for the Auditor-General, and he drowned the Auditor-General at that time. He is prepared to do the same thing today and drown wind energy in this state because somebody in the National Party said, 'I want to get a few votes down in Gippsland'. It is a disgrace!

Let me make one point. I have a letter that has been quoted before in this house. It is from Dr Naphthine, the member for South-West Coast in another place, and it relates to what we should be doing for wind. He says this:

... the stumbling block is that this land is located some kilometres from a suitable power grid which could receive the proposed wind-generated power. Therefore, on behalf of my constituents, I seek your advice as to whether the state has any programs which could assist with the cost of connecting wind energy projects to the Victorian power grid.

Yes, Dr Naphthine, we do have a program. It is called the wind energy bill, and he should have voted for it in the other place, because it was responding to his question to this government as to how it could assist in developing wind energy in locations that were too far away from the grid. The hypocrisy is unbelievable and is not something that we are going to stand for on this side of the house.

The PRESIDENT — Order! The minister's time has expired.

House divided on motion:

Ayes, 23

Argondizzo, Ms	Mikakos, Ms
Broad, Ms	Mitchell, Mr
Carbines, Ms	Nguyen, Mr
Darveniza, Ms (<i>Teller</i>)	Pullen, Mr
Eren, Mr (<i>Teller</i>)	Romanes, Ms
Hadden, Ms	Scheffer, Mr
Hilton, Mr	Smith, Mr
Hirsh, Ms	Somyurek, Mr
Jennings, Mr	Theophanous, Mr
Lenders, Mr	Thomson, Ms
McQuilten, Mr	Viney, Mr
Madden, Mr	

Noes, 18

Atkinson, Mr (<i>Teller</i>)	Drum, Mr
Baxter, Mr	Forwood, Mr
Bishop, Mr (<i>Teller</i>)	Hall, Mr
Bowden, Mr	Koch, Mr
Brideson, Mr	Olexander, Mr
Coote, Mrs	Rich-Phillips, Mr
Dalla-Riva, Mr	Stoney, Mr
Davis, Mr D. McL.	Strong, Mr
Davis, Mr P. R.	Vogels, Mr

Pair

Buckingham, Ms	Lovell, Ms
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Motion agreed to.

Read second time.

Committed.

Committee

Clauses 1 and 2 agreed to.

Clause 3

Hon. BILL FORWOOD (Templestowe) — I draw the minister's attention to new clause 15C(1), which states:

... The Governor in Council, on the recommendation of the Minister, may, by order published in the Government Gazette, declare an augmentation or proposed augmentation to a distribution system to be a relevant augmentation.

Could the minister outline to the committee what process he intends to follow before he makes a recommendation to declare an augmentation or a proposed augmentation?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Let me say first that this augmentation is taken very seriously. Government members gave it a lot

of thought before embarking on this path. It is important to put on record that with the costs associated with the augmentation it is our intention to try and get the full costs of the augmentation paid for over time by the wind industry itself. What we want to try and do in identifying a wind development is say, 'Here is an area where we could potentially have a number of wind developments', identify what we think is an optimum number of wind developments for that area and seek to apportion the cost of the wind developments across all of the wind developments in that area rather than having it for the pioneer development — the one that comes in first.

The comments that have been made about subsidies to wind farm developers are not strictly accurate, because it is our intention to try to ensure in all cases that the augmentation is paid for by the wind industry itself, but it might not be paid immediately. It might be paid as the new developments come on stream.

I responded to a similar question from the chief executive of Powercor, who asked me a similar question about process. It is probably appropriate that I read into the record my response to him in relation to a question about the process for declaring a relevant augmentation under proposed section 15C. This is what I said:

The government's intention is that any recommendation to declare an augmentation would only occur after thorough consultation between the government, distributors, developers and other interested parties. Such a recommendation would also be consistent with the government's existing guidelines for the development of wind farms in Victoria which require that a full consultative process be undertaken. Throughout this process the government's aim would be to identify network augmentations that are likely to attract connection by multiple wind farms, thereby also minimising the risk of under-utilisation of network augmentation. It is not the government's intention that a relevant augmentation would be declared without a distributor's agreement.

