PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE ASSEMBLY

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

Book 3

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FIFTY-FOURTH PARLIAMENT — FIRST SESSION

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Leighton, Mr Michael Andrew	Preston	ALP			

[1] Resigned 3 November 1999
[2] Elected 11 December 1999

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TUESDAY, 21 MARCH 2000

WEDNESDAY, 22 MARCH 2000

Tuesday, 21 March 2000

The SPEAKER (Hon. Alex Andrianopoulos) took the chair at 2.04 p.m. and read the prayer.

DISTINGUISHED VISITOR

The SPEAKER — Order! The Chair wishes to recognise Mr Peter Nagle, MP, the Chairman of the Regulation Review Committee of the Legislative Assembly of the New South Wales Parliament. I make him welcome.

QUESTIONS WITHOUT NOTICE

Premier: union picket line

Dr NAPTHINE (Leader of the Opposition) — I refer the Premier to his decision last week not to cross a union picket line at the new museum, Museum Victoria. Is it now government policy for ministers never to cross picket lines because they believe the unions are always right?

Mr BRACKS (Premier) — The event I understand the Leader of the Opposition is referring to was the launch of the Melbourne Food and Wine Festival at the new museum last week. It was a parliamentary sitting day. I attended but I could not attend the breakfast because of my parliamentary duties, as distinct from the Leader of the Opposition who, last Wednesday night, left the Parliament and went to the Barbra Streisand concert.

Honourable members interjecting.

The SPEAKER — Order! Would the government benches come to order, particularly the honourable member for Mitcham!

Mr BRACKS — I take my parliamentary responsibilities seriously, unlike the Leader of the Opposition, who was more keen on meeting Mr Kroger at the Barbra Streisand concert than on being at Parliament and doing the duties he should be doing.

Health: commonwealth funding

Mr LANGUILLER (Sunshine) — I refer the Premier to the meeting last Friday of the Ministerial Council for Commonwealth–State Financial Relations — the meeting of federal and state treasurers — and to the federal Treasurer's failure to honour the Australian health care agreement. Will the Premier inform the house what action the government will be taking to achieve Victoria's fair share of health funding?

Mr BRACKS (Premier) — This is an important matter for Victoria and for all states in Australia. As the honourable member for Sunshine indicated, last Friday I attended the first Ministerial Council for Commonwealth–State Financial Relations, which was held in Canberra, with the federal Treasurer, Mr Costello. The key issue for every state government, whether a Labor or coalition government, was health funding across Australia. There was a level of support, unanimity and anger about health funding in this country.

Effectively, the commonwealth agreed in 1998 to sign up to an Australian health care agreement. In that agreement, as always, there are disputes about the level of funding and about how to deal with growth and with inflation. Of course that is disputed, but the commonwealth agreed to an arbitrated settlement. It agreed to Mr Ian Castles, a former commonwealth statistician, arbitrating and deciding on a level of funding the commonwealth was supposed to have agreed to. That was part of the agreement.

The agreement was signed by the previous Victorian state government, all other state governments and the commonwealth on the basis that the arbitrated decision of Mr Castles would be adhered to. His decision was for growth funding based on the consumer price index (CPI) plus 0.5 per cent — about 3 per cent growth funding.

After he decided that, the commonwealth unilaterally tore it up, effectively welshed on the agreement — only one year into it — and instead gave its own decision, which was for a 1.5 per cent increase only. The Minister for Health knows, as do most other people who have an interest in the health portfolio, what that means for Victoria — $220 million less in health funding over the next four years. That is outrageous. Across Australia at least $700 million less will go into state health systems. We have all have been dudded by the commonwealth.

All the state treasurers put the same case — it did not matter whether it was Richard Court, me or a treasurer from another state. We all said that the commonwealth should have stuck to its agreement. In fact, the New South Wales Treasurer, Mike Egan, is examining what legal action he can take — and we will examine it to see whether we can back onto it — to deal with the breaking of the agreement. The breaking of that agreement means $220 million less for Victoria, and I will also take action.

I am about to write to the Prime Minister saying that the situation is totally unsatisfactory and that we need a Council of Australian Governments meeting, a meeting that includes all premiers, as soon as possible. We have not had such a meeting for two years and the Prime Minister will not have one now, but we need one to examine the health funding crisis and to make sure the states get their fair share. We must make sure there is an arbitrated decision that the commonwealth will agree to, sign up to and actually stick to. It is outrageous that Victoria has lost $220 million because the commonwealth and Mr Costello have welshed on the agreement.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Bentleigh!

Premier: union picket line

Dr NAPTHINE (Leader of the Opposition) — I refer to the Premier's non-answer to the previous question and ask whether it is a fact that last week the Premier refused to cross a union picket line in support of a 36-hour week and a 24 per cent pay rise.

Honourable members interjecting.

The SPEAKER — Order! The government frontbench will come to order. The Leader of the Opposition is entitled to ask his question.

Dr NAPTHINE — Thank you, Mr Speaker, I will start again. My question is to the Premier. Is it a fact that the Premier refused to cross a union picket line in support of a 36-hour week and a 24 per cent pay rise and that the event organisers were forced to relocate the opening of the event to a different venue and then, after the Premier left, moved back to the original site?

Honourable members interjecting.

The SPEAKER — Order! The Minister for Agriculture!

Mr BRACKS (Premier) — As I indicated previously, I fulfilled my parliamentary duties and did not go to the breakfast. I did, however, launch the festival.

Honourable members interjecting.

The SPEAKER — Order! The Leader of the National Party! The house will come to order, particularly the honourable member for Mordialloc.

Mr BRACKS — I am pleased that the opposition leader has raised the question of a 36-hour week. As honourable members know, we have had full-blooded support for a 36-hour week from the Leader of the Opposition, from the former Premier and from the former industry minister, the shadow minister for industry, science and technology, the Honourable Mark Birrell. They have all given their full-blooded support for a 36-hour week, and that has not helped in the discussions, dialogue and negotiations on the matter.

Dr Napthine interjected.

Mr BRACKS — You just go out and support a 36-hour week, go on! You know how to do it.

Honourable members interjecting.

The SPEAKER — Order! There is far too much noise in the chamber. The honourable member for Tullamarine! I ask the house to come to order.

Mr BRACKS — Thank you, Mr Speaker. It has not helped at all in the negotiations between the contractors and the building unions that the opposition has been in there supporting a 36-hour week. What absolute hypocrisy!

There is negotiation going on about lowering the 36-hour week demand. I urge the Leader of the Opposition to stop his support for a 36-hour week and get behind a compromise outcome.

GST: hospitals

Mr LANGDON (Ivanhoe) — I refer the Minister for Health to the federal government's goods and services tax package and the fact that it restricts fringe benefits tax exemptions for public hospitals. What impact will that decision have on Victoria's medical professions if it is enforced by the federal government?

Mr THWAITES (Minister for Health) — Last Friday I attended the meeting of Australian health care ministers in Sydney where there were two main items on the agenda. One was the item the Premier has already referred to, the failure of the federal government to honour its obligations under the Medicare agreement. The other item was a matter that will be of concern to all honourable members, the legislation introduced into federal Parliament on 9 March that affects fringe benefits tax.

Up to now charities and public hospitals have been exempted from fringe benefits tax. However, under the new legislation, the exemption they have enjoyed will be massively reduced. Indeed, the legislation provides

for a $17 000 grossed-up limit for public hospitals and a $125 000 grossed-up limit for charities. That means that public hospitals or the individual concerned, depending on the particular contractual arrangements, will now have to pay that tax — it will be a cost payable by public hospitals — on anything more than about $8755 in pre-tax benefits. That will have an extremely damaging effect on our public hospitals and on our charities.

Under the GST package the federal government is turning hospitals and charities into tax collectors and taxpayers. Never before has that been the situation.

At the Australian health ministers' conference the federal president of the Australian Medical Association, Dr David Brand, said the changes could lead to resignations and walkouts by doctors around Australia. For example, in country hospitals, where arrangements are often made to attract doctors, payments may be made for housing, transport, education or certain family expenses. It has been difficult to attract doctors and other health staff to some of those regional hospitals, and it will be even more difficult if the federal legislation proceeds. It will result in high transaction costs for public hospitals, and the proposal is that the $17 000 will not be indexed for inflation, so over the following years the situation will become even worse.

It is interesting that when the issue was raised the federal Treasurer pointed to rorts of the old system taking place around Australia. Unfortunately in some cases he was able to point to Victoria. I do not believe the cases involved medical doctors, but certainly under the previous government some cases involved far more than 30 per cent of a salary being packaged. The federal Treasurer, Mr Costello, seems to have been particularly irritated by that, as he is by many things about his coalition colleagues in Victoria. He now seems to want to punish Victoria.

The other issue of great concern is the uncertainty surrounding the legislation, which is to be deemed to apply retrospectively from 1 April. Unfortunately by that time we will not know whether it will be passed in the federal Parliament, because apparently the Democrats and the federal Labor Party have said they will defer the issue in the Senate and the passage of the legislation until after an inquiry.

Mr Rowe — On a point of order, Mr Speaker, you have made numerous rulings about the need for ministerial answers to be succinct. I put it to you that the Minister for Health is being far from succinct. He is debating the question and has been talking for a number of minutes. If he wishes to continue further he should make a ministerial statement.

The SPEAKER — Order! On the question of succinctness, the Minister for Health has been speaking for 4 minutes. He has been succinct, but I ask him not to debate the question but to answer it.

Mr THWAITES — All states, including states with coalition or conservative governments, are calling on the federal government to stop the continuing attack on public hospitals, which is consistent with the attack the federal government is making on Medicare. It is trying to destroy Medicare by stealth, by sucking the money from public hospitals, which it hopes will eventually force means testing on them.

I am writing to the federal health minister, particularly about the issue of uncertainty, asking that he defer the introduction of the fringe benefits tax legislation until 1 April 2001 — the next FBT year — so that hospitals and the medical profession can plan properly and so that we no longer see the federal government as making a continuing attack on Victorian public hospitals.

Forests: regional agreements

Mr RYAN (Leader of the National Party) — I refer the Minister for State and Regional Development to the government's refusal to rule out job losses in the Victorian timber industry as a result of the proposed Gippsland and western regional forest agreements. With up to 700 jobs at stake, I ask the minister to inform the house how the government will keep the timber mills operating and maintain other industry employment in those areas.

Mr BRUMBY (Minister for State and Regional Development) — I am happy to respond to the question raised as the Minister for State and Regional Development, but I must point out that the primary responsibility for the regional forest assessment process in Victoria rests with the Department of Natural Resources and Environment and the minister responsible for natural resources and environment. I would have thought — —

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Doncaster shall cease interjecting.

Mr BRUMBY — I do not know how long the honourable member for Gippsland South has been in the job, but one would think he would understand that responsibility for regional forest agreements at the state level rests with the Minister for Environment and

Conservation and at the federal level with the Minister for Forestry and Conservation, Mr Wilson Tuckey. The government — —

Honourable members interjecting.

Mr BRUMBY — I'm shaky?

The SPEAKER — Order! I shall not call the honourable member for Bentleigh to order again. She shall cease interjecting forthwith. The Minister for State and Regional Development shall ignore interjections.

Mr BRUMBY — As I understand the process, consultative committees have been established. As a result of the processes that have been established something in the order of 1100 different proposals have been put forward to the committees established in western Victoria, the Otways and East Gippsland.

Those proposals are being considered at this time. I understand the commonwealth expects the states to sign off on the regional forest agreements (RFAs) by the end of March.

One of the issues with regard to what is happening in the timber industry is that the nature of the resource is changing. There is a substantial investment in plantations — mainly wood chipping plantations in parts of western Victoria — and other major investments in hardwood sawmill plantations, particularly around some of the — —

Honourable members interjecting.

The SPEAKER — Order! The honourable members for Malvern and Doncaster are behaving in a disorderly fashion. I ask them to cease.

Mr BRUMBY — There is a substantial investment in sawmill timber resources, particularly around some of the irrigated areas. If one looks at the medium and longer term projections, it is fair to say that one sees substantial net increases in employment opportunities across the industry in the years ahead.

Mr Ryan — On a point of order, Mr Speaker, the minister is clearly debating the issue. The question was in the context of 700 jobs related to the regional forest agreements in circumstances where this government refuses to guarantee those jobs. I seek a response to those matters.

The SPEAKER — Order! There is no point of order, and I remind the Leader of the National Party that he must not use a point of order to repeat his question. I was paying careful attention to what the minister was saying before he was interrupted. He was, in fact, referring to increased job opportunities as a result of the industry agreements.

Mr BRUMBY — The shadow minister asked a serious question and he is getting a serious answer. It is a pity there is not more serious consideration of this matter on the other side of the house. The question must be asked whether the opposition supports the RFA process?

Honourable members interjecting.

Mr BRUMBY — You do. So you support 700 jobs!

The SPEAKER — Order!

Honourable members interjecting.

The SPEAKER — Order! I remind the Leader of the Opposition, the Minister for State and Regional Development and the Attorney-General that when the Chair is on his feet they must remain silent. Another breach and they will be asked to vacate the chamber under sessional order 10.

I remind the honourable the Minister for State and Regional Development that the debating processes in this house require him to address his remarks through the Chair, not across the table.

An honourable member interjected.

The SPEAKER — Order! That applies equally to the honourable member for Glen Waverley. The minister will conclude his answer.

Mr BRUMBY — It is nice to see that the government has complete bipartisan support on the regional forest agreement process. The government is working through that process and attempting to get investment in new industries such as the timber industry, tourism and other regional industries that will grow jobs in regional Victoria.

The Parliament must understand the contrast between this side of the house and the other side. We all remember the performance of the former Kennett government: total job growth for new, full-time jobs in regional Victoria under that discredited lot was just 2 per cent — just 2 out of every 100 jobs in Victoria were generated in regional Victoria.

Dr Napthine interjected.

Mr BRUMBY — You could not care less about regional Victoria. You never could, you never did and you never will.

Knives: regulation

Mr LEIGHTON (Preston) — I refer the Minister for Police and Emergency Services to the government's commitment to a safer society. What action is the minister taking to get dangerous knives off Victorian streets?

Mr HAERMEYER (Minister for Police and Emergency Services) — This morning I announced details of draft legislation that has been put out for public consultation in an attempt to control the presence of dangerous knives in the community. That is news that should be greeted with some relief by the Leader of the Opposition, because members of his backbench wandering around with concealed knives will be able to be asked serious questions.

The foreshadowed amendments to the Control of Weapons Act will extend the definition of 'regulated weapons' to all knives. A person carrying any sort of knife will have to have a legitimate and legal reason for carrying it. The proposed legislation recognises that danger to the community comes not simply from flick-knives and star-knives and some of the more dangerous weapons that come under the heading of prescribed weapons.

Common kitchen and hunting knives, which have legitimate purposes, can also be used for ill intent. If the category of regulated weapons covers all knives a person who is carrying a concealed knife at 2.00 a.m. outside a night club or a 7-Eleven store will have some serious explaining to do, as would a person carrying a concealed knife outside the Liberal Party room. A person on a hunting or fishing trip carrying a hunting knife would have a legitimate reason for carrying that knife.

The fine for regulated weapons will remain the same, at $6000, although in the consultation phase the government is open to submissions about the level of the fines.

A stricter regime will also be put in place with prescribed weapons. It will become an offence for a retailer to sell a prescribed weapon to someone who does not have a special exemption under the act to purchase such a weapon. Such an offence will be taken seriously. An extension of the schedule that covers prescribed weapons will be included in the regulations because certain categories of flick-knives — such as those being thrown around the opposition party room at the moment — and daggers are currently not illegal weapons under the prescribed weapons category.

The government will also provide police with metal detectors to assist them in determining whether people are carrying such weapons. More police will be available to carry out these tasks because, as was reported in the *Herald Sun* this morning, under the Labor government more police have graduated from the police academy in the past five months than graduated over the previous five years under members opposite. I note that an opposition member was quoted in the *Australian* over the weekend as blaming the Bracks government for the shortage of police. How was the scarcity of police created? It was created by the people opposite.

Honourable members interjecting.

The SPEAKER — Order! I ask the minister to cease debating the question and come back to answering it.

Mr HAERMEYER — More police will be available to implement the new laws. The parade grounds at the academy, which were empty under the previous regime, are now full. Police graduation ceremonies will now need to be conducted somewhere with a bit more room than a phone booth.

Ambulance services: metropolitan–rural

Mr DOYLE (Malvern) — I refer the Minister for Health to Labor policy at the last election, which stated that Labor was committed to the establishment of a single, statewide ambulance service, and ask how the minister intends to merge the Metropolitan Ambulance Service with Rural Ambulance Victoria.

Mr THWAITES (Minister for Health) — I thank the shadow minister for his question.

Honourable members interjecting.

Mr THWAITES — I see he has brought his own class with him. In light of the last question, I add that the shadow minister is not one who carries the knife himself — he has others carry it for him.

The government has a policy of allowing both ambulance services to continue to exist. When seven ambulance services existed in Victoria the Labor Party did have a policy of merging them into one to provide a more efficient service and to save money that could then be put directly into services. However, as there are now two services, the government is prepared to allow them to continue. Opposition members seem to have a problem with the government adapting to the situation it was put into. There are many situations the government has been put into by the devastation

wrought on Victoria's health system by the previous government.

Mr Doyle — On a point of order, Mr Speaker, a point of clarity, given that Rural Ambulance Victoria came into being on 1 July last year and the election was in September last year, how can those two facts be reconciled in answer to the question?

The SPEAKER — Order! There is no point of order, and the honourable member for Malvern shall not use a point of order to make a point in debate. The Minister for Health, completing his answer.

Mr THWAITES — To explain further to the shadow minister, because he probably was not listening, during the election campaign I foreshadowed that because the previous government had merged the prior five or six rural services into one it was likely the Labor government would keep the two services.

I conclude by adding one point — the key policy of the government was to put more resources into country ambulances, and that is what it will do. That stands in stark contrast to the performance of the shadow minister who, as parliamentary secretary, saw a huge increase in expenditure on the Metropolitan Ambulance Service to pay for Intergraph and other bungles and a reduction in funding to country ambulance services. The government is committed to putting more money into country ambulance services and is already doing so.

Former government: public documents

Ms GILLETT (Werribee) — I refer the Attorney-General to the actions the Bracks government has taken to restore open and accountable government, including strengthening the Freedom of Information Act.

Honourable members interjecting.

The SPEAKER — Order! The Chair is having difficulty hearing the honourable member for Werribee. The honourable member for Werribee, completing her question.

Ms GILLETT — I refer the Attorney-General to the Bracks government actions to restore open and accountable government, including strengthening the Freedom of Information Act, and I ask: will the Attorney-General inform the house of specific proposals to maximise the number of documents able to be publicly disclosed?

Mr HULLS (Attorney-General) — The government is committed to putting the O back into freedom of information (FOI) in the state. As a result, guidelines have been issued introducing a major cultural change to dealing with freedom of information. The guidelines make clear that departments and agencies are expected to interpret FOI legislation in a manner reflecting a willingness to disclose information as opposed to the manner in which it was expected to be done under the previous government.

A training program has been implemented for freedom of information officers. In February and March of this year it was conducted in eight centres including Melbourne, Ballarat, Bendigo and the like. The program makes clear that the emphasis should be on releasing as many documents as possible.

A further specific proposal to maximise the release of public documents in Victoria has come to my attention, but this is a scheme the government will not support.

The proposal has substantial implications for freedom of information legislation in the state. Ministers of the former government have suddenly become advocates for openness in public administration! I have been advised that a certain former minister has decided that secrecy has to come to an end and that his private office documents should be handed over lock, stock and barrel to the University of Melbourne. Recently I learnt of the new policy of the former coalition and immediately wanted to know the identity of the former minister who had finally dusted off his documents and made them available to a university. To my surprise it was the honourable member for Pakenham.