That is the response I made. I might make a further point though, just in passing, and that is that the benefit of the augmentation might not be limited to simply the wind farm development. It is possible that by augmentation we actually benefit communities that get increased supply or augmented supply of electricity which can benefit other industries in that particular location where the augmentation is going.

To cite an example, some reliability problems at Sandy Point in the Gippsland region have been brought to my attention by the relevant council. When I met with the South Gippsland council they told me about TXU having problems and the impact this was having on dairy farmers. One of the things I said to them was that if we were able to achieve augmentation through a

wind farm development, it could also have the side effect of benefiting those dairy farmers or other industries.

Hon. BILL FORWOOD (Templestowe) — I thank the minister for his answer which raises a whole range of issues which I will need to follow through. Can I first ask: is it the government's expectation that every wind farm proposal will lead to a relevant augmentation being decided by Governor in Council?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Absolutely not. It would be the government's intention to look at each one on a case-by-case basis, and we would only recommend an augmentation where we thought the area concerned would involve a multiple wind farm area. If there were not a multiple wind farm area, the augmentation for the development would have to be paid for by the wind developer in the normal way.

Hon. BILL FORWOOD (Templestowe) — I thank the minister for his answer. Will this be a public process? Will the minister say, 'We think this is an area where there should be multiple wind farms. Therefore we think there should be augmentation, so we are going to go into a public process so that everyone can be involved in whether or not this is taking place.'?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — I would like to consider the process of consultation further, but I cannot see any reason why we cannot have a public process associated with the consultation that would take place in each of these cases. But obviously the biggest issue for us would be the consultation with the local council, the local community and of course the distributor which plays a big part in this. We need to get the agreement of the distributor in each case — that is very important — as well as other players.

Hon. BILL FORWOOD (Templestowe) — I thank the minister. The minister has said he needs to get the agreement of the distributor, but that is not in the legislation, is it? This is just a commitment that is being given in committee.

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — What I have said, as I said in the letter of response to Powercor, is that it is not the government's intention that a relevant augmentation would be declared without a distributor's agreement.

Hon. BILL FORWOOD (Templestowe) — Will the minister outline to the committee the sorts of circumstances under which he would think an augmentation would be necessary? For example, would

it need to be more than 10 kilometres away from a distribution point? Would there need to be X amount of megawatts generated in order for this process to kick in?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Not putting any specific rules around it, but as a general principle obviously the applications that we receive would be those where the wind farm would not be commercially viable if the wind farm development had to pay for the full cost of the augmentation without reference to a later use by a further wind farm development sitting next to it. So it would be on a case-by-case basis, and it is in a way trying to get that augmentation out into areas where otherwise wind farms would not be developed. Our strong preference would be to use it to put the wind farms in locations which were non-controversial from a local community point of view.

Hon. BILL FORWOOD (Templestowe) — Do I take it from that answer that the minister is saying that if a wind farm is viable, paying for its own connection costs no matter how far away it is from the grid and because of economies of scale, the amount of wind, or it has got the cost of doing these things down lower, then the government will not consider augmentation?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — If a wind farm were viable as a stand-alone entity, I cannot see any reason the government would consider using this legislation to provide further assistance to that particular development.

Hon. BILL FORWOOD (Templestowe) — I thank the minister. What process will the government follow to decide whether such a wind farm is economically viable?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Mr Forwood might be aware that we do lots of this sort of analysis within my department, whether it be about Hazelwood's economic viability or other proposals that come before us. I would be guided by the expert advice from my department in relation to that and the analysis it would do.

Hon. BILL FORWOOD (Templestowe) — In relation to an earlier point, I think in his first answer the minister said that the intention was that the cost of augmentation would be spread over time over all the wind farms so it would all be recouped. The way I understand the legislation is framed the minister will decide how much the first wind farm will contribute, but the distributor will then bear the cost of the

augmentation and that cost of augmentation can then be recouped from consumers. Is that correct?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Our initial position on this would be that the first wind farm would pay whatever proportion of the augmentation which was determined — —

Hon. Bill Forwood — By you?

Hon. T. C. THEOPHANOUS — It would be determined by me depending on how many other wind farms we thought could be developed in that area. Once we determined the proportion, the wind farm would pay for that proportion. The remaining proportion would be borne by the distributor until such time as the next wind farm came into operation. I can predict the member's next question. There may be points where other wind farms do not come into operation. At those points it would be open to the distributor to apply through the Essential Services Commission's normal processes to recoup the costs it failed to recoup as a result of new wind farms.

Hon. BILL FORWOOD (Templestowe) — My understanding of the existing system is that augmentations undertaken by distributors are able to be automatically passed on to customers straightaway. My understanding of the legislation is that in this case they would be able to pass the costs on to the consumer automatically.

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — The first point to make is there is no capacity to pass on costs to consumers for the next four years, if you are talking about retail customers, because of the four-year pricing agreement. That means that for at least the next four years there is absolutely no capacity for that to occur. As Mr Forwood would know, we have negotiated a four-year price path with the retailers, so the end customer cannot pay any more for the next four years. However, I can assure Mr Forwood that we will be very rigorous in the way we apply this to maximise as much as possible the prospect of other wind farms in that particular location coming on stream so there is a net nil cost to consumers and all the costs are borne by wind farm developers.

Hon. BILL FORWOOD (Templestowe) — I thank the minister. I am a touch confused about the relationship between the distributors and the retailers. My understanding is that under the current pricing regime if a distributor adds to its assets then it is able to recoup the percentage on the enhanced assets automatically and that therefore gets passed through. Therefore, if there is a relevant augmentation, that adds

to the assets, and the revenue would go up. If that is the case, surely that would be automatically passed through to the retailers. What you are saying is that the retailers will not be able to get it because of the price path. The effect of the legislation before the chamber today will not be on the distributor, it will be on each of the retailers

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — To cut a long story short, Mr Forwood's analysis is in large measure correct if you make the assumption that there will be costs to pass on. The Essential Services Commission will decide whether that cost is passed on — it is not an automatic process, it has to go through the Essential Services Commission. The Essential Services Commission would have to bear in mind in deciding whether to allow the distributor to pass that augmentation cost on the probability of another wind farm development coming on stream enabling the recouping of those funds. However, the other issue is that even if you take the circumstance where the distributor was allowed to charge the extra amount, if a wind farm development subsequently occurred in that area, that money would have to be given back.

Hon. Bill Forwood — How?

Hon. T. C. THEOPHANOUS — By the same process. Because the second wind farm would pay its share of the augmentation that would come back to the distributor and the distributor would then have to give it back to the consumers. Even in the scenario painted by Mr Forwood, so long as the development occurs the consumer finishes up not having to pay.

Hon. BILL FORWOOD (Templestowe) — Perhaps the minister could help the committee: if he thinks there will be four wind farms in a particular area and one is a pioneer wind farm, will that person then pay one-quarter of the augmentation costs? How will the minister decide what percentage of the augmentation costs they will pay?

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — Given that Mr Forwood obviously has a number of further questions and given the time, I move that we report progress.

Progress reported.

WORLD SWIMMING CHAMPIONSHIPS BILL

Introduction and first reading

Received from Assembly.

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

ADJOURNMENT

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — I move:

That the house do now adjourn.

Patterson River Motor Boat Club: lease

Hon. C. A. STRONG (Higinbotham) — The issue I raise tonight for the Minister for Local Government concerns Kingston City Council's actions with respect to the Patterson River Motor Boat Club clubhouse. The City of Kingston wants the clubhouse to be moved, and it has come forward with various rationales for this action over the last three to six months. Firstly, it said the building was unsafe and had to be removed for that reason, but the motor boat club got advice from an independent building surveyor and that claim was proved to be incorrect. Secondly, the council said the clubhouse was causing sand erosion. This also proved to be incorrect and was subsequently withdrawn as a reason. The council is now trying again. It is saying that the clubhouse is causing sand erosion in the general vicinity of the clubhouse, but this is open to some doubt.