For a moment I felt a warm inner glow at the idea that the honourable member had adopted a new approach to the release of documents, but I had to ask myself why. I have been informed the former minister recently approached the University of Melbourne to ascertain whether the university was interested in obtaining the complete documentary record of his office for the seven-year period he was in government. If the documents were accepted by the university they would be regarded as a cultural artefact. Importantly, so far as the FOI legislation is concerned, the Australian Taxation Office provides taxation incentives to those who make cultural donations. In this case, such incentive would have amounted to a considerable tax advantage. It is believed that the honourable member for Pakenham intended to seek such taxation advantage. In other words, the honourable member wants to get involved in a cash converter document scheme.

It is important to know how the former minister found out about this trick. I am advised that the Keeper of Public Records, Mr Ross Gibbs, is informed that the former Treasurer, Alan Stockdale, donated to the State Library the electorate office records kept during his parliamentary career and received a taxation advantage as a result.

This mob governed the secret state and is now selling those secrets. It is the cash-for-documents scheme, masterminded by the former Treasurer and followed by the former Minister for Planning and Local Government. Now we know why Kennett government ministers were so reluctant to release documents while they were in government. There wasn't enough money in it for them!

The SPEAKER — Order! The minister should lower his tone. He invites interjections when he raises his voice to that level. He should also be succinct in his answer. He has already spoken for 6½ minutes and should now conclude his answer.

Mr HULLS — Honourable members on the other side may be out of government but they are still fleecing the public. Whether it is tax breaks for documents or taking paintings home, they cannot help themselves.

Honourable members interjecting.

The SPEAKER — Order! The minister is debating the question. He should return to the question and conclude his answer.

Mr HULLS — The government is keen on opening up freedom of information legislation to make documents available to the public. It does not tolerate the cash-for-documents scheme entered into by former ministers.

Workcover: premiums

Mr CLARK (Box Hill) — Will the Minister for Workcover advise the house what advice the government has received on the impact of proposed increases in Workcover premiums on Victorian employment levels?

Mr CAMERON (Minister for Workcover) — I thank the honourable member for Box Hill for a good question. The government has received a report and will consider its position. The government went to the last election with specific commitments to the common-law rights of seriously injured workers, the provision of a better Workcover scheme and premiums that are competitive with the national average. Those commitments will be honoured.

Honourable members on the other side have a range of views. The Leader of the National Party says he is sorry for what the coalition government did in 1997, the Leader of the Liberal Party says — —

Mr Clark — On a point of order, Mr Speaker, firstly, the minister is debating the question, and secondly, he is not relevant to the question about what advice he has received about the impact on Victoria's economy.

The SPEAKER — Order! I uphold the part of the point of order about the minister debating the question. He should return to the question.

Mr CAMERON — A collection of views exist on the topic which the government will consider. The victims themselves carry the largest burden of their serious injuries. The honourable member for Box Hill was the parliamentary secretary when the previous legislation was enacted. He was one of the masterminds of misery. The victims receive the raw end of the deal and the government will do something about it.

Stawell Gift

Mr HELPER (Ripon) — I refer the Minister for Major Projects and Tourism to the government's commitment to support regional events of national standing. Will the minister outline its commitment to the Stawell Gift?

Mr PANDAZOPOULOS (Minister for Major Projects and Tourism) — The honourable member for Ripon is a strong advocate for tourism in the Grampians region, which covers both his electorate and those of other honourable members. So far as funding for major regional events across Victoria is concerned, the government is conscious that for too long the coalition parties treated rural and regional Victoria as being located somewhere on the outskirts of Melbourne. No interest existed beyond Melbourne.

In developing its policy the government undertook to support regional events to a greater extent. The government knew events in regional Victoria needed more support to become major events and events of national significance. The Stawell Gift is already an event of national significance but the former government gave it negligible support.

In its first five months in power the Bracks government has found an additional $100 000 for events such as the Geelong Festival of Sail, the Ballarat Begonia Festival

and the Warrnambool children's festival. It is now preparing its budget and will continue to do more.

The government highlighted the Stawell Gift as an area for consideration by the government and has met with the organisers of the Australia Post Stawell Gift. I thank regional honourable members, including the honourable member for Wimmera who has been decent about discussing the issue with the government.

The government has considered what can be done to ensure the Stawell Gift grows and becomes a more successful event. In discussing the issue with Tourism Victoria and the event organisers it is apparent that significant barriers exist in improving the number of visitors to the gift. It takes place at Easter time and the Grampians region is booked out during that period. The government has worked with the organisers to structure an accommodation package taking in the wider region. Accommodation may be booked in towns such as Ararat or Horsham, which are both a comfortable 40-minute drive from Stawell. Rather than people spending only one day in Stawell, they may spend three or four extra nights and visit the region.

It is important to maximise attendances at regional events; if sufficient people attend an event then the event pays for itself. It also means branding localities. That is the sort of thing that has been done.

I am pleased to announce that the Bracks government is allocating $40 000 of new money to the 2000 Australia Post Stawell Gift, $20 000 of which will be provided by the Premier's department to assist the organisers to attract a wider range of athletes. Having more quality athletes competing during this Olympic year improves the marketing — there is more market interest in the event and a better opportunity to promote it.

Another $20 000 — —

Opposition members interjecting.

Mr PANDAZOPOULOS — I know the opposition benches are not interested in good news because they are embarrassed they did not provide support for this.

Tourism Victoria is providing some $20 000 to promote the event and the region in Adelaide, southern New South Wales and Melbourne. The government wants more people from Melbourne, New South Wales and South Australia to understand the benefits of the event and visit the region.

I look forward to attending the Stawell Gift this Easter period — —

Opposition members interjecting.

The SPEAKER — Order! The honourable members for Benalla and Murray Valley!

Mr Hamilton interjected.

The SPEAKER — Order! The Minister for Agriculture will cease interjecting as well.

Mr PANDAZOPOULOS — I can understand them being so rude, but I would like to finish up on this issue. I look forward to attending the Stawell Gift this Easter. The Bracks government does not pay it lip-service, as did the previous government. The government understands why opposition members do not want to listen to this — they have their own handicap in the Leader of the Opposition. The government supports the Stawell Gift.

PAPERS

Laid on table by Clerk:

Financial Management Act 1994 — Report from the Minister for Environment and Conservation that she had received the 1998–99 Annual Report of the South Western Regional Waste Management Group

Food Safety Council — Report for the period 1 October 1997 to 30 June 1999

Intellectual Disability Review Panel — Report for the year 1998–99

Planning and Environment Act 1987 — Notices of approval of amendments to the following Planning Schemes:

- Bayside Planning Scheme — No C3
- Campaspe Planning Scheme — No C4
- Mornington Peninsula Planning Scheme — No C21
- Port Phillip Planning Scheme — No C22
- Stonnington Planning Scheme — No L99
- Warrnambool Planning Scheme — No C2
- Wyndham Planning Scheme — No C5

Statutory Rules under the following Acts:

- Marine Act 1988 — SR No 13
- Subordinate Legislation Act 1994 — SR No 12

Subordinate Legislation Act 1994 — Ministers' exemption certificates in relation to Statutory Rule Nos 12, 13.

APPROPRIATION MESSAGES

Messages read recommending appropriations for:

Education Acts (Amendment) Bill
Administration and Probate (Dust Diseases) Bill

AUDITOR-GENERAL'S OFFICE

Financial audit

Mr BATCHELOR (Minister for Transport) — By leave, I move:

That pursuant to section 17 of the Audit Act 1994 —

(a) Mr Douglas N. Bartley of KPMG be appointed to conduct the financial audit of the Victorian Auditor-General's Office for the 1999–2000 financial year in accordance with the conditions of appointment and remuneration contained in the report of the Public Accounts and Estimates Committee on the appointment of an independent auditor to conduct a financial audit of the Victorian Auditor-General's Office (parliamentary paper no. 14, session 1999–2000); and

(b) the level of remuneration for this financial audit be $15 000.

Motion agreed to.

Ordered that message be sent to Council seeking concurrence with resolution.

BUSINESS OF THE HOUSE

Orders of the day

Mr BATCHELOR (Minister for Transport) — By leave, I move:

That the order of the house making the resumption of debate on the second reading of the Hire-Purchase (Amendment) Bill an order of the day for Thursday, 30 March 2000 be read and rescinded, and that it be made an order of the day for Wednesday, 22 March 2000.

Mr McArthur — Mr Speaker, I would like to say something about the motion. Is now the appropriate time?

Mr BATCHELOR — Briefly and by way of explanation, Mr Speaker, the bill comes from and was passed by the Legislative Council. It provides for a continuation of protection, assistance and support for farmers and those with agricultural interests. The bill needs to be passed to allow that protection to be continued. The opposition has indicated its support and has given leave to allow the procedural motion to be agreed to and the bill to be debated by the house this week.

Mr McARTHUR (Monbulk) — Mr Speaker, as the Leader of the House said, the opposition has not withheld leave. It will assist the government to bring the legislation before the house this week. Today the government has advanced substantial reasons for debating a bill in less than the normal 14-day adjournment period of a second-reading debate because the principal act has a sunset provision; the amending bill must be dealt with and passed by the house and come into operation by 1 April 2000.

The act provides substantial protection for farmers across rural Victoria who have hire-purchase agreements on their farm machinery. The opposition does not want any gap in the protection afforded by the act and will cooperate with the government through its motion on the business program, to be moved later, so the bill will pass and the protection for farmers continue.

However, I draw the attention of honourable members to what occurred in this house last Wednesday, when the Leader of the House had the ministers responsible for two bills — the Corporations (Victoria) (Amendment) Bill and the Renewable Energy Authority Victoria (Amendment) Bill — move that the second-reading debate on each be adjourned until today. In strongly arguing in support of the motions the Leader of the House said that the bills needed to be on the government's legislative program.

I and other opposition members opposed the motions and said the arrangement for a two-week adjournment of each debate should stand unless a substantial reason existed for a variation. The government advanced no reason for a variation to the rule or understanding except that it had the numbers. It wanted to pack the business program.

Today those two bills have disappeared from the government business program for this week; no longer are they a priority for this week, despite the government having strenuously argued last Wednesday that it needed the bills to be debated this week. The government called for a division to get its way.

Now the two bills will not be debated until 4 April. If my arithmetic is what it used to be, 4 April is considerably more than 14 days after 15 March. In effect the government is now agreeing with what the opposition said last Wednesday — that is, a two-week adjournment is appropriate for each bill.

When it argued last Wednesday for bills to be introduced quickly the government conveniently — or perhaps inconveniently! — overlooked the fact that it needed to have the Hire-Purchase (Amendment) Bill debated quickly in this place. There are good legislative and public-interest reasons for bringing the bill on within less than 14 days. Had the government requested that favour last week the opposition would have agreed, as it now agrees. The reason for agreeing is not just in the interests of the Leader of the House or the government but in the public interest.

The opposition will continue to consider government requests on their merits, but the government should realise its responsibility to manage and administer the government business program in an orderly manner. Despite its surprise the ALP is in government, and it is the party's job, so let it do the job properly. My message to the government is: stop messing around and asking the opposition at the 11th hour to bail you out of trouble.

Motion agreed to.

Program

Mr BATCHELOR (Minister for Transport) — I move:

> That, pursuant to sessional order 6(3), the orders of the day, government business, relating to the following bills be considered and completed by 9.45 p.m. on Wednesday, 22 March 2000:
>
> First Home Owner Grant Bill
>
> Financial Management (Financial Responsibility) Bill
>
> Hire-Purchase (Amendment) Bill

Motion agreed to.

MEMBERS STATEMENTS

Ballarat: royal visit

Mr PERTON (Doncaster) — On behalf of the people of Ballarat and regional Victoria I ask the Premier to show leadership and deal with the infamous actions of the honourable member for Ballarat West. I am proud to tell the house — it is no secret — that I am a republican, as, I think, are most members of the house. However, if Her Majesty the Queen were to visit my electorate or the electorate of almost any government member most honourable members would do the right thing.

The honourable member for Ballarat West must think the people of Ballarat are stupid. She says she has to see a constituent on the day the Queen visits Ballarat. Can't she work on a Saturday or Sunday?

The honourable member had the time last week to advise me through the Ballarat *Courier* that I should book in for computer training. I return the favour and advise the honourable member that as a member of Emily's List she could take a few lessons from Emily Pope and remember etiquette. What does the Premier want? Does he want the headline in the English *Financial Times* or the *Guardian* to read 'Labor member too busy to see the Queen' or does he want a headline reading 'Ballarat a global city, Ballarat a tourism centre'?

The honourable member is interested only in grabbing headlines for herself rather than taking positive action for Ballarat and for job opportunities in regional Victoria.

Frankston: council elections

Mr VINEY (Frankston East) — I advise the house of the successful election of four progressive councillors to Frankston City Council on Saturday. Those councillors were successful despite the attempt by a group of real estate agents to take control of the council and despite the intervention of the Honourable Cameron Boardman in another place. The routing of the candidates favoured by Mr Boardman continues a long litany of electoral failures by Mr Boardman.

Mr Thompson — On a point of order, Mr Speaker, the honourable member for Geelong North has been reading Labor's tax policy. I ask you to draw his attention to the practices of the house.

The SPEAKER — Order! There is no point of order.

Mr VINEY — The intervention by Mr Boardman continues his history of intervention. He was prominent in the Frankston East supplementary election campaign. Honourable members learnt last week from the Attorney-General that he tried to save the hide of Mr Lean by voting in the seat of Carrum despite the fact that he did not live there, and now he has failed in the Frankston council elections. I understand he tried to turf out one of his Liberal colleagues from the council, Cr Parkin. The councillor is a decent bloke, but he has been ratted on by his Liberal mates. He achieved 53 per cent — —

Mrs Peulich — On a point of order, Mr Speaker, the house knows it is unparliamentary to reflect on members of this or another chamber. The honourable member for Frankston East and other members continue to do so on this occasion and have done so on several other occasions. I ask you to draw this pattern to

his attention and to ensure honourable members understand the standing orders.

The SPEAKER — Order! It is true that members must not reflect on other members of either house of the Parliament. However, I was listening carefully to what the honourable member for Frankston East was saying. I do not believe on this occasion he was reflecting on another member.

Mr VINEY — I understand the Honourable Cameron Boardman wants to come to this house by dumping the current member for Frankston, Ms McCall. All I can say is that I have discussed the matter — —

The SPEAKER — Order! The honourable member's time has expired.

Premier: union picket line

Dr NAPTHINE (Leader of the Opposition) — I refer to the Premier's actions at the opening of the Melbourne Food and Wine Festival. The Premier was invited to open that important festival for Melbourne and Victoria. Officials and guests were waiting inside Museum Victoria, the new museum, for the official opening of the event, but the Premier would not go inside the new museum because he would not cross the union picket line. The line was in support of an absolutely unsustainable 36-hour week and a 24 per cent pay rise. The Premier would not cross the picket line because he put his support for his union mates and their claim for a 36-hour week and a 24 per cent pay rise ahead of his responsibilities as Premier and leader of the state.

The Premier's actions are a disgrace. They show a distinct lack of leadership and demonstrate clearly that the unions are back in control of the state and the government. The union bosses are dictating to the weak Premier what is happening in Victoria. All Victorians should be embarrassed the Premier's lack of leadership and the fact that he would choose not to do his duty of opening an important food and wine festival that was the centre of attention in Melbourne, Victoria and across Australia.

The Premier has let the people down. He has let people know clearly that the unions are running Victoria while he is Premier.

Sacred Heart Church, Oakleigh

Ms BARKER (Oakleigh) — Today I record a special milestone for the Catholic community of Oakleigh: the 75th anniversary of the Sacred Heart Church in Warrigal Road. A commemorative mass was held on Sunday, 19 March, to mark this special event, with the principal celebrant being Archbishop Eric D'Arcy, the retired Archbishop of Tasmania, who was stationed at the Oakleigh parish following his ordination in 1950.

The Catholic community has a significant history in the Oakleigh area, commencing in the 1850s on the corner of Atkinson Street and Broadway — now known as Dandenong Road — with a wooden church which was later replaced by a brick one known as the church of St Alipius. The parish church was rebuilt on its present site in 1925, becoming the Sacred Heart Church.

However, the most important recognition of the Sacred Heart parish is its contribution to its community. It has continually evolved in its capacity to serve the local community, embracing generations of new arrivals to the Oakleigh area, commencing with a large Irish-Catholic community and today having a significant Italian and Polish community that attends weekly masses held at the church in Italian and Polish.

I pay tribute to those parishioners who worked hard to organise the anniversary, with over 400 people attending the commemorative mass. In particular I pay tribute to Frank McMahon, Peg O'Mara and Eileen and Bill Norman, along with the current parish priest, Father Ted Teal, who as a youngster was an altar boy at the Sacred Heart Church.

The mass was very special, with parishioners reading a potted history of the church from the years 1925 to 2000. The Sacred Heart Girls College assisted with the provision of the music, various pieces of artwork and the refreshments served in the hall after the mass. Sacred Heart Primary School students assisted with the carrying of banners at the beginning of the mass. The choir was in fine voice, with the Italian and Polish communities contributing a piece in their own languages.

The SPEAKER — Order! The honourable member's time has expired.

Ethnic Communities Council of Victoria

Mrs SHARDEY (Caulfield) — Today is Harmony Day, a day on which we celebrate our cultural diversity. In that light I raise the following issue. The previous coalition government pledged to boost core funding to the Ethnic Communities Council of Victoria (ECCV) to $100 000 a year for three years. That was just one example of our commitment to encouraging Victorians from all backgrounds to contribute to and participate in our society.

In 1998–99 the council received $60 000 in core funding. In addition it received other significant grants amounting to over $100 000 to enable it to report on important issues such as the needs of the elderly in multicultural communities. The previous Labor government limited its support of the Ethnic Communities Council of Victoria to $45 000 and housed it in the dilapidated Fitzroy courthouse.

Four months ago the Minister assisting the Premier on Multicultural Affairs committed to reviewing core funding to the ECCV, and implied that funding would be increased. To date no details have been received.

I call on the government to match the previous government's commitment and continue to support the valuable work being undertaken by the Ethnic Communities Council of Victoria. At the same time, with a relocation of the council imminent, I call on the government to ensure that the council is quickly and appropriately accommodated in a central location that is accessible to public transport.

Benalla: Liberal candidate

Mr BATCHELOR (Minister for Transport) — The deliberate and calculated failure of the Liberal Party to preselect a candidate for the seat of Benalla prior to next weekend's state council meeting of the Liberal Party needs close and public examination. It is clear the Liberal Party is going to do the National Party in the eye and run a candidate in Benalla when the current member retires, but that is not the only backstabbing going on in the partnership ranks at the moment.

Office-bearers in the Liberal Party — the so-called Kennett group faction — are deliberately delaying the preselection of a candidate for the Benalla electorate until after next weekend's state council meeting because they want to impose their candidate on the Liberal Party without any scrutiny from branch delegates at this weekend's state council. They want to keep their rivals, the Kroger reform faction, locked out of the process and unable to challenge what the head office Exhibition Street junta is doing.

The branch delegates of the Liberal Party know that the current Exhibition Street leadership made a terrible botch of the last state election campaign because it was too weak to stand up to Jeff Kennett and refused to be accountable. Now it is trying to get away with it again. Victoria deserves better leadership from the opposition parties. The Liberal Party needs to support democratic processes and be open and accountable to its state council delegates.

Marcellin College, Bulleen

Mr KOTSIRAS (Bulleen) — This year marks the 50th anniversary of Marcellin College, Bulleen. The college is located in my electorate and is owned and conducted by the Marist Brothers. The college motto is 'To strive for the highest', which is exactly what it is doing. The college provides its students with greater opportunities to develop their full potential.

At Marcellin College students are given the opportunity to develop in academic, cultural, sporting and spiritual areas. That ensures that once the students leave the school they are able to contribute positively to our society.

Marcellin College's former students include Mr Stephen Silvagni, a well-known Carlton player; Mr Terry Power, executive vice-president of BT Funds Management; and Mr Bob Johnston, a well-respected barrister. Mr Peter McKenna, whom everyone knows as one of the best footballers of all time, was a teacher at the school.

Marcellin College has a great history and a great future. I wish the college a happy 50th anniversary and look forward to its achieving another 50 years of academic excellence.

Women's Information and Referral Exchange

Mr LANGUILLER (Sunshine) — I report on the Women's Information and Referral Exchange (WIRE) and its information centre, which was launched, appropriately, on International Women's Day on 8 March by the Minister for Women's Affairs. Like me, many government MPs attended on the day, which recognises half the world's population and honours their achievements and rights.

For more than 15 years WIRE has provided telephone information services to Victorian women seeking help and support in areas such as housing, legal rights, domestic violence, isolation and loneliness. The service is accessed for the cost of a local call.

WIRE has expanded from its original telephone services to encompass a unique walk-in information centre in Flinders Lane, a great central location. It is a friendly place for women to meet other women, get referrals and learn how to access information via the Internet. The centre has also established a statewide 1300 number. The government is providing additional funding to the Women's Information and Referral Exchange to enable it to meet the costs incurred by rural callers.

I commend the government and the organisation. The women's movement has come a long way, and it still has a long way to go. I am sure all honourable members will contribute together to the continuing process of achieving justice and equity in our society.

Frankston: council elections

Ms McCALL (Frankston) — What a delight to be able to put the other side of the argument about Frankston council!

'Labor takes control' is, for my electorate, probably the most depressing headline it has read since the commissioners had to come in last time and fix a mess caused by a Labor-dominated council. On that occasion the City of Frankston nearly went bankrupt because it sold out to developers and to shonky deals. Had it not been for the commissioners, who were brought in by the former Kennett government, the City of Frankston would have no money in the bank at all.

I am looking forward to the new Frankston City Council with its largely Labor composition. It will be a simple task to argue with the councillors about the 52 empty shops, the high unemployment rate and the investment dollars disappearing from Frankston. When the new marina does not get built and all sorts of things don't happen — —

Honourable members interjecting.

The SPEAKER — Order! I ask the honourable member for Frankston East to cease interjecting. He has had his opportunity in this member statement period.

Ms McCALL — I am interested that the candidates who were — regrettably — elected on Saturday are claiming there will be no rate increases in Frankston. I will be fascinated to see whether, when the numbers fall in the council chamber, they will keep pre-election promises to the same degree as the current state Labor government.

The SPEAKER — Order! The honourable member for Tullamarine has 30 seconds.

Katherine McGlashen

Ms BEATTIE (Tullamarine) — I wish to congratulate Katherine McGlashen, a 17-year-old woman who has worked her way through Brownies, Guides and Adventurers to achieve the Queen's Scout award. She was watched proudly by her parents, Linley and Roger McGlashen, her sisters and 1st Sunbury leaders Colin Cherry and Jeffry Amy, when the badges she earned were attached to her shirt.

The words used by scouts — 'trustworthy', 'loyal', 'helpful', 'friendly', 'cheerful', 'considerate', 'thrifty', 'courageous', 'respectful' and 'caring for the environment' — describe values to which we should all aspire.

The SPEAKER — Order! The time for members statements has expired.

PROSTITUTION CONTROL (PLANNING) BILL

Second reading

Mr HAERMEYER (Minister for Police and Emergency Services) — I move:

That this bill be now read a second time.

The Prostitution Control (Planning) Bill will ensure a legislative framework that limits the impact of prostitution on the community and environment. In particular, the bill will close a loophole that permits brothels to increase their room numbers without consideration of important limitations on the placement and expansion of brothels.

This loophole came to light following the Supreme Court's interpretation of the effect of the Prostitution Control Act 1994 on the amendment of brothel permits. Part 4 of the Prostitution Control Act 1994 imposes limits on brothel size and location, including a six-room limit on the number of rooms in a brothel used for prostitution. The Supreme Court's decision has, however, made it clear that these limits do not apply to decisions to amend brothel permits granted before part 4 commenced on 14 June 1995.

The effect of the decision is that brothels operating under permits granted before 14 June 1995 could continue to expand without reference to the Prostitution Control Act 1994 and, potentially, well beyond the six-room limit. Brothel operators may presently be preparing to take advantage of the effect of the decision to increase in size. Such growth is clearly at odds with the desirable containment of prostitution.

Further, the government has received legal advice that the Prostitution Control Act 1994 does not constrain the amendment of permits granted after part 4 of the act came into force. This means that a brothel originally limited by its permit to six or fewer rooms could, by obtaining an amendment to its permit, actually expand well beyond the six-room limit. Again, this is clearly undesirable.

The bill ensures that any decision to amend a brothel permit is made with regard to the limits imposed on brothel size and placement by the Prostitution Control Act 1994.

Transitional provisions in the bill ensure that any applications presently before the Victorian Civil and Administrative Tribunal to amend brothel permits are decided in accordance with the limitations in the Prostitution Control Act 1994.

The bill is consistent with, and advances, the policy objectives of the Prostitution Control Act 1994, to reduce the impact of prostitution and brothels on the community and environment.

I commend the bill to the house.

Debate adjourned on motion of Mr PERTON (Doncaster).

Debate adjourned until Tuesday, 4 April.

FLORA AND FAUNA GUARANTEE (AMENDMENT) BILL

Second reading

Ms GARBUTT (Minister for Environment and Conservation) — I move:

That this bill be now read a second time.

The purpose of this bill is to amend the Flora and Fauna Guarantee Act 1988 to bring the act into line with the current parliamentary practice that primary legislation should not be amended by subordinate legislation.

Sections 5 and 10 of the Flora and Fauna Guarantee Act 1988 allow the schedules of that act to be amended by a Governor in Council order. They therefore provide for the act to be amended by subordinate legislation. The bill before the house will rectify this anomaly by replacing the process in the existing act with a new process which provides for statutory lists which can be made, amended and repealed by a Governor in Council order. Concerns about the listing process have contributed to the current hold-up in listing threatened flora and fauna. This bill will help to ensure that the listing of threatened flora and fauna and potentially threatening processes will occur smoothly in the future.

The Flora and Fauna Guarantee Act 1988 establishes a legal and administrative framework to promote the conservation of Victoria's native flora and fauna. It provides a range of procedures that can be used for the conservation, management or control of flora and fauna and the management of potentially threatening processes.

A key part of the Flora and Fauna Guarantee Act 1988 is the establishment of three lists as schedules to the act. Schedule 1 includes taxa of flora and fauna that are not to be conserved. There is only one taxon listed in schedule 1 — human disease organisms. Schedule 2 contains a list of taxa or communities of flora and fauna that are threatened, while schedule 3 lists potentially threatening processes. Taxa, communities and processes can only be listed after the minister has considered a recommendation of the Scientific Advisory Committee and after the committee's preliminary recommendation, final recommendation and the minister's decision have been advertised. Public comments are invited at the preliminary recommendation stage.

Approximately 300 taxa and communities of flora and fauna have been assessed and listed in schedule 2 of the act as threatened taxa or communities of flora or fauna. There have also been 22 processes which have been listed in schedule 3 as potentially threatening processes.

Currently, the schedules to the Flora and Fauna Guarantee Act 1988 can be amended by an order made by the Governor in Council. Whilst this was clearly the intention of the legislation, it is now considered inappropriate for an act that has been enacted by Parliament to be amended in this way.

The bill includes a list of all taxa, communities and processes that have previously been through the recommendation process in the act and added to schedules 1, 2 and 3. This would mean that Parliament would ratify previous listings. Items that have been included in schedules 1, 2 and 3 of the act could then be included on the new lists without having to go through the recommendation process for a second time and, consequently, there would be no uncertainty about the contents of the new lists.

The bill provides for commencement to occur by proclamation. An order made by the Governor in Council, which lists all items contained in schedules 1, 2 and 3 of the bill, will therefore be able to be made on the same day that the bill commences. This will ensure that threatened flora and fauna will continue to be protected under the Flora and Fauna Guarantee Act 1988 throughout the transition from the current lists to the new lists.

I would like to assure the house that the bill will not diminish the status of items listed under the Flora and Fauna Guarantee Act 1988. The responsible minister

will only be able to amend the lists after considering the recommendations of the Scientific Advisory Committee. The recommendations of the Scientific Advisory Committee and the decisions of the responsible minister will continue to be advertised in statewide and regional newspapers and in the Victorian *Government Gazette*. An order made by the Governor in Council which makes, amends or repeals any taxon, community or process will continue to be published in the Victorian *Government Gazette*.

The bill also amends the Flora and Fauna Guarantee Act 1988 to ensure that the new lists will be made freely available to the public at Department of Natural Resources and Environment offices in Melbourne and in regional centres. The lists will also be made available on the Department of Natural Resources and Environment's Internet site.

I commend the bill to the house.

Debate adjourned on motion of Mr PERTON (Doncaster).

Debate adjourned until Tuesday, 4 April.

FIRST HOME OWNER GRANT BILL

Government amendments circulated by Ms GARBUTT (Minister for Environment and Conservation) pursuant to sessional orders.

Second reading

Debate resumed from 2 March; motion of Mr BRUMBY (Minister for Finance).

Ms ASHER (Brighton) — The opposition supports the First Home Owner Grant Bill. I wish to make a couple of comments about the bill and the amendments before the house.

The bill implements the first home owner grant scheme, which is an important part of the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations, more colloquially known as the commonwealth–state taxation agreement. As part of their arrangement with the commonwealth, the states and territories agreed that the commonwealth would provide the funding for the grants and the states and territories would administer them.

This enabling legislation will eventually be adopted by all states and territories. I understand South Australia has drafted the template for this legislation, although local variations are possible.

In essence, the Commissioner of State Revenue will be the administrator of the first home owner grant. As indicated earlier, the grant is obviously a commonwealth payment. The bill allows for $7000 to be given to first home buyers to purchase or build homes after 1 July 2000. The bill also contains provisions covering owner-builders. As one would expect, the bill outlines a number of key criteria for the distribution of the grant.

I shall touch briefly on some of the key criteria. If the application is made by two people, at least one applicant must be an Australian citizen or a permanent resident. Obviously, in the case of a single person applying for the grant, that person must be an Australian citizen or a permanent resident. A second key criteria is that the person applying for the grant or his or her spouse must not previously have had access to this particular grant. The principles upon which the legislation is based are enshrined in the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations. A third criteria specified in the bill is both sensible and obvious — that is, a person applying for the first home owner grant cannot have owned property, including residential investment properties.

Contracts must be signed either to purchase or to build after 1 July 2000, the introductory date for the new reformed tax system for Australia. Indeed, the bill contains clauses designed to ensure that people with opportunities to purchase or sign contracts prior to 1 July 2000 cannot obtain the first home owner grant. In other words, if a person had the opportunity to purchase a house or sign a contract to build a house prior to 1 July 2000 that person would be ineligible for a grant. A further condition is that an applicant must occupy the house within 12 months.

The Commissioner of State Revenue has very wide discretion, and there may well be some opportunities to exercise commonsense if people do not fit the hard and fast rules enunciated in the legislation before the house. The bill also contains a very welcome and important provision allowing a guardian to apply for a grant on behalf of a person with an intellectual disability.

I now turn to a particularly significant provision — that is, the actual payment of the grant. Many of us in this chamber who are old enough will remember the former first home buyers grant. Some of my younger colleagues will not remember that grant, but I hasten to add that I was not a beneficiary of it! The former grant was commonly referred to not as the first home buyers grant but as the home-furnishing grant because the structure of the scheme was such that the funding was

provided after the home had been built or purchased and more often than not the grant was used for home furnishings. As a result the grant came in for a lot of criticism.

I am pleased a more pragmatic approach has been adopted through this bill. Clause 17 allows for the commissioner to decide that a grant can be paid before the completion of a transaction if there are good reasons for doing so. That flexibility is a significant improvement on old schemes that looked at the issue of assisting people to buy their first homes.

Clause 19(2) is also an important reform in that area when compared with similar schemes that previously existed. The clause allows the first home owner grant to be paid to another person to whom the applicant or applicants may direct that the grant be paid. Clause 19(3) allows, very sensibly, for the Commissioner of State Revenue to apply that first home grant against stamp duty payable on either the conveyance or the mortgage. Those clauses should get around the old criticism of the former scheme, which was that the grant was not paid at an appropriate time. I wrote to the Housing Industry Association about the bill, and that was its no. 1 concern.

Mr John Gaffney, the director of the HIA in Victoria, expressed his concerns to me in a letter dated 8 March:

> I can say that the only major concern the HIA has is that the $7000 is included as an early payment in respect to the contract for construction of a new home. At the very least, the $7000 must be included in the equation to establish the eligibility for approval with a home finance lending authority. If that is not the case, then the $7000 would merely become a 'bonus' payment at the end of the construction project and be frittered away on a holiday or soft furnishings.

Although the opposition believes the bill addresses some of the concerns I have referred to, clause 17 is entirely dependent on the behaviour of the commissioner. Clause 17 gives the commissioner discretion to authorise a payment. The commissioner may authorise the payment of a first home owner grant before completion of the eligible transaction if he or she is satisfied there are good reasons for doing so and the interests of the state — financially, I presume — can be protected.

The opposition awaits the practice of the Commissioner of State Revenue on this important issue that is the major concern of the HIA. Obviously if the practices of the commissioner are not in accord with the result the HIA and others are seeking, the opposition expects the government to take up the issue with the commissioner.

The second issue concerns the early payment. As I said, if the applicant so requests, clause 19(3) allows the $7000 to be paid against stamp duty on either the conveyance of the property or a mortgage relating to the property. Given that that is specifically mentioned in the bill, I reiterate the concerns of the opposition that were not answered by the minister during the debate on the previous bill relating to the goods and services tax (GST). The opposition is concerned that as a direct result of the signing of this intergovernmental agreement on commonwealth–state financial relations there may be windfall gains for the states from stamp duty — in other words, first home buyers, among others, will pay too much stamp duty as a consequence of the state government's not addressing the issue of circular taxation in the previous bill before the house.

I again point out that the New South Wales Labor Treasurer, Michael Egan, has publicly acknowledged the possibility that the states will acquire windfall gains via their stamp duty fees. He has already indicated that he is prepared to address the issue in the New South Wales Parliament if that happens. We have had no assurance from the government that the issue of windfall gains on stamp duty will be addressed in Victoria. The opposition seeks from the Minister for Police and Emergency Services and the Victorian Labor government the same assurance that the New South Wales Labor Treasurer has given on the issue of stamp duty and windfall gains.

The bill also sets up a review and appeal structure relating to first home owner grants. If the Commissioner of State Revenue refuses a grant he or she must give reasons for the refusal, as one would expect. Objections to the commissioner's ruling must be in writing and the commissioner must respond in writing. The bill provides for appeal to the Victorian Civil and Administrative Tribunal, as well as for repayment and penalties should people who do not have the appropriate bona fides receive grants.

The bill also provides for the protection of confidential information on applicants. The most contentious issues in the bill, as is always the case with these sorts of bills, relate to investigations where the commissioner has a reasonable degree of concern about whether applications have been granted under the terms and conditions of the bill. The concern is obviously whether people are suitably qualified and whether they live in the home as their principal place of residence within the stipulated 12 months.

I shall comment on a number of the investigations, as has the Scrutiny of Acts and Regulations Committee (SARC). The first issue I raise is delegation. The

Scrutiny of Acts and Regulations Committee commented on clause 37, which allows the commissioner to delegate any function or power to any person employed or engaged in the administration or enforcement of the act. It is a very wide power of delegation, but I note that the committee was not particularly concerned with it. For the record, I believe it is a particularly wide power. However, the committee drew specific attention to the very wide delegation powers contained in clause 40, which relates to cross-border investigations. It commented as follows:

> The committee is concerned that clause 40(2) may be a provision which insufficiently subjects the exercise of legislative power to parliamentary scrutiny under section 4D(a)(v) of the Parliamentary Committees Act 1968 …

The report of the Scrutiny of Acts and Regulations Committee, *Alert Digest* No. 3 of 2000, states:

> The committee is concerned that whilst it may scrutinise the delegation provision in clause 37 of the bill and be satisfied that it is appropriate and necessary to give effect to the purposes of the act, it cannot scrutinise what effectively amounts to a subdelegation of investigation powers in clause 40(2).

The report continues:

> … the committee suggests the provision be clarified to ensure that any person nominated by the counterpart authority is a person authorised to undertake investigations under the counterpart act, and that such persons be members of a defined or limited category, such as employees of the relevant state or territory equivalent of the Victorian State Revenue Office.

Opposition members share the concerns raised by the Scrutiny of Acts and Regulations Committee, one of which is the subject of an amendment to which I will shortly refer.

The second issue relates to the powers of entry and inspection of authorised officers. The bill proposes that authorised officers be the people authorised under the Taxation Administration Act and appropriate identification requirements are imposed on those officers, just as appropriate powers to apply to a magistrate for search warrants are part of the bill.

The bill also contains a clause that has most of the lawyers on my side of politics excited, and that is clause 46, which relates to self-incrimination.

These clauses are now standard features of many bills where self-incrimination is narrowed down. I draw the attention of members of the house to clause 46(2), which provides that if people object to answering any questions that may be put to them by the investigative officers authorised under the Taxation Administration Act:

> … the answer, information, document or thing is not admissible against the person in any criminal proceedings other than —
>
> (a) proceedings for an offence against this Act;
>
> or
>
> (b) proceedings for an offence in the nature of perjury.

I am amazed that the Attorney-General allowed the clause through cabinet because I recall significant discussions in another era regarding self-incrimination clauses. Again I note that the Scrutiny of Acts and Regulations Committee can live with the clause and has commented to that effect, although the committee raised questions with the Minister for Finance regarding the matter.

I thank the Minister for Finance for providing in advance a copy of the amendments and for the briefing provided yesterday afternoon by his staff. I appreciate it, and clearly it helps the house deal with the amendments more expeditiously.

I assume the purpose of amendment 1 is to correct an error in the bill. Could I be advised if my assumption is incorrect? There appears to be an inconsistency in clause 13 that is rectified by the amendment.

Amendment 2 addresses the concern of the SARC to amend clause 40 to narrow the delegation powers from ‘a person nominated by that authority’ to ‘an appropriately qualified officer or employee of that authority nominated by it’. The opposition supports the amendment, which narrows a broad delegation power. I note that both the minister and I were members of the SARC in the early 1990s — many years ago — and are conscious of the issues.

Amendment 3 seeks the omission of clause 47 and the insertion of a new clause. This has also been commented on by the SARC in its *Alert Digest* No. 3. The committee was concerned about the clause, and again, the opposition supports the amendment. The committee commented that:

> … the provision creates a strict liability offence requiring the applicant to prove that the statement was neither wilful nor negligent.
>
> …
>
> The committee is concerned at the position that some vulnerable applicants may find themselves in, in circumstances where they are advised by third persons (promoters) to claim the benefit as an inducement or part of an inducement to enter into a relevant transaction covered by the bill. It would be of concern to the committee if the

> fraudulent or negligent advice of professionals/promoters once accepted by an applicant may for example constitute negligence on the part of the applicant within the meaning of clause 47(2) and 47(3) of the bill.

The Scrutiny of Acts and Regulations Committee wrote to the minister about its concerns and the end result is the amendment. It mirrors similar provisions in the Taxation Administration Act. They reflect the sentiment of sections 57 and 58 of the act, and there seems to be a good case for establishing consistency between the Taxation Administration Act and the First Home Owner Grant Bill, particularly since the authorised officers are authorised under the Taxation Administration Act.

Rather than rely on clause 47, which relates to dishonesty and which says that a person must not dishonestly make a false or misleading statement, the proposed new clause says that a person must not make a false or misleading statement in or in connection with an application for a first home owner grant. On the recommendation of the Scrutiny of Acts and Regulations Committee, the opposition agrees with the amendment. However, the amendment further provides that a person is not guilty of an offence under the act if the court hearing the charge — that is, the Victorian Civil and Administrative Tribunal — is satisfied that the person did not know that the statement was false or misleading.