This is all happening because the City of Kingston wants the Patterson River Motor Boat Club to be out of the premises by December of this year. The club has been at this site since 1946, so you would think if there was any erosion or any effects on the foreshore they would have well and truly taken place by now. In addition I am advised that the former City of Chelsea, a predecessor to the City of Kingston, gave the club a lease in perpetuity on the site. I therefore ask the minister to investigate the actions of the City of Kingston towards the Patterson River Motor Boat Club with a view to assessing its legitimacy and legality, and also to investigate any abuse of power by the council.

Bayside: children's centre

Mr PULLEN (Higinbotham) — I raise a matter for the attention of the Minister for Community Services in the other place. The minister has often spoken about the

critical importance of children's early years and ensuring that every child gets the best possible start in life, and the Bracks government is doing a lot to ensure that services for young children and their families are more accessible throughout Victoria. I am also aware that funding new children's centres has been, and continues to be, an important part of that commitment. The City of Bayside has put together a proposal that aims to do something both practical and innovative to address the needs of young children and their families in the Highett area, and it is seeking financial support from the state government. The Dunkley Avenue-Fox Close public housing estate accommodates 197 households. Within 31 of those households there are 43 children under the age of six years, and almost 90 per cent of the people in those households were accommodated on the basis of urgent need. This is clearly an area of very high need.

All of this, of course, makes the provision of really good, locally responsive early years services all the more important. If we do not make sure that early years services are easy for these families to get to and use, the future for these young children will be very grim. We now have a chance to make a real difference to these children's lives and the lives of their families. The proposal developed by the City of Bayside for the new centre is an exciting one. It proposes a purpose-built facility that will bring together a terrific range of services such as a kindergarten, occasional care, maternal and child health, community health, parenting education, and various specialist health and children's services. I thank Mr John Enright of the City of Bayside for supplying me with a fantastic presentation. I am pleased that the council is working to address inequities in the area, particularly by trying to ensure better access to services in Highett.

I am proud to be part of a government that is serious about working with local communities, serious about addressing social inequalities, and serious about doing the right thing by our young children and their families. It is giving hope to families living in socially and economically disadvantaged areas such as those in my electorate. For all of these reasons I urge the minister to look seriously at this proposal.

Fishing: Nagambie

Hon. E. G. STONEY (Central Highlands) — I raise a matter for the Minister for Environment in the other place regarding people who have become ill after eating fish taken from the Goulburn Weir at Nagambie. I understand that a warning has been issued by Victoria's chief health officer, Dr John Carnie, advising people

not to eat fish caught in that area. The *Herald Sun* of 14 November reports:

Victoria's chief health officer, Dr John Carnie, has advised people not to eat fish caught in the Goulburn Weir pool near Nagambie, 125 kilometres north of Melbourne, after six people suffered a gastrointestinal illness from eating redfin.

...

Dr Carnie said all six people — a boy, 11, and five people aged between 66 and 85 — had recovered.

Symptoms included vomiting, diarrhoea, dizziness, disorientation and numbness in fingers and feet.

The article goes on to report Dr Carnie as saying:

Until a possible cause is found we would recommend people not eat fish caught in the Goulburn weir pool ...

I understand that the health department is testing the fish, but I believe the investigation should go further. I ask the minister to urgently conduct testing on fish and other aquatic life in that area to discover the basic cause of the problem as soon as possible so that the Christmas tourism season is affected as little as possible.

Consumer affairs: direct marketing

Ms HADDEN (Ballarat) — I wish to raise a matter for the attention of the Minister for Consumer Affairs, Mr John Lenders. It concerns door-to-door sales people and telephone sales people currently targeting people in regional Victoria, and in particular some of my constituents in Ballarat and its suburbs. I will give two examples that are indicative of the complaints that have been received by my office in the last few weeks. One relates to telephone sales people. Mrs D had been contacted successively and consistently over a period of about 10 days by a telephone salesperson who said they were calling on behalf of Optus. They rang her home during the day and after hours, demanding to speak to Mrs D. They knew the name of the adult who lived in that home and that was, of course, rather disturbing.