Subclause (3) of the proposed new clause also prescribes a penalty for applicants who deliberately omit certain information. The opposition agrees with the amendment because it reasonably reflects the sentiment of sections 57 and 58 of the Taxation Administration Act. However, I request that the Minister for Police and Emergency Services clarify my concern that subclauses (1) and (2) omit the references in the Taxation Administration Act to material that is false or misleading 'in a material particular'.

Mr Wells interjected.

The ACTING SPEAKER (Mr Lupton) — Order! Will the honourable member for Wantirna vacate the chamber while he is speaking to the gallery.

Ms ASHER — Section 57(2) of the Taxation Administration Act refers to a person not being guilty of an offence if he or she did not know that the statement or information was false or misleading — again, 'in a material particular'.

The expression 'in a material particular' has been deleted from subclauses (1) and (2). However, that expression has been retained in subclause (3). Given that the minister's specific intention is to reflect the provisions in sections 57 and 58 of the Taxation Administration Act — and he made that point in his letter to the Scrutiny of Acts and Regulations Committee — I seek clarification from the Minister for Police and Emergency Services, because there may be some legal reason.

As I said, the opposition supports the amendments. It is pleased that the government has adopted the constructive suggestions made by an all-party committee, which will improve the legislation.

I turn now to the First Home Owner Grant Bill itself. Australia has a strong culture of home ownership. I will not comment on the present buoyant property market as I am sure other speakers will cover those issues. However, the commonwealth has done the right thing by giving first home owners a grant of $7000 as an offset against the goods and services tax and asking the state governments to administer the grants.

The Victorian government estimates that under the scheme $193 million will be distributed to first home buyers in the first year. I also note that the government has not fallen into the same trap as the Tasmanian government fell into. In his second-reading speech the Minister for Finance referred to 'significant benefits to first home buyers'. That is in contrast to the comments made by the Tasmanian Labor Treasurer, Mr David Crean, who said that the biggest beneficiary would be Tasmania and that the $7000 represented an instant deposit.

His favourable views got him into trouble, because they stand in complete and utter contrast to comments made by his brother Simon Crean, the federal shadow Treasurer. No member of the Victorian Parliament would claim that $7000 would represent an instant deposit in the current median price climate, even in the more affordable suburbs.

I refer to the timing of the bill and in particular to the letter from the Housing Industry Association, from which I have already quoted. The letter was sent to me by John Gaffney, the director of the Victorian region of the HIA. Mr Gaffney says that a meeting of all the major players, including builders and financiers, was to be held at the HIA today. I seek an assurance from the minister that if something material about the mechanics of the scheme's operation emerges from that meeting he will consider it. The fact that the HIA's concerns have resulted in a more flexible payment arrangement than has been the case with previous schemes is positive and desirable.

As I said, the opposition supports both the bill and the amendments. However, I seek clarification about the windfall gains on stamp duty and the technical matters concerning the amendment. The opposition is pleased that the government has taken note of the valid concerns of the all-party Scrutiny of Acts and Regulations Committee.

Mr LENDERS (Dandenong North) — The government welcomes the opposition's support of the legislation and of the proposed amendments.

The issue of home ownership is dear to the hearts of many honourable members and is recognised as a particularly Australian characteristic. Traditionally home ownership has been affordable in this country and is something most Australians aspire to.

The honourable member for Brighton yet again demonstrated a fascination with things outside Victoria's boundaries in her contribution on issues that relate to the goods and services tax (GST). Although her analysis of the dialogue between the Crean brothers is interesting, I urge her to look beyond the borders of metropolitan Melbourne when considering house prices in Victoria. I am cheeky enough to suggest that it was that lack of focus for matters beyond the borders of metropolitan Melbourne that got the previous government into trouble.

I noticed the honourable member for Benambra in the chamber earlier. I am sure $7000 would be a reasonable deposit on a home for many of his constituents. That fact illustrates the gap that exists between house prices and a whole lot of other things in Victoria because of significant regional variations. Opposition members ignore to their peril that Victoria has such regional variations, because if they do they will continue to be in the predicament in which they found themselves on 18 September.

I return to the comments of the honourable member for Brighton. The government welcomes the opposition's support of the bill. However, it should not be worthy of note that the recommendations of the Scrutiny of Acts and Regulations Committee should be taken into consideration by the government. The government is often unfairly and mercilessly mocked at question time and on other occasions by the opposition parties because it consults. Every time the government announces the formation of a task force, committee or a some other consultative forum it is belittled by members opposite, who say, 'There they go again, they're talking to people'. In their view the consultation shows weakness and is not a sign of strength in government.

The bill is another instance where consultation is a sign of strength, not weakness. If Parliament sets up a body such as the Scrutiny of Acts and Regulations Committee and asks it as part of its business to scrutinise acts and regulations, when that committee returns with a report or recommendation it is the government's responsibility to consider and respond to that report on its merits. The correspondence the honourable member for Brighton referred to between the Minister for Finance and the chair of that committee is an indication of a strong government that makes a virtue of consultation, and therefore makes itself stronger and its legislation better. Consultation is the way to go to make Victoria a better state.

There is also a need to look at the purpose of the act to see where it fits in the regime. As a member of the Labor Party I realise the legislation is the result of an intergovernmental agreement signed by the previous government. The Bracks government had little choice but to introduce it, but it welcomes the provision of a $7000 grant to first home buyers. Later in my contribution I will refer to why it needs to be put into place, but from the Labor perspective there is always something a bit uncomfortable about flat grants that do not reflect need. Labor has always supported means testing of first home buyer concession schemes so that government resources are used to uphold the great Australian value of home ownership and give everybody an opportunity to own a home, instead of being used for a subsidy that does not take into account need, which varies considerably in different parts of the state.

The scheme provided for in the bill comes on top of the existing Victorian means-tested first home buyers concession scheme. That is fairly critical in an electorate like mine where house prices are close to the state median. Such schemes are of particular interest to my constituents.

Under the proposed scheme where the value of a property is less than $140 000 the grant will offset the costs incurred by the application of the GST and be a bonus for the home buyer, but the GST will be a burden if the cost is higher than $140 000. The existing Victorian scheme, which favours low-income earners and the purchase of low-cost homes, applies to most electorates outside metropolitan Melbourne and to certain parts of the metropolitan area. Under the current scheme first home buyers receive a 100 per cent stamp duty concession from the state government for first homes valued at less than $115 000 and a tapering concession for homes valued at between $115 000 and $165 000. The existing means-tested scheme probably

covers most of the first home buyers in my electorate and those in areas a long way from Melbourne.

The $7000 blanket scheme to be implemented by the bill is above and beyond the scheme already in place and will help to offset the impact of the GST. Why was the GST needed in the first place? The house has heard arguments about it. As the burden of the GST hits the community in the months ahead the government and the state's constituents will not forget who introduced it. In my electorate small businesses and microbusinesses will lodge their pay-as-you-go returns for the first quarter of the next financial year and will become particularly grumpy at the Prime Minister and the federal Treasurer, the Liberal Party and the Democrats for allowing the iniquitous GST to impact on them.

With bipartisan support the Victorian government is implementing a partial remedy to offset the effects of the GST. Had the tax not been imposed on the building industry the bill would not have been necessary.

It has been estimated that the scheme's payment on a house worth up to $140 000 will offset the GST, but it must be dealt with on a case-by-case basis. Most people in my electorate will face the burden of any decline in the home building and renovation businesses. That will affect the economy of my region, because the City of Casey, for example, is in a growth corridor that attracts 4500 new residents yearly. The building industry is a critical area of growth for Victorian constituents.

I turn to the clauses referred to by the honourable member for Brighton. The opposition is concerned about the concept of circular taxation and suggests there will be a windfall gain on stamp duty. Most aspects of the bill were thoroughly covered in debate last week and in previous sitting weeks on similar pieces of legislation that offset the pain to be inflicted by the GST. I imagine that from now until the end of the year the house will need to deal with endless bills about the goods and services tax. Like all state governments, the Victorian government is trying to deal with the GST to the best of its abilities. It does not favour circular taxation and tries to make its effects as revenue neutral as possible.

Last week the honourable member for Brighton conceded, correctly as somebody who aspires to be Treasurer of this great state, that a state government must protect its revenue base and administer its taxation system equitably. The Department of Treasury and Finance and the State Revenue Office will need to deal continually with circular taxation issues because the convoluted and complex GST taxation system inflicted on Australia will continue to have unforeseen effects as it is applied, level by level and area by area, in Victoria. The government is looking carefully at the issue of circular taxation.

I am delighted with clause 18, which specifically places the maximum grant under the scheme at either $7000 or the full purchase price of the real estate if it is priced at less than $7000. Although the honourable member for Brighton laughs about real estate prices in Melbourne, I can recall many years ago — longer than I would like to remember — under the then first home buyers scheme a solicitor colleague of mine in Horsham dealt with a genuine conveyancing issue in Goroke where the entire settlement price for a piece of land and house was less than $7000. At that time Goroke was obviously not as fashionable as some inner suburbs of Melbourne are now.

We need to be cautious because small pockets of land in locations where market values do not apply could be valued at under or near the maximum grant set in the bill. We need also to be careful that such transactions are genuine and that land is not passed from one member of a family to another at an artificially low value so as to reap the benefit of the maximum grant.

The honourable member for Brighton referred to the excitable lawyers on this side of the house. If one conducted a survey of members of this house — the Labor Party is often accused of being a party of teachers and lawyers — one would find the government benches are devoid of lawyers and teachers. On my count the government has four or five lawyers in its ranks, depending on their level of qualification. There are fewer excitable lawyers on this side than opposite.

The honourable member for Brighton is correct about clause 47. We want to make the benefit of the scheme acceptable to home buyers. The government values home ownership as an important Australian aspiration and wants to make the money accessible. The scheme need not be too draconian. It is a matter of, on the one hand, balancing the level of administration of the benefit and, on the other hand, protecting state revenue. We do not want funds to be handed out willy-nilly, without any checks and balances. As with any dispensation of government largesse, that issue should be carefully examined. In this case tests have been put into clause 47 to make the scheme accessible without being too onerous.

I cannot let the occasion pass without commenting on clause 19. I hope the honourable member for Doncaster is listening to my contribution because he appears to be particularly concerned with all things dealing with

electronic commerce or computers. The government's initiative will allow the transfer of funds electronically to the bank accounts of people suited by that method rather than going through other avenues. The honourable member for Doncaster should be gracious and concede the government has introduced the measure without his churlish niggling.

As the honourable member for Brighton said, the early payment aspect of the scheme is user friendly and is at the discretion of the State Revenue Office. It enables funds under a reasonable test to be delivered to people who need them earlier rather than necessarily at the end of the process. Her point is valid. She says she will carefully watch whether the provision is administered equitably or is regarded as a draconian way of stopping funds going to people. Such matters need to be checked. I am confident the payment system will be flexible.

The bill results from the intergovernmental agreement entered into by the previous government with the Howard government. The Bracks government has no choice but to implement the legislation. The government wants the $7000 non-means-tested grant to go to as many Victorians as possible because it supports home ownership as an important value. The government wants the scheme to be in place as quickly as possible.

The government is always concerned about how a scheme such as this can be equitably administered. As the honourable member for Brighton said, it is probably a far greater bonus for people living in Tasmania than it will be to Victorians and a less generous bonus to people living in Sydney because the scheme relates to the housing market. Some of my parliamentary colleagues with electorates that have more expensive property markets than does my electorate of Dandenong North will find the scheme less advantageous to their constituents. I note the honourable member for Gippsland East is quietly smiling because the scheme will be of benefit in his electorate, while the honourable member for Hawthorn is probably disappointed with the scheme because most of his constituents will have little use for it. Other honourable members will touch on the tests to be applied and how onerous they may be for people.

The bill was drafted by the South Australian parliamentary draftsperson; presumably the South Australian government is particular, as is its privilege, about who writes its legislation. It is a South Australian model, with some minor variations to cater for issues specific to the Victorian jurisdiction. Clearly some of those variations will be touched on by other speakers — for example, matters such as equity, access to the scheme, the establishment of definitions of partnerships and couples, and other such issues. It is important that a form of state control be kept for matters that are important to Victorians.

I will conclude by again detailing why the remedial legislation is necessary, which takes me back fairly and squarely to the issue of the goods and services tax and how it will be the responsibility of Victoria and all other jurisdictions to continually introduce remedial legislation to fix up the mess the country has been left in by the commonwealth's wild tax adventure.

The long and complicated bill has been introduced to deal with something that is quite simple. It follows on from the bills the house has discussed — it will continue to discuss bills of that nature — that try to adjust the state of Victoria to the burden that has been put on it by the goods and services tax legislation.

The GST is not a simple or uniform tax. For all the equity problems the state would have with a tax that was not progressive, at least it would have been a simple tax. The tax law has been amended repeatedly, to the point where honourable members are concerned about its effects — for example, the honourable member for Brighton is concerned about circular tax aspects. I am far more concerned about what the GST is doing to increase the paperwork for small-business and microbusiness constituents in my electorate.

The building industry is in a state of turmoil and flux, with some people accelerating work on items to get in before the GST takes effect and others slowing down contracts so they can benefit in that way. Instead of making decisions to suit their own lives, people are trying to juggle anticipated changes to the tax system without being disadvantaged. That is not good for business confidence or for the confidence of people in my electorate or the growth corridor that adjoins it.

People are trying to deal with legislation imposed on them by the commonwealth as part of the Prime Minister's wild ideological adventure rather than having good legislation to assist them in governing their lives. Not just Dandenong North and the south-eastern suburbs of Melbourne but the whole state need growth. The state needs certainty and good government to enable it to grow. Wild tax adventures just make it more difficult for everybody. I commend the bill to the house.

Mr WELLS (Wantirna) — It gives me a great deal of pleasure to speak on the First Home Owner Grant Bill and to reiterate the opposition's support of the

legislation. It appears I have a full-time job following the honourable member for Dandenong North. I note once again his displeasure about the goods and services tax. I wonder whether in 12 months or two years, when the state starts reaping the benefits of GST revenue flow to the states, the house could have another interesting debate, the GST being a broad-based growth tax.

The construction and sale of new homes and repairs and renovations to existing homes will be subject to the goods and services tax. Although not subject to GST, existing family home prices are expected to rise because of the marketability of those houses in the future.

I note with interest the commonwealth Treasury forecast, in examining the GST, that the hidden tax burden of approximately 5.3 per cent in the cost of constructing a new home will be removed. If nothing were done for new home buyers, the cost increase of a new home would be around 4.7 per cent. Obviously that is not the same increase for new homes and constructions that many people would have perceived, as most people anticipated an increase of 10 per cent. The forecast is that such costs will rise by 4.7 per cent. Although existing home owners do not benefit immediately by way of an increase in the value of their homes, that will come about in future when the value of a home is realised on sale.

In return for the full receipt of the GST, the states have agreed to implement a uniform first home owner grant scheme to offset the impact of the GST on home purchasers, particularly in the case of those purchasing new homes. A state-administered first home owner grant scheme will apply to contracts signed after 1 July 2000. That has been agreed on by all states and territories as part of the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations, which was signed in June last year. The framework of the principles was set out in that agreement. Although each state will implement its own separate legislation there will be common eligibility criteria, which have already been outlined and will be uniform across the state.

The grant of $7000 is designed to maintain home affordability at existing levels, particularly for low-income purchasers. The grant of a flat $7000 will go a long way towards enabling people to purchase houses in less affluent areas and in some isolated rural areas.

The scheme will be administered by the State Revenue Office. Clause 38 provides that financial institutions will assist in administering the scheme by incorporating grant eligibility measures into their mortgage application processes, thereby streamlining the grant application process for customers.

I have one concern regarding people applying for a mortgage, and will give an example. People purchasing a house at $120 000 might put down a $20 000 deposit. That would not be unusual. Currently the couple purchasing that house would want a loan of $100 000. The problem is that the bank would realise that $7000 of that money would come out of the first home owner grant scheme, and therefore would lend only $93 000.

For a builder any delay in the payment of that grant will negatively impact on the cash flow. If a builder has on average 10 homes under construction at any one time at $7000 each, he would be financing an additional $70 000. So there would be an interest cost to the builder if there were any substantial delay in the payment of that grant. I do not think any builder would agree to a contract under which the builder could face a delay in receiving that $7000. It is important that the State Revenue Office have flexibility to ensure that when a house purchase is settled, the money is available to the developer posthaste.

Obviously, when people are building a house they must make progressive payments to the builder. Once a certificate of occupancy has been issued before handover, the final payment is due. When the certificate of occupancy has been handed over the builder expect to receive all outstanding moneys — firstly, the amount withheld by the bank to ensure security for its mortgage, and secondly, the $7000 grant. It is important that the State Revenue Office payment coincide with the final due date for payment of outstanding moneys and that there is agreement between the owner, the financial institution and the builder that the bank will finance 100 per cent of the construction value and that the grant paid will be offset on the final date.

It is envisaged that payments will be able to be made into a mortgage account by direct cheque or electronic transfer to the purchaser or a third party and that the grant can be used to offset any stamp duty payable on property transfers or mortgage registrations.

Clauses 8 to 12 set out who can apply for the grants. Applicant must be natural persons — that is, not a company or a trust. applicants must be Australian citizens. If there is a joint application, at least one of the citizens must be a permanent resident. Applicants must not have received a grant previously under a first home buyer scheme and must not have held an interest in a residential property, including an investment property,

prior to 1 July 2000. That sometimes trips people up, but the legislation is consistent with other legislation regarding first home owner grants.

The Commissioner of State Revenue can make a payment before completion if there is good reason for doing so, and the state is protected by repayment of the grant if the transaction is not completed. I hope for two reasons that the State Revenue Office does that. The first is flexibility, which means the builder or developer will not be severely financially disadvantaged, and the second is consistent guidelines, because early payments will not be given out willy-nilly without protection for the state.

The bill gives the State Revenue Office the ability to reclaim a grant if the transaction is not successful. Clauses 47 to 54 make various provisions, including provision for penalties for fraudulent and dishonest claims and powers to enable the commissioner to request repayment of grants and to obtain evidence for legal proceedings. Clause 55 amends the Victorian Civil and Administrative Tribunal Act to extend its powers to cover this legislation.

The first home owner grant scheme is an important initiative for the housing industry, which considers it vital to maintaining home affordability, underpinning new home sales and stabilising the construction industry in the period after 1 July 2000. In the 18-month period leading up to the introduction of the goods and services tax housing starts across Australia, and particularly in Victoria, have reached historically high levels because there is a perception that people want to get in early before the 4.7 per cent increase in housing prices flowing from the tax applies.

In addition, some enormously successful fiscal policies of the federal coalition government are maintaining low interest rates. Taking those two effects into account, the housing industry expects a decline of between 10 and 30 per cent in home starts in the year following the introduction of the GST, but the exact effect of the pull forward of demand and the subsequent decline in building activity in the second half of 2000 is difficult to ascertain or forecast.

The value of new residential building work in Australia during the September 1999 quarter was $4.4193 billion — a significant amount of economic activity that generated many jobs. The Australian Bureau of Statistics labour force survey conducted in November 1998 found that 640 200 people were employed in the construction industry across Australia. I wonder how many of them are at work today, given the lack of leadership shown by the Labor government during the lockout and the 36-hour dispute. Putting that question aside, however, no doubt there are some construction sites working.

The Master Builders Association, in a press release dated 16 September 1999, states that the rate of private sector dwelling starts continues to trend upwards at an accelerated pace. It increased by 6.5 per cent to 11 064 dwellings in the September quarter of 1999, representing a 17.6 per cent increase for the preceding 12 months. Those figures confirm that the new house building market will remain strong into next year.

The GST is having a definite pull-forward effect on demand, and the rate of activity is putting some strain on supply. Builders are working at a frantic pace to complete as many projects as possible before the introduction of the GST on 1 July. While there is some strain on supply and a need to get buildings up and ready before the GST affects them, however, the $7000 first home buyers grant will ease some of that financial effect.