The salesperson then tried to persuade Mrs D to change her telephone account over to Optus, and when she said no, the salesperson kept trying to insist that she was going to get a better deal and that she should change over. In the end my constituent had to hang up. This lady has a silent telephone number, so she was even more concerned that the salesperson, who said they represented Optus, was calling her and knew her name. That is one example.

The other example is of a senior citizen in my electorate — Mr A, who had a representative from AGL call at his home. It was mid-week, around dinner time and Mr A was cooking the evening meal for his

wife who is very ill. He was persuaded to change over both his gas and electricity accounts to AGL for a three-year period. He said he signed documents although he did not have his reading glasses on and did not understand what he was signing. He was stressed and hassled by it, because he knew his wife was waiting for her meal. More importantly and disturbingly, he gave personal details such as his pension card number and his silent home telephone number. He came in to see me to discuss his disgust with himself for being 'conned' as he called it. At his age he said that he never usually signs anything that he does not understand, but he was pressured by this very articulate salesperson.

Those are just two examples which indicate what is happening in my electorate. My question for the minister is: what action can he take to empower vulnerable senior citizens and others and give them the requisite information and tools to make informed and appropriate decisions?

Brandon Park secondary college: site

Hon. ANDREW BRIDSON (Waverley) — Tonight I want to raise an issue with the Minister for Education and Training in the other place on behalf of the residents of Brandon Park. It concerns the future use of the former Brandon Park secondary college site which is in Collegium Avenue, Brandon Park. The Bracks government closed this school almost 12 months ago, and to date the future use of this large site has not been resolved. I have been talking with the local community, which is extremely concerned that the government will sell this land to developers who will then build high-rise apartments and/or offices in accordance with the government's flawed Melbourne 2030 policy. This land is possibly worth \$15 million to \$20 million, and my constituents say that any developer will need to build a high-rise development in order to earn a return on their investment. They claim that a high-rise development will not totally fit in with local residential character and amenity and will cause a loss of amenity.

The locals have established a group known as the Brandon Park Residents Action Group, which has links with other such groups around Melbourne that are also opposed to inappropriate development. Public meetings, which were held in December last year and July this year, were well attended, with probably 300 people at each meeting. Resolutions were passed calling on the government to consult with residents on any development plans and to retain the current stand of mature trees as well as retaining open space for community use.

I am advised that to date no decision has been made in relation to the site. I am also advised that a couple of meetings that were arranged between the City of Monash planning department and education department officials to discuss the future use of this site were cancelled, and the council officers are now waiting for a new appointment to be made. There are also rumours that a couple of struggling schools in adjacent neighbourhoods could be consolidated onto this site. I ask the Minister for Education and Training to let me and the residents of Brandon Park know whether this school site will continue to be used for educational purposes, whether it will be declared surplus to its needs and be developed by VicUrban, or whether the government will offer it to the federal government for the establishment of one of the new Australian technical colleges which has been promised to be delivered to eastern Melbourne. These colleges are due to commence in 2006, and this would be a marvellous site for such a college. I would like to see some sort of cooperation between the state and federal governments on this issue.

Point Nepean: future

Hon. J. G. HILTON (Western Port) — My adjournment matter this evening is for the Minister for Environment in the other place and relates to Point Nepean. Last Sunday, I attended the official opening of Police Point by the Mornington Peninsula Shire Council. Police Point is part of the defence land at Point Nepean and comprises 17 acres of land which has been the subject of such controversy for the last couple of years. Two other parts of the Point Nepean land of approximately 200 hectares contain unexploded ordnance and need to be cleared before the public can have unrestricted access. The remaining 90 hectares, which contain the immigration buildings, are now under the management of a commonwealth government-appointed trust. The trust has committed to transfer this 90 hectares to the state within the next three to five years.

The division of Point Nepean has certainly divided the community, and I ask the minister to enter into negotiations with both the federal government and the Shire of Mornington Peninsula to achieve what is the overwhelming desire of the vast majority of the community to have one integrated national park for the benefit and enjoyment of all Victorians.

Irabina Childhood Autism Services: funding

Hon. D. K. DRUM (North Western) — I raise my adjournment matter for the attention of the Minister for Community Services in the other place, Sherryl

Garbutt. It is with great concern that like my colleague Andrew Olexander I again raise the plight of Irabina and the Irabina parents action group. I know many backbenchers on the government side feel sympathetic towards the plight of the parents at Irabina. Whatever the minister may say, children with autism have had their available hours cut from 12 hours a week in 1999 to 1.5 hours a week now. It does not matter what spin the government wants to put on it; it tries to say that the children were never getting those hours when in fact they were, and now they are getting 1.5 hours a week. There is a real need not only for the minister to act but also for government backbenchers to take up this fight as well.

A whole range of issues is coming to the fore with the plight of autism in Victoria at the moment. There is a statewide call for a centre-of-excellence-type approach to autism. Some of the minister's recent comments have been quite alarming, and I would like to read some of those comments so that in her response she will be able to either explain the comments or deny that they belong to her. She has said that the hours of service at Irabina have not been cut when they have. The most alarming comment of all is that the minister apparently said that there is no evidence that autistic children need more than 1.5 hours a week at Irabina. It is absolutely staggering if she said that. The available literature points out how critical those early years are for autistic children, and it is quite staggering that the minister in charge of this sector believes that that is not important. I call on the minister to implement the philosophy of trying to establish some centres of excellence around Victoria. Conservatively, the government needs to inject a minimum of \$5 million a year to face this problem head on.

Warrandyte cemetery: extension

Hon. C. D. HIRSH (Silvan) — I want to raise a matter for the attention of the Minister for Health in the other place, Bronwyn Pike. It concerns the Warrandyte cemetery trust's persistence in trying to persuade the Manningham council to approve an extension of the cemetery to adjoining land currently owned by the Catholic Church. I want the minister to tell the cemetery trust to discontinue its application to get an extension to the cemetery. It already made an application to have the site rezoned so it could use it as a cemetery.

There was a major outcry by affected local residents, who submitted 256 objections to the council, which sensibly threw the application out. The residents were objecting on the grounds that the land in question is directly across the road from family homes. They do

not mind living close to the current cemetery — it was there when they acquired their houses — but they do not want graves to be their only view from their windows, gardens and so on.

The other issue is that parking is totally inadequate even for the current cemetery, let alone for an extension. People attending funerals already have to park in residential streets, but if the extension were allowed to take place those narrow streets would be crammed with cars, and even more intrusively on the weekends, as cemetery visitors parked on the streets where many small children live. As well as the issue of greater inconvenience for residents there is an important safety issue. No-one is opposing cemeteries, but they should be in the proper place.

The Concerned Residents of Warrandyte group, ably led by Judy Cook and David George, felt a sense of great achievement on behalf of hundreds of residents when the first application was thrown out. However, now the cemetery trust, through its landscape architect, has lodged a new application to acquire the land, clear vegetation and undertake associated earthworks in order to develop a cemetery to contain 1030 grave sites. The Catholic Church informed residents that it has a binding contractual arrangement, but the residents understand that it is subject to council approval. Meanwhile a local developer wants to buy the land and build retirement homes, which has the support of residents, particularly as there is a shortage of retirement living for local residents in Warrandyte as they age — —

Hon. W. R. Baxter — The deceased have to have a retirement village as well, you know.

Hon. C. D. HIRSH — It is a bit of an earlier concept, Mr Baxter.

The Catholic Church would not suffer any financial disadvantage. The land is unsuitable for an extension to the cemetery, and I want the minister to ensure — —

The PRESIDENT — Order! The member's time has expired.

An honourable member interjected.

The PRESIDENT — Order! The member had already posed the question earlier.

Yackandandah Road–Kiewa Valley Highway, Baranduda: safety

Hon. W. R. BAXTER (North Eastern) — I raise a matter for the Minister for Transport in the other place.