Mr Lenders — Not in your electorate.

Mr WELLS — The honourable member for Dandenong North interjects once again and mentions Wantirna. Wantirna has the highest home ownership rate in the state. That includes people paying off their houses and owning their houses, so Wantirna is very well placed when it comes to owning houses.

I wish the bill a speedy passage. It is good to see that the legislation has bipartisan support. The opposition supports the legislation. Many home buyers across the state, and particularly in Wantirna, will benefit from the legislation from 1 July onwards.

Mr STENSHOLT (Burwood) — I support the First Home Owner Grant Bill, including the circulated amendments. This is another bill that could be called goods and services tax legislation. The house seems to be making a habit of dealing with such bills since the intergovernmental agreement on commonwealth–state financial relations associated with the introduction of the GST was signed by the previous government.

The bill provides for a $7000 non-means-tested grant to offset the impact of the goods and services tax. Despite what the honourable member for Wantirna may believe, we all know the GST will have a massive impact on the building industry. He has said that the GST is already having a massive impact on the building industry in Victoria and Australia by what he calls the pull forward of demand. It is having a massive impact on all home buyers, including first home buyers.

The GST is the tax that no-one wants to have. As the honourable member for Dandenong North has pointed out, it is the tax that small business does not wish to have. The small business people in my electorate of Burwood do not wish to have the GST. This tax is the reason the Liberal Party is on the nose, and the furry finances regarding the GST are why the federal member in my area — namely, the Teddy Bear Treasurer — is also on the nose.

According to Ron Silberberg, instead of the building industry paying out $190 million in estimated revenue for wholesale tax on new residential buildings as it is doing now, it will be paying out $1.9 billion. In other words, there will be a tenfold increase in taxation on the residential building sector. Ten times the tax! The furry finances of the federal Treasurer clearly do not add up.

The main change will be a move from wholesale tax on some supplies to a GST on all supplies and services. Not much food goes into the building of new houses! It means new home prices will increase by between 5 and 8 per cent. It also means there will be a flow-on effect. The GST will result not only in pull-forward business, but in flow-on effects on existing house prices. In electorates such as Burwood not only does some building and replacement of stock take place but people also buy existing homes. Certainly some of the homes in Burwood are expensive and house prices have increased dramatically in the past three or four years, but in some parts of my electorate houses are not so expensive. However, with the introduction of the GST, it will cost someone who wishes to replace an older house by building a new one an additional 5 to 8 per cent.

People are not sure what the effect of the GST on new residential housing will be. The honourable member for Wantirna said wholesale taxes amounting to 5.3 per cent will be removed and the federal Treasury estimates the effect will be a net increase of 4.7 per cent. As I said, it will be more substantial than that. Wholesale taxes are at present imposed on some materials used in the construction and finishing of homes, such as carpets, bathroom fittings, mirrors, taps and tiles, heaters, airconditioners and other items, while other materials such as timber, bricks, concrete, roofing and paint have been tax free. They are only some examples of materials that until now have been tax free.

In future all elements of construction and building, including renovations and repair and maintenance, will be subject to a GST. That means all the items I have listed that are now tax free, such as timber, concrete, cement, roofing tiles, paint and nails, will be subject to the GST. The services required to supply those construction materials will also be subject to the 10 per cent GST.

The federal government estimates that as a result of the increases and decreases the net cost of new homes will increase by 4.7 per cent. The industry association estimates that the cost of an average house-and-land package will increase by approximately $16 000, or 8 per cent.

An honourable member interjected.

Mr STENSHOLT — Not 80 per cent, but 8 per cent.

That will have an enormous impact. Given that the rubbery and furry figures of the federal Treasurer have been found wanting before, we know the GST will have a much greater impact than the federal Treasury estimates. It will have a strong impact on people buying new homes, particularly after 1 July 2000. According to the Housing Industry Association the average impact on the cost of new homes will be an increase of 8 per cent, depending on the individual circumstances. There will of course be a pull factor on existing homes, which in electorates such as mine will be substantial — that is, the price of existing houses will increase in line with the expected increase in the price of new homes.

As other speakers have pointed out, there has already been a significant impact on the cost of building before the introduction of the GST. The honourable member for Wantirna was mild in his exposition of the situation. There has been an almost frenetic burst of activity in the building sector to try to beat the GST. It could almost be described as a false boom in house building, maintenance and repairs. In some quarters it is estimated that the false boom will burst and there will be a decline in building activity by as much as 20 per cent after 1 July. We have yet to see that.

Certainly there is now an extraordinary demand, which has had an impact on the availability of labour in the building market, and scarcity has possibly led to a temporary increase in costs.

Some pundits are advising people to put off buying houses until after the introduction of the GST on 1 July 2000 because it might be less expensive or not much more expensive than it is now.

The bill provides some relief, particularly for first home owners, after 1 July 2000. Before I discuss that in more detail I shall mention that the honourable member for Wantirna was a great advocate of the GST when he spoke earlier. He said that in a year or two we will all be ever so grateful for the GST because it will provide

so much money for Victoria. He must not have been listening last week when the Premier pointed out that it will probably take until about 2007 before Victoria receives a return on the GST.

He was probably not listening during question time when the Premier spoke about the impact on health costs. He probably did not read the newspapers last Friday or Saturday when the *Herald Sun* listed figures indicating a negative return to Victoria from this tax up until 2007. It is not just a matter of this year, in twelve months or in two years; we will have to wait until 2007. That is a long time. We will have to wade through the mess of the Teddy Bear Treasurer's furry figures until 2007 before we know the impact of the GST.

As mentioned by the honourable member for Dandenong North, small business people — that is, suppliers, subcontractors, tilers, brickies, carpenters and so on — will be scratching their heads around September and October trying to fill out the forms dealing with the pay-as-you-go aspect of the GST. No doubt they will say to first home buyers, 'How about the next payment!'. That will be very much an issue. Of course, the next payment will have an extra 10 per cent added for the GST. That is what they will have to deal with.

Members on both sides of the house have welcomed the fact that the bill provides some relief for first home buyers after 1 July 2000. It aims to legislate for the provisions of the intergovernmental agreement — namely, the establishment of a scheme to provide a non-means-tested grant of up to $7000. Even though most of us think that amount is very small, there have been occasions in the past, and there may be again in future, where people transfer properties at very low prices. The bill means those people will not obtain much advantage from the scheme. How much the grant will help first home buyers will depend on whose figures one believes about the impact of the GST on new houses.

If one believes the government's figures the grant will cover the GST costs of packages up to $150 000, which comprise 4.7 per cent of packages. If one believes the Housing Industry Association figures it is more likely that it will cover only the costs of packages costing less than $90 000.

The new scheme will be administered under the intergovernmental agreement by the State Revenue Office, with an expected cost in the first year of $193 million and an estimated 27 500 applicants. The bill sets out a wide range of administrative measures covering the implementation of the scheme, who is eligible, when the grant should be paid, under what circumstances it should be paid and the processes involved for the recovery of funds.

It provides for the coming into force of the scheme on 1 July 2000. That is the entry date, and it covers the range of tests and penalties to ensure that only people who are properly eligible can receive the grant.

One of the key issues is to stipulate who can benefit. The bill provides that the applicant has to be a natural person, not a company or trust, who is an Australian citizen or permanent resident, and the applicant or spouse must not have had a previous home, including an investment home or flat, and must not have had a shared interest in a home.

The provision is quite restrictive given the existing relationship arrangements in Australia, but it was necessary to make a decision on applicability. The applicant must not have received a similar grant in any state or territory in Australia and must occupy the home as the principal residence within one year of purchase or final construction.

The bill also deals with when the benefit can be paid. Under clause 19 it will generally be paid on settlement, but it is at the discretion of the commissioner. Other speakers have already referred to the possibility in some circumstances, on the decision of the commissioner, of making earlier payment. That could be of more importance to people building a house with staged payments than people buying an existing home, where they could reasonably expect to receive the $7000 once settlement goes through. The guidelines that will be used by the commissioner will be seen when the legislation is implemented, but that flexibility could prove to be important in some cases, especially as the impact of the GST will kick in not just at the end of construction but right through the construction period.

Come October there will be many suppliers and builders who will be trying to fill out the new pay-as-you-go tax forms and who will want to ensure that they get full payment and do not necessarily have to carry large payments on their books.

I note, as the honourable member for Dandenong North has previously noted, that this scheme is in addition to the current Victorian first home buyer concession scheme, which provides for a means-tested stamp duty concession of 100 per cent for first homes valued at less than $115 000 with a tapering concession for homes valued at between $115 000 and $165 000. One would expect that the combination of the schemes would prove most valuable to the majority of people

constructing new homes in covering the costs of their total land and house packages.

People who buy more expensive packages and fall outside the means test will receive only an amount up to $7000. The grant is not means tested and is available to all Victorians, because all Victorians will suffer under the impact of the GST. It will apply to both new homes and existing homes bought by first home buyers, many of whom will be in Burwood. There has been a reasonable influx of young married couples into the area, and a generational change is occurring in suburbs like Burwood.

I am pleased the bill provides for a flexible payment system. Applicants may request that all or part of the grant be offset against stamp duty associated with their purchase. A new mechanism will be used in conjunction with financial institutions to assist in administering the grant. I understand the State Revenue Office will provide software to the financial institutions to ensure that they get convenient customer service access.

I commend the bill to the house and support the amendments. However, I do not welcome the occasion of the scheme — namely, the negative impact of the introduction of the GST.

Mr SPRY (Bellarine) — I support the bill and the amendments, including the new clause dealing with false and misleading information on grant applications. I will make general observations rather than referring to specific details of the bill.

Firstly I comment on the expected contributions of the honourable members for Burwood and Dandenong North and their anticipated comments about the goods and services tax. They continue to bang on about the subject and fail to understand the introduction of the GST is fundamental to addressing the vital issues of equitable distribution to the states of commonwealth-gathered taxation and other revenues. They fail to understand the GST has the potential and is expected to get rid of the essentially undignified spectacle of state premiers trudging every year up to Canberra to beg and put their case. You guys from the government want to continue that ridiculous spectacle and go on in the way you have been going on about the introduction of the GST.

The honourable members for Dandenong North and Burwood conveniently forget that it was the Hawke–Keating federal governments that actively canvassed the concept of a goods and services tax, but to use John Howard's expression, they demonstrated a distinct lack of ticker by backing off from introducing a GST. I am sick to death of government members constantly banging on about the shortcomings of the GST, with the fear and gloom they expect to be visited on Victoria in due course. As the honourable member for Wantirna said, they will learn in due course that the GST provides a far more equitable distribution than the undignified system of the past.

Mr Mildenhall interjected.

Mr SPRY — The old honourable member for Footscray continues to interject across the chamber with inane comments that mean nothing to anybody.

The honourable member for Brighton referred to the fact that the bill replicates the effect of the first home owner scheme introduced in 1983. It was foreshadowed in 1982, if my memory serves me correctly — and I can assure the house that my memory from those years is quite sound.

The bill replicates the effect of the first home owners scheme foreshadowed in 1982 by the Fraser government but actually introduced in 1983 by the later Labor government.

It also replicates the effects of some of the first home owner assistance schemes introduced before 1983: the home savings grant introduced in 1964 and the home deposit assistance scheme introduced in 1982. The two schemes provided cash grants matched to savings. They were inequitable in that they favoured people who had the greatest saving capacity.

The bill introduces a scheme designed for a different purpose. The earlier schemes were designed to assist first home owners and stimulate the domestic economy. The new scheme is designed to negate an anticipated decline in building activity — already mentioned by several speakers — as a consequence of the introduction of the goods and services tax. The signs of the decline are apparent in home loan figures from the Australian Bureau of Statistics.

The schemes of the 1960s, 1970s and 1980s referred to earlier, particularly the first home owners scheme offering a $7000 maximum, had the desired effect. In the early 1980s $7000 was a considerable amount of money. Today an amount between $20 000 and $25 000 would be the equivalent. The earlier scheme had a dramatic impact on the incidence of home building activity.

In the early 1980s I was making a quiet living in my capacity as a real estate agent on the Bellarine Peninsula — the honourable member for Morwell loves

the real estate bit and I don't blame him; it was a marvellous era. I saw the effect the scheme had on a small community.

Clifton Springs was a unique country club estate developed in the early 1960s by a firm called Wilmore and Randall. It did not become a fully-fledged country club estate for the more affluent, and foundered. The result was a marvellous real estate development of small blocks, made roads, kerbing and channelling and all the services expected of a sophisticated development, but prices had languished and in some cases were hovering around the lower $2000, $3000 and $5000 mark. As I recall, in those days a waterfront block would have fetched about $12 000. Those figures make you green with envy! Today, if you can get hold of them, the same sorts of blocks are selling for amounts in the vicinity of $70 000, $80 000 and $100 000.

The first home owners scheme brought a huge influx of buyers to the Clifton Springs area and the manifestation of the scheme could be seen taking place there. Enormous benefits were delivered to young people with young families who wanted to share in the great Australian dream of owning their own homes. The scheme gave them that opportunity.

At the time federal and state members of Parliament observed that the domestic building industry was one of the main drivers of the domestic economy. Nothing has changed. Through the 1990s the Australian economy has enjoyed unprecedented growth and prosperity in almost every sector, including the building industry, in Victoria.

In the early 1990s Victoria was in danger of marginalisation because of the undeniably inept performance of the previous Labor government. However, the electorate saw the inherent dangers and turned to the good management of a coalition administration, thus enjoying a unique surge of prosperity.

Mr Hamilton interjected.

Mr SPRY — Every person in business and industry gained benefits from that prosperity. The real estate industry also benefited tremendously, and I hope it continues to benefit under a Labor administration.

Prosperity in the building industry in the 1990s was even more marked after the first home owners scheme wound down, and Australian Bureau of Statistics (ABS) Australia-wide figures reveal that prosperity. Loans issued in the domestic building industry in 1990–91 totalled $21 759 million. The figures for 1998–99 are almost three times that amount, being $61 474 million, and that indicates the unprecedented surge in building activity over the decade.

Another set of ABS figures shows that in the City of Greater Geelong the total number of dwellings in 1996 of 74 795 had increased considerably to an estimated 78 759 in 1999. The total figures for the region, including the City of Greater Geelong, Surf Coast Shire, Golden Plains Shire and the Borough of Queenscliffe, increased from 93 562 to some 99 000.

As earlier speakers said, the legislation is consistent across all Australian jurisdictions in accordance with the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations. As such, it is part of the goods and services tax compensation package. Its design ensures, firstly, that first home buyers are not unduly disadvantaged in the achievement of the great Australian dream of home ownership and secondly, but equally importantly, that the anticipated decline in building activity does not become a reality.

I am concerned only about the lack of a sunset clause. I hope sufficient consideration was given to intergenerational equity and the timing of the scheme's winding down. Although it may not be significant to those people who will take advantage of the scheme in the next couple of years, it may affect younger people now completing their final years of secondary education. In contrast to what the second-reading speech implies, I hope the federal government allocation of $193 million for distribution by the state government will see a gradual winding down rather than people being confronted by a brick wall.

The opposition recognises the highly visible value of the legislation in achieving its objectives. I commend the bill to the house.

Mr MILDENHALL (Footscray) — I am pleased to join the unanimous support for the legislation that will assist first home owners to cope with the impact of this rotten new tax.

I will say a couple of words about the goods and services tax (GST) because recently government members, particularly ministers, have been outlining some of its more unfortunate effects and the sleights of hand that have been inflicted by the federal Treasurer and his cabinet. The $100 million in embedded savings on administrations that were previously exempt from wholesale sales tax is a classic. I would be interested to hear an explanation of the logic of that.

The revelations today and on the weekend about the welching on federal–state health agreements come as no surprise. Given that the positive cash flow necessary to remove payroll tax will not be generated until 2007–08, I am sure Treasury officials are bracing themselves for more shocks and manoeuvres from the federal government in the interim.

The bill is particularly interesting when one considers the impact it will have on those at whom it is targeted. People in Braybrook are smiling, particularly first home owners. In 1994 when the then housing minister, the Honourable Barry Pullen, and I began to compile a master plan for the redevelopment of the Braybrook–Maidstone public housing development, Victorians were able to buy housing ministry three-bedroom concrete dwellings on large blocks for some $50 000. It was more expensive if the dwelling had been demolished — —

Mr Lenders — You could get them for $25 000 in Moe.

Mr MILDENHALL — Yes, for $25 000 in Moe. Obviously, the impact of a $7000 grant plus the first home buyers stamp duty concession will have a major impact in that sort of area. It is pleasing to see the generous support of opposition members who represent the leafier sides of town where the bill will have a lesser impact.

There is a net benefit from the combination of the government's stamp duty exemption and the first home buyers grant for properties up to a value of $140 000. Home buyers will be faced with a net deficit situation if the value of a property exceeds that amount. Given average residential prices, my humble guess suggests that prices of most dwellings will be above $140 000. Given the eligibility criteria for the grant and the stamp duty exemption, the majority of Victorians will be disadvantaged by the introduction of a GST.

The federal government predicts a 4.7 per cent net increase on the cost of new houses. Such an increase will exacerbate the impact of recent market trends. A 4.7 per cent one-off slug is an unnecessary and harsh impact upon the community when one considers that the affordability of housing has been a major policy objective of governments of all persuasions.

It was interesting to hear the figures cited by the honourable member for Burwood that the overall tax take on domestic buildings will be 10 times the present level when the GST is introduced. I would be interested to estimate what proportion of that will come from the anticipated 27 500 recipients of the grant. Despite the fact that there is no means test, the impact of the measure is limited. If, as the honourable member for Burwood mentioned, the average increase in the cost is of the order of $16 000, as estimated by the Housing Industry Association (HIA), a $7000 grant will not neutralise that.

There are other interesting aspects to the legislation. Because its introduction has been anticipated for so long, the State Revenue Office has managed to put on its web site a detailed package for interested potential consumers and purchasers to look at. Negotiations have taken place with financial institutions to arrange not only for the now controversial delegations that have been mentioned but also for partnerships where financial institutions will work with the SRO to ensure access to the grant is as widespread as possible.

I make specific mention of some of the issues raised by the Deputy Leader of the Opposition and other opposition members. Clause 17 deals with the potential earlier payments by the commissioner and relates to comments made by the HIA. As the honourable member for Brighton said, the clause outlines the principles that protect the state's interests and is one of those trust-me clauses, although one wonders what a person would have to do to miss out. The honourable member for Wantirna said he wanted flexibility and consistency in the provision. I am unsure whether he would like a rigid consistency or a flexible and fluid application of the rules by the commissioner. One would like to see a balance, but to identify both poles of the argument and say, 'We want ample degrees of both' could be a tall order.

The honourable member for Brighton also claimed the government would receive a stamp duty windfall. I should have thought that as a result of national taxation discussions last week it would be clear to the honourable member that the government is looking at a neutral impact on state revenue. The impact she talks about will be negligible. Any possible additional revenue to the state would be of insignificant proportion.

Clause 13 will be amended by the first of the government's circulated amendments. A typographical error between the drafting of the bill and its introduction here has led to the need for the amendment. The amendment to clause 40, which deals with delegations, attracted the interest of the Scrutiny of Acts and Regulations Committee. Other honourable members have adequately addressed the need for the amendment, particularly on the delegation qualification with the relevant phrase 'appropriately qualified' being added to the clause by the amendment. Qualifications

have been placed on the provision to implement the wishes of the committee to protect the public.

Clause 46 is the self-incrimination provision in which the Scrutiny of Acts and Regulations Committee was interested. There is a limit to the admissibility of material to proceedings for offences against the first home owner grant scheme or for perjury proceedings. The clause is modelled on the template legislation and the Taxation Administration Act. It is standard and does not warrant major concern on any reasonable analysis of the bill.

The amendments propose to omit existing clause 47 and replace it with a new clause that deals with false and misleading information. The honourable member for Brighton went to some lengths to identify and express concerns about the different wording in clause 47 as it appears in the bill and the proposed new clause 47 to be inserted by the government amendment. Her concern was about new clause 47AA(2) which refers to a statement that is false or misleading while subclause (3) deals with a statement that may have been false or misleading in a material particular.