It goes to the unsatisfactory and unsafe intersection of Yackandandah Road and Kiewa Valley Highway at Baranduda. A fair amount of money was spent on this intersection when it was remodelled probably five or six years ago, to turn an angle intersection into a right-hand turn. On the face of it that should have been a distinct improvement, but regrettably that has not turned out to be so. I am receiving numerous and persistent representations from regular users of Yackandandah Road saying the intersection is dangerous. I think it needs further work done on it to put a passing lane on the Kiewa Valley Highway so that fast-moving traffic coming towards Wodonga from Tangambalanga can safely overtake slower vehicles that have just turned onto the highway from Yackandandah Road.

I ask the Minister for Transport to have VicRoads do a further assessment of the viability of this intersection with a view to making at least a modicum of improvements, which would overcome some of the concerns my constituents have.

Housing: south-eastern suburbs

Mr SOMYUREK (Eumemmerring) — I raise a matter for attention of the Minister for Housing in the other place concerning the issue of appropriate housing for larger families in my electorate. Firstly, I would like to congratulate the minister on the announcement last week of the allocation of \$3.8 million for the supply of affordable housing in the south-eastern suburbs. This new funding will mean that 22 low-income families will have a home that is close to employment opportunities, transport, health services, schools and other key services in the area. These homes will be located in the cities of Greater Dandenong, Casey and Kingston and in the Shire of Cardinia. The new properties will range from one-bedroom units to four-bedroom homes. They will be rolled out progressively over the next five months in suburbs in my electorate such as Berwick, Pakenham, Cranbourne, Narre Warren, Endeavour Hills and Doveton, and also outside my electorate in suburbs like Cheltenham.

Public housing is a big issue in my electorate. We are currently experiencing migration into places like Dandenong due to people being priced out of the property market in some inner city suburbs like Fitzroy, Carlton, Collingwood, Richmond and Brunswick. These suburbs are becoming gentrified, so people are moving on. Dandenong is probably the closest suburb to the city with rents they can afford. The city of Greater Dandenong also has the added advantage of being home to 70 000 jobs — 42 per cent of the state's manufacturing output is produced within the borders of

the city of Greater Dandenong and the 15-kilometre radius around it. People are moving away from the city, but there are also people moving towards it from places like South Gippsland. As they migrate towards the city they stop at Dandenong, again because it is a place in which people can afford to live.

There are also other pressures from migrants coming in — humanitarian visa holders, for example. Dandenong has the highest percentage of humanitarian visa holders in the state, and they have housing requirements as well. Some of these migrants or refugees have had unique experiences and have unique housing needs, such as — —

The PRESIDENT — Order! The member's time has expired.

Seniors: falls prevention

Hon. KAYE DARVENIZA (Melbourne West) — I raise a matter for the attention of the Minister for Aged Care. The matter concerns the issue of falls prevention for elderly people, particularly those from culturally and linguistically diverse communities. Falls prevention is a very important issue with our ageing population, and we want to see older people being able to be maintained in their own homes, being able to maintain their independence as well as their health and being able to participate in a wide range of activities.

We know there are a number of possible reasons for older people taking a fall, and these include things such as the effects that medication can have on individuals, poor eyesight, and hazards in the home and the need for appropriate modification where necessary. Many falls occur in people's own homes, and it is important to have these hazards identified and modifications made. It is equally important to identify environmental hazards in public places.

The importance of physical activity is continually pointed out by the Minister for Sport and Recreation. It is important that as we get older we are able to maintain our mobility and are able to get around and feel confident as we deal with stairs or kerbs or as we negotiate unfamiliar surroundings or traffic. I ask the minister to provide details of programs that he and his department have introduced or plan to introduce to address this very important issue that concerns so many in our community. I am particularly interested in the actions he is taking in my electorate of Melbourne West to ensure that older constituents, particularly those from culturally and linguistically diverse backgrounds, have access to information about falls prevention.

Hobsons Bay: restaurant meals program

Hon. S. M. NGUYEN (Melbourne West) — I raise a matter for the attention of the Minister for Aged Care. I received information from the City of Hobsons Bay yesterday that the council's successful Meals on Wheels program has branched out to include subsidised local cafe and restaurant meals for the city's aged and disabled. I congratulate the Hobsons Bay City Council on the program it has provided to its ratepayers, which is designed to meet local needs.

The program extends the existing Meals on Wheels program to include adults with mental health issues and adults from culturally and linguistically diverse backgrounds, enabling them to enjoy culturally sensitive and affordable meals of their choice. The council subsidises up to \$5.20 a meal, which can cover all or part of the meal cost. The nutritionally balanced meals can be bought from selected local cafes and restaurants. The program was originally established for aged and disabled Arabic women. Plans are under way to expand the group's service to other culturally and linguistically diverse groups to enable them to eat together at venues or to organise meal deliveries at group social meetings. More cafes and restaurants will be available in the near future.

It is a great program, and I want to see other councils in Victoria doing the same thing. Many aged and disabled people and culturally and linguistically diverse groups want to use this kind of program, including people from the Asian community and from other communities in my region, as well as vegetarians and others. I ask the minister what action he can take to ensure that other councils provide a similar program so that the aged and disabled and people from culturally and linguistically diverse communities can enjoy affordable meals of their choice in a social setting, and also what he can do to encourage more cafes and restaurants to be part of this kind of program.

Responses

Hon. T. C. THEOPHANOUS (Minister for Energy Industries) — I will begin by saying in relation to last night's adjournment debate that the matters raised by Mr Dalla-Riva and Mr Bowden will be passed on to the respective ministers for response, as I understand that commitment was not made last night.

Tonight Mr Strong raised a matter for the Minister for Local Government in relation to investigating alleged actions of the Kingston council, and I will pass his comments on for response.

Mr Pullen raised a matter for the Minister for Community Services in the other place in relation to financial support for people in public housing, particularly services for early childhood years. This is a very important issue, and I am certainly happy to pass his request on to the Minister for Community Services for a response.

Mr Stoney raised a matter for the Minister for Environment in the other place in relation to the testing of fish, and I will pass his request on to the minister for a response.

Ms Hadden raised a matter for the Minister for Consumer Affairs and provided a couple of examples of the activities of door-to-door salespeople. I will be happy to pass that on to the Minister for Consumer Affairs, although one of her examples dealt with the energy industry, so I will ask my department to examine that issue as well.

Mr Brideson raised a matter for the Minister for Education Services in the other place in relation to the Brandon Park secondary college site. He raised his concerns about development at that site and made some proposals for alternative uses of the site. I will pass his views on to the Minister for Education Services for response.

Mr Hilton raised a matter for the Minister for Environment in the other place in relation to the Point Nepean site and his desire to have an integrated national park on that site. I certainly concur with his views, and I will be happy to pass his request on to the Minister for Environment for response.

Mr Drum raised a matter for the Minister for Community Services in the other place in relation to alleged comments made by the minister in relation to Irabina. I will pass his comments on to the relevant minister for response directly to him.

Ms Hirsh raised a matter for the Minister for Health in the other place in relation to an issue about cemeteries. I will pass that on to the health minister for response.

Mr Baxter raised a matter for the Minister for Transport in the other place relating to a particular intersection in his electorate and seeking a further assessment by VicRoads of that intersection with a view to fixing up the problems. I will pass that request on to the Minister for Transport for response.

Mr Somyurek raised a matter for the Minister for Housing in relation to new public housing programs in her electorate, and I will pass his comments on to the relevant minister. I am not sure that he actually did

make a request in the end, but I will certainly pass his comments on for response by the relevant minister.

Ms Darveniza asked the Minister for Aged Care to identify programs for older constituents in relation to falls that older people have. This is also an important issue, and I will be happy to pass that request on to the Minister for Aged Care for direct response.

Finally, Mr Nguyen raised a matter for the Minister for Aged Care relating to providing culturally appropriate Meals on Wheels for linguistically diverse groups. He gave the example of one council, and he wanted to ensure that other councils provided the same service. I will pass that request on to the Minister for Aged Care for direct response.

Motion agreed to.

House adjourned 6.58 p.m.