I am advised that, in essence, there is no difference between the intent of the wording of both clauses. One has copied a comparable provision from the Taxation Administration Act so that subclause (3) refers to a material particular and subclause (2) merely refers to a simple principle in which a person did not know that a statement was false or misleading. There is no conspiracy or significant difference. The opposition should not be concerned.

The legislation has been introduced as a result of an intergovernmental agreement. Obviously the commonwealth intended it as a political face-saver. I am grateful that its unintended beneficiaries will be some of the poorer members of my community. I reiterate that for most Victorian purchasers of new or existing dwellings the legislation creates a smokescreen at the margins that will provide no real benefit. The smokescreen belies the fact that the GST will have a major impact on the Victorian housing market: the honourable member for Burwood estimates a price increase of $16 000 and the federal Treasury has estimated a net increase of at least 4.7 per cent. They are the hard facts about what will be a major negative impact of the GST.

The bill is welcome particularly because it will assist constituents in electorates such as mine. The overall image and presentation of the bill is a fairly convenient and cynical smokescreen for a beleaguered federal government.

Mr ROWE (Cranbourne) — I am pleased to be able to contribute to debate on the First Home Owner Grant Bill. I represent one of the fastest-growing electorates in Victoria. The City of Casey, and particularly the electorates of Cranbourne, Berwick and Dandenong, have the fastest rate of new home building and new home occupation. The federal government provision of funds guarantees compensation for those who purchase homes in my electorate after 1 July next. Every day of the week more than five families per day move into the electorate of Cranbourne.

In providing first home owner compensation the federal government is making full allowance for the impact of the goods and services tax on the price of a new home. The wholesale sales tax was a hidden tax burden and, shall we say, the Labor Party's favourite taxation vehicle — the tax Labor would increase without any reference to Parliament; the tax it would increase purely by regulation by the Treasurer of the day. The introduction of the GST certainly will help alleviate the burden of the wholesale sales tax on business and the community in general.

The removal of the wholesale sales tax reduces by some 5.3 per cent the total price of a house. The imposition of the GST will in effect increase the cost of a house by 4.7 per cent. The provision of a $7000 grant allows first home buyers, including young people, to continue to enter the housing market. That action will ensure that the rapid growth of the housing industry within Victoria, which was commenced under the regime of the previous coalition government, will continue unabated.

While I was discussing this matter and other matters with people from the Henley Properties Group yesterday I was told that houses are still selling at a record high level throughout Victoria, whereas New South Wales, Queensland and South Australian markets have taken a downturn. The impetus for new home starts has been running full tilt since at least 1996. Before that there was exponential growth in the commencement rate of new housing projects within Victoria.

The previous government, under the leadership of Premier Kennett and Treasurer Stockdale, can take a great deal of credit for having achieved that sort of growth within an economy that was destitute, the joke of the nation and the butt of jokes around the world.

In providing the grant the federal government is fully compensating the purchasers of new homes. It is amazing that the current Labor government likes to take credit for everything that is not its own. The

second-reading speech states, 'The Victorian government expects to provide …'. It is not the Victorian government but the federal Liberal government that is providing the compensation package by which new home buyers in Victoria will be compensated.

Labor also claims, falsely, that its police officers are rolling out of the academy. Those officers have undertaken 27 weeks of training, while the government has been in office for only six months, so the police coming out today were there well before the Labor government even looked like taking power. Labor has claimed credit for new school openings, road construction and investment in rail infrastructure, as it has claimed the successful privatisation of rail and other government utilities — not having itself made one decision or budgetary commitment to the state; not having had to account for one dollar itself. Labor just lives off the back of the success of the previous Liberal government, led by Jeff Kennett and Alan Stockdale.

Once again it is a pleasure to praise the federal government for providing the means of funding necessary to subsidise first home buyers in anticipation of the introduction of a GST system. The system would have been much better had it not been for the Democrats and the Labor Party. The commonwealth government has provided a system that will go a long way towards removing the tax burden felt by Australian workers and businesses, removing the wholesale sales tax, some stamp duties and the like.

Having made that short contribution, I will allow someone from the government to respond. I am sure opposition members will want to take up the remaining speaking time allotted for debate on the bill. Together with previous opposition speakers, I commend the bill to the house.

Mr ROBINSON (Mitcham) — I am pleased to make a brief contribution to debate this afternoon on the First Home Owner Grant Bill. I preface my remarks by commenting on something the honourable member for Dandenong North referred to in his contribution — that is, the interesting and significant concept of a circular taxation theory. Some members of the house, regrettably not nearly enough, through our affection for thoroughbred racing and the occasional punt, are more familiar with the concept of an elliptical taxation theory, as the name suggests, in the nature of an ellipse — you give, give, give for a protracted time before receiving a minor return at the end. Government members do not discount the circular taxation argument advanced by the honourable member for Dandenong North, but some of us do not regard that as nearly as pressing an issue as the issues confronted in other areas.

The principal effect of the bill is to offset the chief effect of the goods and services tax, which is on home prices. To that extent the legislation is welcome. It will enjoy the unanimous support of the house. However, because of the strict wording of the legislation, it will not be able to deal with the impact of the GST on the associated costs of purchasing and principally running a house. That is one of the difficulties of the GST.

Over the past two years in particular the federal government has made substantial efforts to estimate the impact of the new taxation arrangements on households as well as on individuals, but no-one can give an absolutely accurate prediction of what the precise impact will be, least of all the departments full of economists in Canberra. It is not just the precise impact of the GST that is an unknown in this instance; there is considerable difficulty in trying to predict a range of human behaviour — trying to predict the decisions that will be taken by a large number of people involved in commercial transactions.

As an example the house might consider a complaint I received recently from a resident in the Mitcham electorate. The person recently purchased some soy milk at one of the larger supermarkets and was disturbed to see that the price had gone up by 30 cents, a price increase of about 15 per cent. On making inquiries the person was told it was all due to the dairy industry deregulation, an interesting and novel explanation given that soy milk is not a dairy product but a dairy substitute. For large supermarket chains to claim that industry deregulation explains a price increase on a product not associated with that industry defies credibility.

For the purpose of this debate my example highlights the way people in business will sometimes put forward specious arguments to justify price increases that would not be considered by economists to be the outcome of rational business behaviour. Such examples do, however, arise.

The bill will be of substantial benefit to many Victorians, especially those who reside in electorates commonly considered as growth corridors. Not long ago I received information, either in this place or from parliamentary officers, about electoral enrolments. We are fortunate that in Victoria the electoral boundaries are redrawn by the Electoral Boundaries Commission at regular intervals using a more or less automatic mechanism. Electorates in the south-eastern corridor of Melbourne have between 46 000 and 47 000 voters at

present, whereas in some other areas of Victoria enrolments are as low as 28 000. Clearly, therefore, there is far more domestic building activity going on in certain parts of the state than in others. It is likely that of the many thousands of people who will take advantage of the first home buyer grant scheme a disproportionate number will be voters in growth corridors.

That is not to say, however, that the bill will not be of benefit to people in, for example, the Mitcham electorate. There is a certain level of redevelopment going on in Mitcham as well as some in-fill development associated with the sale and redevelopment of school sites in recent years, but that activity has now largely passed its peak.

The principal purpose of the bill is to assist home ownership. All honourable members will agree that that is a great Australian ideal. We may no longer all aspire to living on a quarter-acre block or to owning a three-bedroom brick veneer, but we as a state and as a nation still collectively retain a great affinity with the ideal of home ownership. Australia has one of the highest home ownership rates of any Western nation. People in the big cities of countries such as the United States of America fail to comprehend that adequately. Cities like New York have a culture of renting one's principal residence for one's entire life. We can all be proud of our home ownership rates, and I am sure all honourable members want to see them perpetuated.

A great benefit of our desire for home ownership is the economic stimulus that comes from domestic building, one of the greatest economic stimuli a government can activate.

All honourable members should recall the federal government's first home ownership scheme of the early 1980s, an initiative of the Hawke government. It offered assistance of up to about $5000, as I recall, for people purchasing their first home. The scheme was so successful that the building industry recovered at an extraordinary rate between the 1983 election of the Hawke government and late 1984. By then the Australian economy was recovering at a substantial rate, due in no small measure to the boom in building associated with the Hawke government's first home ownership scheme.

As an electorate officer for Kelvin Thomson, a former member of this house who represented Pascoe Vale for about eight years, I became familiar with one example of the economics of domestic dwelling construction as a stimulus to economic growth. The Pascoe Vale electorate includes Essendon Airport, which had been allowed to run down to the point where its infrastructure was sadly underfunded. Recent efforts by the federal government to find a purchaser for that airport have failed because it is clearly inefficient and unprofitable. Members on this side of the house have, since well before we were elected to government, wanted to see that site redeveloped for a more appropriate purpose.

As an electorate officer I participated in an assessment of the economic stimulus that would come from a redevelopment of the airport site for the appropriate number of houses the site would accommodate.

With the assistance of the Housing Industry Association, the government concluded that approximately 6000 jobs would be created. There is nothing wrong with the mechanics of that assessment insofar as the potential for job creation is concerned, and presumably if that site were now redeveloped largely for private housing the same economic stimulus would be achieved. We all hope the right decisions will eventually be made on Essendon Airport. It would be a great thing if the bill delivered some benefit to those people who may in the future choose to purchase houses on the redeveloped Essendon Airport site.

The bill provides for a higher degree of scrutiny, assessment and investigation than is perhaps the norm. That is the deliberate intention of the people responsible for drafting the bill because there is a serious need to discourage Victorians or other people who may come to Victoria from interstate from abusing the scheme. Given that $7000 is being offered, it is possible that some people may try to take unfair advantage of the scheme.

Clauses 37 to 47 detail the powers available to investigate claims or applications for support made under the bill. Those powers include cross-border investigations under clause 40, powers of entry and inspection under clause 42 and search warrants under clause 43. Those powers appear to be onerous given the support being offered, but people involved in the administration of similar schemes have learnt from experience that there is the possibility of abuse. I am sure Parliament would not want this well-intentioned bill to be undermined by a minority who may seek to take unfair advantage of it.

Clause 47 provides for severe penalties. It should be made clear that people seeking to abuse the support on offer may be confronted with not only having to return the $7000 and, if appropriate, interest on that amount for up to five years after the grant is made, but also being subject to a fine of up to $6000. A person could

pay almost double the amount claimed. Even by the standards of the Australian Taxation Office that represents a fairly hefty penalty. The government hopes it acts as a strong deterrent to anyone who may seek to take unfair advantage of the legislation.

A question arises about the resources of the Commissioner of State Revenue to instigate and carry out investigations. The government trusts the commissioner will have sufficient resources. In ideal circumstances the bill would be subject to more detailed preparation, but under the intergovernmental agreement it is necessary for it to come into effect on 1 July. I am concerned that if the scheme proves to be enormously popular — and there is no reason for it not to be — the Commissioner of State Revenue may be inundated with requests for investigations and assessments. It is possible for commissioners in different jurisdictions to be requested to assist with investigations that have originated in other jurisdictions, but that process will require the allocation of additional resources.

Concerns have been raised about the $7000 flat rate of assistance, which is in contrast to the sliding scale of assistance under the first home buyers scheme the federal government attempted to introduce in the mid-1980s, to which I referred earlier. As the honourable member for Footscray correctly pointed out, it is likely that the scheme as it is currently configured will most assist home buyers in those areas where home prices are lower than or around the average. That will help more people who are represented by this side of the house, and the government welcomes that. When the stamp duty concession is added, housing construction will be boosted in real terms, which will benefit many Victorians, particularly those in regional areas. That is also greatly welcomed.

I conclude by referring to the work of the Scrutiny of Acts and Regulations Committee of which I am a member. That committee has been chaired in fine style by the honourable member for Werribee who, as a previous member of the committee, is extraordinarily diligent in ensuring that proposed legislation is thoroughly assessed. The amendments flow from recommendations made by the committee. That is to be welcomed and is an example of how a parliamentary committee can serve this place in the best possible way. Congratulations are due in this instance to the staff of the committee who do most of the work. Members such as me come along once or twice a week to effectively look at what they have done and sign off on it. Well done to them!

The bill deserves support, not because members on this side of the house support the GST but because it will assist in dealing with the principal effects of the GST. Having said that, I suspect that on a substantial number of occasions in future this place will be required to examine and pass judgment in some way on many minor issues associated with the GST.

Mr HARDMAN (Seymour) — It is a pleasure to speak on the First Home Owner Grant Bill. The grant will provide $7000 for each first home buyer from 1 July this year to counteract the adverse effects of the goods and services tax on home purchases in Victoria.

The legislation will obviously be a great thing for the Seymour electorate and country Victoria generally. Home ownership is a part of what is known as the Great Australian Dream. For many of us, home ownership provides security for the future, for our retirement, for our savings. Nowadays people are more aware of and interested in how our homes can be used for the creation of wealth. We can borrow against our homes and also find cheaper interest rates when borrowing money to buy cars or other important items around the house. We can also use them as security in tougher times when perhaps we do not have incomes. Home ownership is obviously important to us all.

We must make it possible for many more people to own their own homes. The $7000 grant will help to make that possible, especially in rural and lower income areas. The GST slug could be a great detriment to home affordability, especially for home buyers who do not benefit from the increase in the price they get for the homes they sell. The GST will be a real burden for first home buyers.

Given that builders are taking advantage of pre-GST demands, the legislation may have an important and intended stimulus effect on the building industry after the GST is introduced on 1 July this year. The demand for new homes to be built has increased dramatically. Obviously that is part of the scare campaign by builders to take advantage of people who are worried about what will happen to the price of homes after the introduction of the GST. The legislation may also assist people to sit back and wait for the GST, knowing they will get a $7000 grant to help them to purchase homes. That is a very good thing as it will stop the overheating of the building market and ensure its continuation into the future.

The principles on which the scheme is based were set out in the intergovernmental agreement which the Bracks government is committed to honouring.

The grant scheme will be administered by the State Revenue Office, which proposes to enter into agreements with financial institutions to assist with the administration. The substantial sum of $193 million will be paid to first home owners by the Victorian government during the next financial year. That sum will be a boost to Victoria's economy because a great deal of money will be taken out of the economy in the form of the goods and services tax.

It is a positive that the means-tested stamp duty exemption scheme for pensioners and low-income earners with dependants will continue. Many homes in the Seymour electorate have a low-income profile, and the combination of the stamp duty exemption and the $7000 grant will be a great benefit for people who buy homes valued at less than $135 000, a sum far greater than the cost of the average home in Seymour. In my electorate one can buy a house for approximately $45 000, and other towns such as Yea are in a similar situation. Friends of mine have a house in Flowerdale they are struggling to sell for $30 000.

The initiative may also stimulate that section of the market particularly, because the inflationary effect of the GST on lower-priced homes will not be as high and more people will buy properties as they realise they can receive $7000 to buy, for example, a $45 000 home, of which it is a big percentage. All the lifestyle benefits of living in country areas can be taken advantage of as well.

The situation is hypothetical, however, because the cost of building products such as nails, timber, and bathroom and laundry fittings will increase with the introduction of the GST. There will be additional costs with subcontractors, and when the plumber comes to install the bathroom fittings, the plasterer comes to plaster the walls and the tiler comes to tile the floors, there will be a 10 per cent GST to be paid, provided the tradesman has a registered business number. It might be 48.5 per cent held back, so let us hope everybody gets the GST registration. There is great confusion about that because you need two different types of registration to cover yourself for the GST.

The $7000 grant may not have a great impact in certain areas. The $7000 may have less effect for people building their own homes in country areas because the cost of the services of the contractors or subcontractors and the price of the goods are the same as they are in the city, if not a bit more because of freight charges. If you build a $150 000 home on a $30 000 block of land in the country, it will probably still be worth $150 000 some time later, whereas the value of a property in Melbourne will gradually increase. The GST could have an effect.

I am concerned that the GST will be a burden on home ownership. The bill, which allows for a non-means-tested $7000, will I hope buffer that effect on low-income earners. People will be affected by an expected average increase of $16 000 in house-and-land packages caused by the GST, and the impact on that important part of the economy will be significant.

One of the real positives is that the blanket scheme is over and above what is already in place. The eligibility criteria in clauses 8 to 12 are sensible, and I note they take into account the possibility of extenuating individual circumstances. People may not be able to move into a home within the 12-month period stipulated perhaps because they have to go to hospital or for some similar reason. The bill covers those important issues in a sensible and compassionate way.

The thought that has been put into the eligibility criteria will help ensure that the legislation is workable and fewer changes than were necessary with previous legislation will be required. The issues of decency, fairness, access and equity, which are the hallmarks of the Bracks government, are also covered in other clauses. The circulated amendments, especially the new clause, which deals with false and misleading information, show that the government is listening and able to recognise that even members opposite can improve legislation and have good ideas. That will help with the operation of the legislation in future years.

Clause 19 is worth while because it allows the grant to be used to offset all or part of the stamp duty associated with the purchase of the property. The bill goes on to allow for an administration agreement between the commissioner and the financial institutions to work out the detail of how financial institutions must comply with the implementation.

Another important aspect of the bill is the privacy provisions in clause 50. Information provided to gain a grant must remain private. A similar provision was included in the City Link bill. It is an important matter because people who apply for grants do not want other people to know their circumstances.

The scheme is directed to the needs of low-income people in that the grant cuts off once the value of the property gets beyond $165 000, which means the grant is not worth while in countering the effect of the GST. I hope those people get lots of tax breaks! They earn lots

of money anyway, so maybe they have previously been looked after.

I commend the bill to the house. I hope the $7000 grant will assist low-income Victorians to fulfil the great Australian dream of home ownership.

Mr WYNNE (Richmond) — I support the bill, and in doing so I acknowledge the contributions made by my colleagues, in particular the honourable member for Dandenong North, who in his usual comprehensive fashion has provided an excellent overview of the legislation.

Government members have raised serious concerns about the implementation of the goods and services tax (GST). It is a flat tax that creates a significant impost, in particular on people who are already battling to make ends meet. Over time the compensation package put in place by the federal government will be seen to be less than satisfactory, particularly for medium and low-income earners.

The electoral district of Richmond houses a significant number of low-income earners in its public housing estates. The reformist minister, the Minister for Housing, is here today. She is aware of the concerns of public housing tenants about the goods and services tax, not only in the seat of Richmond but generally.

The government is well aware that the GST will not impact on rents — an important consideration. Nonetheless it will impact on the cost of living, particularly on the basic necessities of life and food. In that respect the compensation package offered by the federal government will steadily erode the capacity of low-income earners to survive with the level of dignity the government believes is important.

The bill addresses to some extent the impact of the GST on housing. I have some insights into the effects of the GST on the building industry. My cousin is a builder, living in the electorate of the Attorney-General. His colleagues — builders, plumbers and other tradesmen — have never been in such demand. The building industry is flat out dealing with clients seeking to get work completed before the imposition of the GST on 1 July. It is having a significant impact on the building industry and may create serious concerns after 1 July when the existing demand may taper off. There is potential for a significant impact on the building industry.

The building industry is fundamental to the economic health of the state. A strong and vibrant building industry is driven by consumer demand and by federal government economic policy, particularly interest rates, which have been at historic lows: over recent years it has been possible to lock in interest rates of 6 per cent for five years, so the affordability of home ownership has been significantly improved.

The impact of the bill will not be felt in an electorate such as Richmond. The average and median house prices in a seat like Richmond are significantly high. The median house price in Richmond is well above $200 000 and the projections for 1997, 1998 and 1999 show it is rising to some $240 000 or $250 000. That is a significant amount of money, and the scheme will not benefit many people in that area.

As the honourable member for Dandenong North said, the scheme will be important in the growth corridors. I highlight the role played over many years by the former housing ministry as a major constructor of affordable public and community housing. I also highlight the commitment from the Minister for Housing of a further $94.5 million during the government's present term for the construction of more affordable public housing. That funding is an important boost at a time when one must question the reaction of the post-1 July home-building market when the goods and services tax is implemented.

The former Urban Land Authority, now the semi-corporatised Urban Land Corporation, has played an important role during the terms of successive governments. It was a significant housing developer on the urban fringe and in the past seven or eight years has made significant forays into the inner city.

One of its most important but often misunderstood roles is its dampening effect on speculation and land prices. As a major player it sets the benchmarks on major estates. It is a market leader on the urban fringe, particularly in the south-eastern, northern and western suburbs of Melbourne. A publicly funded organisation that can intervene in the marketplace is important in order to try to contain the potential price speculation that inevitably occurs when the development community runs unchecked. The situation becomes market driven when a market leader such as the Urban Land Corporation intervenes. It sets the price that dictates the response of the private market.

Those two elements will potentially play an increased role over the next couple of years in the delivery of affordable public and community housing. I look forward to the work of the Minister for Housing in concert with organisations such as the Urban Land Corporation.

Honourable members are aware that the bill arises out of the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations under which the states and territories agreed to assist first home buyers through the funding and administration of a new, uniform first home owners grant to offset the impact of the GST on home purchases.

Each state and territory will implement separate but consistent legislation to give effect to the scheme. Eligibility for the grant has been jointly developed by all jurisdictions in line with the principles contained in the intergovernmental agreement.

In Victoria the scheme will be administered by the State Revenue Office, which also administers a means-tested stamp duty benefits exemption scheme for pensioners and low-income earners with dependants.

I recall my first venture into home ownership in the early 1980s when I received the benefits of a first home owner's scheme. There was no stamp duty exemption, but the scheme provided an important boost of some $2500 or $3000. For many people the modest amount of support provided under the current bill, together with the stamp duty exemption, will lift them over the edge to help them deal with many of the oncosts. First home owners often do not consider additional costs such as conveyancing fees when considering their budgets. To that extent, the bill is an important initiative that should be supported by all honourable members.

As the honourable member for Dandenong North said, the potential benefits will not be significant for people buying homes above the $140 000 threshold, but will be valuable to many Victorians who are attempting to buy their first homes. Home ownership is the great Australian dream because it is believed to provide a sense of security that one can get only when one owns a property. The Bracks government's commitment to implementing this scheme is a welcome initiative.

To qualify for the grant an applicant must have title to and have a relevant interest in the land on which the dwelling is situated. There are a number of clauses in the bill to ensure there is no possibility of double dipping. If in the past an applicant has received a benefit under a government support scheme he or she will not be able to access the scheme. The provisions in the bill are entirely reasonable propositions.

The scheme also provides the opportunity for applicants to get the grant up front to assist in the acquisition of the property. That flexibility is important because providing applicants with up-front money gives them the security of being able to settle on a property with assurances for the future. The bill will provide people with some meaningful compensation for the effects of the GST, which is opposed fundamentally on this side of the house.

I applaud the bill and wish it a speedy passage.

Sitting suspended 6.26 p.m. until 8.03 p.m.

Mr NARDELLA (Melton) — I support the First Home Owner Grant Bill, and I am pleased that the Liberal Party also supports it. The last time the house debated legislation dealing with the goods and services tax the Liberal Party said it would not oppose it. Now it has learnt to support the GST because it actually believes in it. Its belief in a GST is part of its philosophy. The bill is everything that the Liberal Party stands for: it will stand or fall on the GST at the next federal election.

The bill puts in place what the Liberal Party agreed to when in office in Victoria. The GST is a key policy of the Liberal Party and relates to what the Honourable Robert Menzies, former Prime Minister, saw as a key plank in his party's policy — that is, full home ownership for Australians.

The Liberal Party has foisted the bill upon the house. The evangelists and supporters of the GST on the opposite benches are the people who rest in the same bed as the Democrats. They have the federal Treasurer, Peter Costello, and the Prime Minister in their A team and they believe in a GST.

However, only one side of the partnership on the opposition benches has debated the issue. The Liberal Party believes in a GST, but the house has heard nothing from the National Party. Its members have not pledged their loyalty to Peter Costello and the Prime Minister, and have not made known their views on the bill. But they follow the lead of their senior partner, the Liberal Party, in supporting the bill. The house should be concerned about how the partnership between the National Party and the Liberal Party is fraying at the edges.

Mr Lenders interjected.

Mr NARDELLA — Yes, it will affect small business. The explanatory memorandum of the bill states:

> The grant is designed to encourage and assist home ownership and to offset the effect of the goods and services tax (GST) on first home buyers.

Does it do that? I understand the bill is part of the remnants of the Kennett government's agreement to

have the GST introduced by the federal government. No, it does not offset the impact the GST will have on first home buyers. The bill will affect my constituents in Melton because the GST is all-encompassing. It will affect, for example, conveyancing costs, fees and council services that, at settlement date, are passed on to the buyers of properties.

The GST will be a job killer. It will destroy small businesses. I remind opposition members of a major problem that will surface as a result of the GST. Many small self-employed subcontractors will have to lodge activity reports every three months.

Mr McIntosh — So?

Mr NARDELLA — The honourable member says, 'So?'.

The ACTING SPEAKER (Mr Seitz) — Order! The honourable member will ignore interjections.

Mr NARDELLA — Many small businesses wait months to be paid.

Mr McIntosh — Rubbish!

Mr NARDELLA — It is not rubbish, because I receive complaints in my office from self-employed subcontractors who have to wait sometimes months for their money to come from contractors. They will have to pay the GST before they receive contract payments; many will find it difficult to pay the tax.

I shall now comment on the effect of the GST on home buyers. My parliamentary intern, Jessie Belcher, came in a moment ago. We talked about the bill and the effect it will have not only on the new home market but on the consciousness of home buyers in Victoria. I explained my point in this way.

The median price of a new house is about $245 000. Let us take as an example a new house in today's market worth, in round figures, $200 000. The GST on that house would be $20 000. That amount would have to be found by someone buying a new house. Under the legislation a new home buyer will be able to get an offset of $7000 on the cost of the house, so the house bought for $200 000 suddenly costs $213 000.

A new home buyer purchasing an existing house for $200 000 will also get a $7000 rebate, so that house will cost $193 000 after the grant is taken into account.

An honourable member interjected.

Mr NARDELLA — I am pretty good, and I went to a public school all my school life, too. A new house and an existing house each purchased for $200 000 will each attract the $7000 rebate, but the ultimate cost of the new house will be $213 000. I cannot make it any easier for honourable members on the other side of the house to understand. Unfortunately they did not go to public schools, so it is harder for them to understand the figures.

That will skew the market. People will buy an established house instead of a new house. Instead of ultimately paying $213 000 for a new house they can buy an existing house for $193 000. Many people will lose their jobs. As a result of the GST for the next 12 to 18 months building activity, certainly within the estates in my electorate — in Caroline Springs, Burnside, Hillside, Delahey, Sydenham, Melton, Kurunjang and Darlingford — will plummet because people will have to find an extra 10 per cent for the GST.

It has been estimated the cost increase will be 6 per cent to 8 per cent once the wholesale sales tax is removed. Rubbish! Mark my words — new house prices will go up by the full 10 per cent. Even in the Otway Ranges they will go up by the full 10 per cent. A skewing of the market will result because people will buy existing houses instead of building new ones.

Let us consider the figures before the house. Currently wholesale sales tax is worth $190 million. Magically that tax will disappear, but it will be replaced with the GST, worth $1.9 billion — $1.9 billion to replace $190 million!

The average increase in the cost of a home will be around $16 000. I put this to the house. It is difficult enough, especially as a first home buyer, to get together the deposit for a new house. People live at home with mum and dad. They scrimp and save to get together a deposit of at least 5 per cent, trying for 10 per cent or 15 per cent. The former Kennett government is forcing on my constituents in the seat of Melton an additional impost of an average of $16 000 on top of the deposit. Those constituents not only have to save up for the deposit; they now have to save up the additional money to pay the GST on a new home.

It should be understood that many new homes are actually upgrades from existing homes. Sometimes people's families have grown up and moved away. Sometimes families have outgrown an existing house and are moving into a larger one. Many of my constituents upgrade their homes, perhaps moving to Caroline Springs or Melton. Those people will think twice about building a house because they will have to find on average $16 000 on top of their deposit and the other expenses that arise when buying a house.

I want to talk about some issues raised by opposition members. One honourable member put to the house that the GST will mean no more Premiers conferences and therefore no more bickering at the conferences as seen in the past few years. I make two predictions. Firstly, there will continue to be Premiers conferences; and, secondly, there will continue to be bickering regardless of the GST. The GST will certainly come home to roost for the opposition. The median price of a home in Victoria is $245 000. Even based on a limit of 8 per cent for the GST, the wholesale sales tax having been removed, the GST will be about $19 600. Based on the whole 10 per cent, the GST on $240 000 will be $24 000. People will have to find that extra money if they want to build a new home for themselves. People will certainly be disadvantaged.

I am concerned about the effect the GST will have on jobs, particularly in the building industry. The $7000 grant will be welcomed by many constituents in my electorate, but government members are absolutely opposed to the GST. That is why the government is supporting the bill tonight.

Ms GILLETT (Werribee) — I am pleased to be able to contribute to debate on the First Home Owner Grant Bill. It is important that honourable members understand that the honourable member for Melton and I together represent 86 000 voters. The honourable member for Melton has 44 000 or so enrolled voters in his constituency, most of whom he knows, and I have 42 000 enrolled voters in my constituency.

It is important for the house to understand that the honourable member for Melton and the honourable member for Werribee — that is, myself — represent one of the most significant growth corridors of Victoria. Therefore the bill is absolutely fundamental to the constituents we represent. The honourable member for Melton and the honourable member for Werribee understand that first hand. We feel fright and horror every day as we anticipate the implementation of the GST in Werribee. Over 80 per cent of the male breadwinners who live in Werribee belong to the blue-collar tradesman category. The vast majority of them are employed in the building industry as tradesmen.

To find out that the goods and services tax — that absurd tax — is going to do more damage than it was ever going to do good, all you have to do is talk to the people you go shopping with every Saturday and listen to your constituents when they walk in the door. The federal government need only listen to the normal people who work, live and operate in places like Melton and Werribee from day to day to know that the GST will have a dreadful effect. For a significant proportion of the families in Werribee, reliant as they are on tradesmen husbands and dads operating in the building industry, there will be a full 10 per cent increase in the cost of building a home.

Growth is going to slow down.

Mr Mulder — You caused it.

Ms GILLETT — How is life in the Otways? Perhaps the honourable member should go back — —

The ACTING SPEAKER (Mr Seitz) — Order! The honourable member for Werribee, without assistance.

Ms GILLETT — He should go back and take care of the Otways.

It is not too difficult to work out that once the work slows down and the income begins to dry up, because of the GST and for no other reason, families will be severely affected. At the same time the banks, ever avaricious and greedy for profit, will be doing what they have been doing for the past few months. Interest rates will rise.

The GST and interest rate rises together are a recipe for social chaos in seats like Werribee and Melton. People will have even further reduced expendable incomes. I would like the opportunity to take honourable members from the opposition side of the house to Werribee for one day so they could hear from Werribee people what they have noticed since December: grocery bills rising slowly but persistently. Anyone doing the normal, everyday things like buying groceries knows that prices are going up now and will go up even further under the GST. Those price rises, combined with the dreadful impact soon to be wrought on the building industry which the bill seeks in part to address, could have the most diabolical repercussions in the growth corridor of Melton and Werribee.

The creation of this bill and its passage through the house are special in an important way. Not only do the provisions in the bill highlight the hideous ramifications of the GST; the legislative process followed demonstrates the real difference between the Bracks Labor government and the former Kennett government. I served on the Scrutiny of Acts and Regulations Committee during the previous government and I am privileged to serve again on that committee, this time as chair. The SARC is pleased and proud to have observed something that never happened under the former Kennett government: a bill, while still before the Parliament, being scrutinised by the committee, and its

criticisms, observations and commentaries being responded to by the relevant minister, leading to the making of appropriate amendments relating to the rights and freedoms of people. That is a first, and it demonstrates a most important distinction between this government and the previous government.

Bills like the First Home Owner Grant Bill are understood by scrutiny of legislation committees throughout Australia to be national scheme legislation — that is, the bill is mirror legislation. We are fortunate that this Parliament is able to make amendments that do not substantially alter the legislation. The minister and the Premier are to be congratulated on demonstrating the real difference between the character of this government and that of the previous government.

The committee received with great pleasure the correspondence provided by the minister and looks forward to a continuing understanding of the role of scrutiny committees by this government, an understanding that could never have been expected from the former Kennett government and would not have been delivered even if it were expected.

After this debate the bill will go to the committee stage. There this fine government will seek approval for the amendments and will formally take the advice of the Scrutiny of Acts and Regulations Committee. I applaud the government for being able to observe that appropriate changes need to be made and for being able to make those changes through the committee process rather than by amending legislation. That is how it should happen.

Mr BRUMBY (Minister for Finance) — In summing up the debate on the First Home Owner Grant Bill I reiterate to the house that the legislation is part of an intergovernmental agreement between the commonwealth and all states that was signed off on behalf of Victoria by the former Kennett government.

One aspect of that agreement is that all the states will introduce first home owners grants bills. A worthwhile debate has taken place across the house this afternoon. The shadow Treasurer indicated her bipartisan support for the bill and thanked the government and me for giving her a full briefing and consulting with her on the amendments.

In relation to the amendments that I will formally move during the committee stage, it is worth noting that they arise essentially as a result of the recommendations of the Scrutiny of Acts and Regulations Committee, although there is one other minor correction. I thank the Scrutiny of Acts and Regulations Committee. The committee members met on 9 March and wrote to me on 16 March. I received the letter on 17 or 18 March. The government was able to consider and incorporate two recommendations into the amendments before the house. It is a reflection of the Bracks government's openness, transparency and commitment to accountable government that, despite the tight time frame, it was able to examine the proposals on their merit and include two of them in the bill.

Before referring to a couple of issues raised by the honourable member for Brighton I wish to thank some of the other speakers on the bill, particularly the Parliamentary Secretary for Treasury and Finance, the honourable member for Dandenong North, who made a thoughtful, temperate and intelligent contribution to the debate. The contribution of the honourable member for Wantirna was essentially a defence of the goods and services tax. The honourable member for Burwood made another thoughtful and temperate contribution to the debate. The contribution of the honourable member for Bellarine was essentially just another defence of the GST — and he threw in real estate agents for good measure.

The honourable member for Footscray, parliamentary secretary to the Premier, made another thoughtful, well-researched and temperate contribution. The honourable member for Cranbourne also contributed to the debate; and the honourable member for Mitcham, the Parliamentary Secretary for State and Regional Development, also made a valuable contribution. The honourable member for Melton was in fine voice. I was lucky enough to hear the last 10 minutes of the excellent contribution of the honourable member for Werribee. I also thank the honourable members for Seymour and Richmond for their thoughtful and temperate contributions to the debate.

The shadow Treasurer raised a number of issues, including the circularity of taxation and the levying of stamp duty on the GST-inclusive price. As I said last week in my second-reading speech on the National Taxation Reform (Consequential Provisions) Bill, the government looked carefully at whether stamp duty should apply to GST-inclusive or GST-exclusive prices. The government estimates that if stamp duty is applied to the GST-exclusive price it will cost state revenue in excess of $100 million per annum. The government, therefore, made a judgment that to properly protect the revenue of the state and to ensure revenue neutrality as much as possible, stamp duty should be levied on the GST-inclusive price.

The government is providing some leadership on the issue and believes that pattern will be followed by the other states. As I said in my second-reading speech, that means the impact will be different across the different tax bases. However, from the point of view of the government there is no way of negating that differential impact. The essential question for the government is whether stamp duty should be levied on the GST-exclusive or the GST-inclusive price.

Mr Leigh interjected.

Mr BRUMBY — The honourable member for Mordialloc interjects as if to support the imposition of stamp duty on the GST-exclusive price. That is not what I understand to be the opposition's policy on the issue or the position of the shadow Treasurer. However, if that is the position of the opposition I ask that it be spelt out, because the cost of that position on the GST-exclusive price to Victorian revenue would be in excess of $100 million per annum — a figure that the shadow Treasurer readily acknowledges. If there is a difference of view between the opposition frontbenchers, the honourable member for Mordialloc and the shadow Treasurer, I suggest they sort it out, because if they do not have a clear policy on the issue they will be the laughing-stock of the business community.

I have tried to fairly interpret the position put by the shadow Treasurer, which I understand to be one of bipartisan support, including on the issue of stamp duty being raised on the GST-inclusive price. I simply reiterate that if it is the opposition's view that that should be on the GST-exclusive price, the cost to Victorian revenue would be in excess of $100 million per year. Obviously that cost can be put in terms of teachers, nurses and budget surpluses. The responsible decision taken by the government is that stamp duty should be levied on the GST-inclusive price.

Having supported that position, the honourable member for Brighton raised the question of whether, if there is any windfall from that, the government will examine the general incidence of taxation on stamp duty taxation arrangements. Obviously the government's taxation arrangements are always under review and, having been a minister in the former government, the honourable member for Brighton would understand that those things are always examined in the context of budget deliberations. The figures I have and Treasury has show that the net impact from basing the levy on the GST-inclusive price will be revenue neutral to the government and, therefore, it is the responsible position for the government to take.

I also point out that under the intergovernmental agreement between the former Kennett government and the federal government the best part of eight years will pass before Victoria will actually break even under the GST arrangements. Despite the fact that the intergovernmental agreement has been signed, the level of revenue certainty and security to the Victorian government is not nearly as high or as certain as the government would like it to be. I shall give an example. Earlier this year the federal Parliamentary Secretary to the Minister for Finance and Administration, the Honourable Peter Slipper, let slip — I can only assume that he let it slip — when speaking during a debate in the House of Representatives that specific-purpose payments to the states were not guaranteed. He went on to say that health and education specific-purpose payments may well be cut in the future.

That directly contradicts what this government understands to be the spirit if not the letter of the agreement signed by the former government and the commonwealth. If the parliamentary secretary for finance, who effectively has ministerial status in the federal government because parliamentary secretaries are sworn into their positions, is representing the official policy of the federal government, that means the federal government is reserving the right to cut specific-purpose payments over the next eight years while Victoria loses money as a result of the GST arrangements.

Again I ask the shadow Treasurer whether that policy position is supported by the opposition, because it is a totally indefensible and untenable position. Governments have signed the intergovernmental agreement with the commonwealth on the basis of revenue certainty for the states and, as I said, it will be eight years before Victoria will gain revenue from the GST arrangements.

The honourable member for Brighton asked whether I will give some guarantee on stamp duty and possible windfalls. My response is that the first obligation of the state government is to properly protect the state's revenue and budget position. In light of the comments of the federal parliamentary secretary for finance, there is far less certainty about those payments than the government would want.

The first priority is to protect the revenue and budget positions of the states consistent with the intergovernmental agreement, known as the IGA. The Bracks government did not sign the IGA and it did not support the GST, but it is now the government of Victoria. It has inherited this contract signed up to by the former Kennett government and the federal

government, and it will do its best to honour the spirit and the letter of the contractual arrangements. Neither the Premier nor I am in a position to give any guarantees about certain revenue flows because there is still considerable uncertainty from the federal government's point of view, in particular about what I believe is a totally outrageous and unacceptable proposition from the parliamentary secretary for finance in the commonwealth Parliament that the federal government, having signed up to the IGA, might renege on it in the years ahead and consider cutting specific purpose payments to the states for core functions such as health and education.

Finally, I remind the shadow Treasurer that under the IGA the government is required to find $100 million of embedded tax savings each year. That sum must be extracted from the price of government services and paid back to the federal government — in other words, that amount is not passed on to consumers. The price of government services will rise in most cases by 10 per cent because of the IGA signed up to by the former Kennett government, which requires Victoria to extract $100 million of embedded tax savings.

Ms Asher interjected.

Mr BRUMBY — The shadow Treasurer says, 'That is our call'. I can only guess from that comment that she is assuming that the government will not claw back those savings, so that the budget position in Victoria blows out. That is what the shadow Treasurer is saying — the budget position will blow out, despite the fact she was part of the former government which signed up to the IGA that requires Victoria to extract $100 million in embedded tax savings.

The debate on the bill has been good. I appreciate the spirit of the contributions made by honourable members, particularly on this side of the house. I appreciate the bipartisan support of the honourable member for Brighton, and I will move the circulated amendments in the committee stage.

Motion agreed to.

Read second time.

Committed.

Committee

Clauses 1 to 12 agreed to.

Clause 13

Mr BRUMBY (Minister for Finance) — I move:

1. Clause 13, page 11, line 8, omit "for the purchase of a home".

This amendment rectifies a technical error. It is of no substance, and I move it formally.

Amendment agreed to; amended clause agreed to; clauses 14 to 39 agreed to.

Clause 40

Mr BRUMBY (Minister for Finance) — I move:

2. Clause 40, lines 10 and 11, omit "a person nominated by that authority" and insert "an appropriately qualified officer or employee of that authority nominated by it".

As reported in its *Alert Digest* No. 3 of 2000 published on 14 March, the Scrutiny of Acts and Regulations Committee was concerned about three administrative provisions of the bill. The chair of the committee wrote to the Treasurer on 15 March, and I replied on his behalf on 20 March.

The first home owner scheme requires nationally uniform legislation under the intergovernmental agreement on the reform of commonwealth–state financial relations as agreed to by the commonwealth and all state and territory governments, including the former Kennett government. The core principles set out in the IGA form the basis of a national template bill drafted on behalf of all jurisdictions by the parliamentary counsel for South Australia. The three clauses in the Victorian bill of concern to the committee have their genesis in the national template but are non-core provisions that allow for the possibility of local variations.

As I indicated earlier, I have considered the committee's comments together with advice from the State Revenue Office following consultation by it with the Office of the Chief Parliamentary Counsel. In light of those views I propose the amendment to clause 40. Clause 40 authorises investigations in Victoria by counterpart authorities to the SRO which administer corresponding laws. The government accepts that only appropriately qualified officers or employees of those authorities should be nominated under the act as delegates of the Victorian commissioner in order to carry out investigations in Victoria for the purposes of the corresponding laws. Accordingly the reference to 'nominated persons' is appropriately qualified by the amendment.

Ms ASHER (Brighton) — The opposition supports the amendment. It arose from the Scrutiny of Acts and

Regulations Committee report on the bill. That bipartisan committee has a strong record of influencing governments, both this government in the embryonic stage and the previous government, with alterations to bills before the house.

The Scrutiny of Acts and Regulations Committee was concerned about inappropriately wide delegation powers and what it described as 'insufficiently defined' administrative powers. The opposition is more than happy to support a tightening up of the clause.

I note that the government has made clear in its drafting of the bill that authorised officers will be those officers in Victoria authorised under the Taxation Administration Act 1997. This is a commensurate tightening of powers for interstate officers, and the opposition supports the amendment.

Amendment agreed to; amended clause agreed to; clauses 41 to 46 agreed to.

Clause 47

Mr BRUMBY (Minister for Finance) — I move:

3. Clause 47, omit this clause.

The amendment has been circulated. It omits clause 47 and replaces it with a new clause 48, which is circulated in the amendment. Clause 47 creates offences for making false and misleading statements about applications for first home owner grants. The government now accepts, on the basis of the submissions made to it by the Scrutiny of Acts and Regulations Committee, that in Victoria only false and misleading statements made knowingly and not merely by neglect should attract a penalty.

Accordingly the amendment I propose will omit existing clause 47 and substitute a mirror of existing sections 57 and 58 of the Taxation Administration Act of 1997 dealing with false or misleading information given knowingly as well as with deliberate omissions from statements connected with the applications. Maximum penalties provided in the existing act will not be altered.

Clause negatived.

Clauses 48 to 55 agreed to.

New clause

Mr BRUMBY (Minister for Finance) — I move:

4. Insert the following new clause before clause 48 —

"**AA.** ***False and misleading information***

(1) A person must not make a false or misleading statement in or in connection with an application for a first home owner grant.

Penalty: 60 penalty units.

(2) A person is not guilty of an offence against sub-section (1) if the court hearing the charge is satisfied that the person did not know that the statement was false or misleading.

(3) A person must not omit from a statement made in or in connection with an application for a first home owner grant any matter or thing without which the statement is, to the person's knowledge, false or misleading in a material particular.

Penalty: 60 penalty units.".

I have outlined the reasons for deleting clause 47 and before clause 48 inserting a new clause dealing with false and misleading information. I have described it to the committee and indicated it was the result of a submission from the SARC. The proposal is consistent with sections 57 and 58 of the Taxation Administration Act 1997 dealing with false or misleading information, and I commend the new clause to the house.

Ms ASHER (Brighton) — The opposition is pleased to support the amendment put forward by the Scrutiny of Acts and Regulations Committee. I note the concerns of the committee — for example, where there has been an inducement or where the action of a professional person or someone involved in a transaction has led an innocent person to make a false or misleading statement. The strong view of the SARC was that that person should not be penalised for something done in innocence. The counterpart view was also strongly held: that anything deliberately omitted or withheld deserved some legal attention.

On behalf of the opposition I am pleased to support the amendment. I referred to the fact that both the Minister for Finance and I served on the SARC in the early 1990s, and it is a positive step that these amendments are taken up.

However, I seek further clarification from the Minister for Finance on one issue. I flagged this in my contribution to the second-reading debate. It is a technical legal matter but I seek an assurance from the minister. The minister indicated the provisions put forward mirror sections 57 and 58 of the Taxation Administration Act 1997. They certainly reflect the intent of those two sections. However, I ask the Minister for Finance to clarify why in subclauses (1) and (2) of amendment 4 standing in his name certain terminology that is used in the Taxation Administration Act has been omitted.

The amendment states that a person must not make a false or misleading statement or give information to a tax officer that is false or misleading. However, section 57(1) of the Taxation Administration Act states that:

> A person must not —
>
> (a) make a statement, orally or in writing, to a tax officer; or
>
> (b) give information, orally or in writing, to a tax officer —
>
> that is false or misleading in a material particular.

The principal act adds the words 'in a material particular'.

I was happy to flag it in the second-reading debate. It is a legal technicality but I am curious about why the words 'in a material particular' are omitted from subclauses (1) and (2) of the amendment but retained in subclause (3). I ask the Minister for Finance why the government has mirrored — to use his terminology — the expression in subclause (3) but not in subclauses (1) and (2).

Mr MILDENHALL (Footscray) — Had the honourable member for Brighton been present during my contribution she would know that I went into the subject of her question in some detail. The material is not in front of me but I am advised that the expression 'in a material particular' is tantamount to saying 'in a manner of substance' or 'with reasonable substance'. It is a direct lift from the Taxation Administration Act and has been placed in the bill as a result of processing and concerns expressed.

Subclause (2) refers to a false and misleading statement. I am advised that no significant difference exists in the interpretation of subclauses (2) and (3). As I said, subclause (3) was lifted directly from the taxation legislation whereas subclause (2) was prepared by the parliamentary draftsperson who went straight to the point. The main point was whether the person did or did not know the statement was false or misleading.

The advice provided to the drafting officers is that it is not an issue of substance or concern and will not affect the two subclauses; nor will it present any significant difficulties in reading the legislation.

Ms ASHER (Brighton) — I have already said that the opposition supports the amendment and that the issue is not of enormous substance. However, the explanation given to me is so convoluted that I am forced to my feet. I referred to the issue in the second-reading debate, and with all due respect to the honourable member for Footscray I seek an explanation from the minister. In his summing up, the Minister for Finance said that the situation of parliamentary secretaries in the Victorian Parliament is not one as august as exists in the federal Parliament. I seek an assurance from him on this small issue. I raised it because of inconsistency in the government's drafting of the amendment.

The parliamentary secretary seems not to have understood the fundamental issue, which is that the Minister for Finance said that the provisions mirrored sections 57 and 58 of the Taxation Administration Act. Although those sections were mirrored in subclause (3) by the use of the expression 'in a material particular', they are not mirrored in subclauses (1) and (2).

I should have been happy to leave the issue had there been consistency between the three subclauses. However, in one instance the precise terminology 'in a material particular' has been maintained but in two instances it was deleted. For the Parliament, people interested in the issue and members of the Scrutiny of Acts and Regulations Committee, who the minister advised in writing that the amendment would mirror the Taxation Administration Act — and bearing in mind the opposition supports the amendment in principle — I seek an explanation from the Minister for Finance why the expression 'in a material particular' was retained in subclause (3) but not in subclauses (1) and (2).

Mr BRUMBY (Minister for Finance) — I thought the honourable member for Footscray gave a succinct analysis for the benefit of the shadow Treasurer. One needs to consider the fundamental intent of the amendment. The issue is whether an error in a claim is made knowingly or unknowingly. The amendment moved in my name, and which is supported by the opposition, corrects that anomaly and makes it clear that the error must be made knowingly. If one analyses the new clause that is proposed to be inserted before clause 48 one sees it has two sections.

Subclause (1) states, in part:

> A person must not make a false or misleading statement …

If a person does so he or she will be guilty of an offence. Proposed subclause (2) explains that if the person did not know that the statement was false or misleading there is no offence.

Subclause (3) deals with matters that are omitted from the application. It states, in part:

> A person must not omit from a statement …

That subclause deals with omission, whereas the previous two subclauses deal with inclusion. In relation

to omission, which is a separate issue, if a person knowingly omits material from the application and it is a material omission — I thank the shadow Treasurer for raising this issue — that person is guilty of an offence for which a penalty of 60 penalty units is provided. I should have thought that would adequately clarify the matter for the shadow Treasurer and other opposition members, but if it will assist them I will seek further advice and advise the shadow Treasurer as to the difference between subclauses (1) and (2) and subclause (3) in respect of the expression 'in a material particular'. I note that the shadow Treasurer says that that proposal will suffice.

I will provide that information. However, I believe the explanations already provided tonight by me and the honourable member for Footscray were succinct, to the point and fully clarified the matter.

New clause agreed to.

Reported to house with amendments.

Remaining stages

Passed remaining stages.

PERSONAL EXPLANATION

Mr MACLELLAN (Pakenham) — I desire to make a personal explanation, and regret having to trouble the house with it.

During question time today, in answer to a question regarding freedom of information (FOI), the Attorney-General seemed to imply or suggest that I had been attempting or had succeeded, I am not sure which, in taking FOI material and donating it or making it available to the Melbourne University archive. I have not donated any material to the Melbourne University archive since 1984.

Naturally, with a busy parliamentary life, I still have a considerable number of working files relating to my parliamentary activities. The correspondence that was sent from my ministerial office was sent to those to whom it was addressed — namely, members of Parliament and members of the public. Copies of that correspondence were filed in the department on departmental files and are available under FOI, as they should be.

I arranged to have additional copies of all correspondence that I signed, which practice I recommend to any minister, so that I would have a working copy for myself. The question now seems to arise as to whether that extra copy is a public document or not. It will be an interesting question for this Parliament to determine. The uniqueness of the documents lies only in the fact that they are filed carefully by me or by my staff so as to have a date record of all outward correspondence.

Last Friday I received a call from the Secretary to the Department of Premier and Cabinet. He indicated to me that what I proposed to do would be all right — in other words, he saw no impediment to what I was proposing to do.

Apparently the matter was raised with him by the director of the Public Record Office Victoria (PROV). At any rate, the call by the Secretary to the Department of Premier and Cabinet was made to my electorate office. I was alerted to his interest in speaking to me and I rang him from my home on Friday afternoon.

I probably would be suspect had I shredded the material, and I probably would be commended if I recycled the material through putting it in a recycle bin. I am concerned about the information that we as parliamentarians might make available for scholars rather than silverfish. It seems that a claim that a copy of a copy — I do not know how ad finitum that goes — is too large a claim for the PROV director to make. I do not know whether he says the original letter that somebody receives from any one of us is a public document and therefore liable to be returned to the public records. I do not know how many copies have to be regarded as public copies in the public record. I certainly believe that a full set of copies should be filed in the department and be available under FOI; and they are so available.

The sorts of documents I refer to are the yellows; I have some with me in the house. These are 74 copies of letters written to mayors congratulating them on being appointed mayors of their municipalities. Is that the sort of document the Attorney-General had in mind in his answer today? If scholars happen to be interested in that sort of thing I should find it remarkable; perhaps they will be interested and perhaps they will not, but there seems little harm in such material being available to scholars. There seems to be great harm if it is simply recycled or shredded because that becomes the rule or the practice.

I repeat that the only uniqueness about the documents that I hold as my working documents, and there are many of them, seems to be the care and attention that has been devoted to the way in which they are recorded in daily signing and signature. That seems to be their only special characteristic. I regret having to interrupt

business and to trouble the house, but I simply say I have not disposed of any government records nor any of my records since, I believe, 1984 — and then in respect of documents predated 1982.

I have a substantial collection of documents. From time to time their storage becomes a problem and I did speak to a Melbourne University archivist to see if the university would like more. Since then, apart from the one telephone call from the PROV and another later telephone call from the Secretary to the Department of Premier and Cabinet, the matter remained, it seemed, in negotiation until the Attorney-General's use of parliamentary procedure to make the implications he made during question time. I am sure other government members did not know what he intended to do and I regret that he did what he did, seemingly misapprehending the situation.

FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

Second reading

Debate resumed from 2 March; motion of Mr BRACKS (Treasurer).

Ms ASHER (Brighton) — The Financial Management (Financial Responsibility) Bill is interesting and was introduced by an even more interesting second-reading speech. The opposition does not oppose the bill, but I regard it as one of the great ironies of modern political times in Victoria that I should be standing here in Parliament speaking on a bill about financial responsibilities and financial management after it was introduced by the Treasurer — that is, the former adviser to premiers John Cain and Joan Kirner.

I shall go to the details of the bill. It amends a number of sections of and inserts proposed new part 5 into the Financial Management Act. At present part 5 of that act requires an annual financial statement for the year ended to be tabled on the first sitting day after 20 October. In its substitution of part 5 of the act the bill requires the government to produce a number of documents additional to those now required to be tabled under the existing legislative arrangements.

The bill requires the government to produce two financial and policy objectives and strategy statements in each financial year. The first is to be tabled with the budget and the second is to be tabled with the budget update. The bill also provides for the statements to outline the government's long-term financial objectives for the relevant year and for the following three years. The requirement will also be on the government to explain how the government's priorities relate to sound financial management. The bill requires the government to draw attention to any temporary financial policy or actions and requires it to restate reasons for any temporary fiscal actions. The bill also requires the government to produce an estimated financial statement in conjunction with the budget. The statement is to be in accordance with accepted accounting principles.

The bill further amends the Financial Management Act to require the government to table a number of additional documents that were previously not required to be tabled in the house but which, by practice and convention, were previously compiled in most instances.

Mr Lenders — And not tabled.

Ms ASHER — I just said that. They were: an audited financial report for the financial year to be tabled in October; a mid-year report for the period ended 31 December to be tabled in March; quarterly reports dated 31 March and 30 September to be tabled in May and November; and a budget update to be tabled in January of the relevant financial year, along with the relevant policy objectives and strategy statement.

The precise dates of tabling are outlined in proposed new section 27D. I note with interest that the government is prepared to have a whole series of additional documents that were previously compiled but not tabled now tabled in Parliament according to the strict tabling deadlines outlined in the bill.

I also note with interest that in the six months since it came to office the government has been required under the Financial Management Act to table only one document, but it failed to do so by the required date. The opposition will monitor the situation. In October 1999 I referred to the fact that the only requirement of the Financial Management Act for the brand-new government was to table one document, but it could not even do that on time.

I note the height of the high jump bar — that is, the quarterly report — and the requirement for documents to be tabled in this and the other place. The opposition will hold the government to account. If the government could not table even the one required document in six months, how will it meet the deadline to table the documents proposed to be tabled, according to the bill, in the interests of public information?

I now turn to the issue of tabling. The bill provides for the first time for documents to be tabled out of session. It provides for documents to be given to the Clerks of both houses to be distributed to members. I am not churlish. I am prepared to indicate to the government that it is a positive step forward for documents to be made available that previously would have had to wait to be tabled in the Parliament.

I note also that under the bill the documents are to be given to the Clerks, but there is no discipline on the Clerks to distribute the documents, with due respect to the efficiency of the Clerks. However, I note the track record of the Clerks in distributing documents such as the BLF Custodian documents required to be distributed. I note the alacrity with which they are distributed to members; nevertheless I wish to draw to the attention of the committee that, while the government is embarking on a new regime of tabling documents out of session, there is no provision for the immediate transfer of documents to members. To take an excessive case, the documents need not be distributed for a year. There is no provision for the documents to actually reach members.

I draw the attention of members in particular to the budget update for a financial year and the financial policy objectives and strategies statement required to be tabled by 15 January. The Parliament is notoriously quiet during the Christmas period, and there needs to be some attempt to look at tabling in that regard. I commend the government on its new policy on tabling reports out of session and for taking note of the report of the Public Accounts and Estimates Committee, *Annual Reporting in the Victorian Public Sector*.

Mr Hulls — Damn good committee.

Ms ASHER — Damn good committee. Is that parliamentary language? The Attorney-General is leading me astray. It is a very good committee. I note the committee's report. I note at the time — —

Mr Hulls — Who was on that committee?

Ms ASHER — I will tell you that in a moment. The Attorney-General will note that at page 64 of its report the committee recommended that:

> The Financial Management Act 1994 be amended to provide that when the Parliament is not sitting and an annual report is due for tabling, the minister can forward copies to the Clerks of the two houses of Parliament for tabling on the next sitting day.

The committee then recommended that:

> Once acknowledgment of the receipt of the report has been made, the report should then be made public.

It is that recommendation that the government has implemented in the bill — I reiterate my earlier comment that I commend the government on that. I note that at the time the chairman of the Public Accounts and Estimates Committee was the Honourable Bill Forwood in another place, now the Deputy Leader of the Opposition in the Legislative Council. The inquiry on the annual reporting issue was chaired by the Honourable Neil Lucas, now chairman of the Economic Development Committee in the other place. I commend the government for taking up the ideas — —

Mr Hulls interjected.

Ms ASHER — The Attorney-General is asking me who else was on the committee. I know he wants me to say that the current Premier was on that committee. Is that what the honourable member was prompting me to say?

The ACTING SPEAKER (Ms Davies) — Order! I ask the Deputy Leader of the Opposition to address her remarks through the Chair.

Mr Mulder interjected.

The ACTING SPEAKER (Ms Davies) — Order! I ask the honourable member for Polwarth to mind his manners. He is disorderly, speaking out of his place and speaking out of turn.

Ms ASHER — As I said, I commend the government for implementing the recommendation of the Public Accounts and Estimates Committee, chaired at the time by the Honourable Bill Forwood. The subcommittee was chaired by the Honourable Neil Lucas. The steps embodied in the bill are good steps towards better reporting, parliamentary accountability and better access to information for members, which is after all one of the hallmarks of the government. I quote from the introduction of the then chairman, the Honourable Bill Forwood, who states at page xiii:

> The committee strongly endorses the view that no agency — large or small, commercial or budget dependent — should be exempt from meeting appropriate requirements set out in the directions of the Minister for Finance relating to annual reporting.

I do not wish to be churlish. The government has taken an excellent step forward in implementing the recommendations of the coalition-chaired Public Accounts and Estimates Committee.

On the issue of the timing of the tabling of reports, I have written to the Speaker and the President suggesting that, rather than amending the legislation and imposing a discipline on the Clerks to embark on mail-outs and to have papers available in the papers office or a legislative requirement to email, they look at the possibility of sending an email on the day the reports are received by the Clerks, given that the Parliament has the new Parlynet system.

I am particularly grateful for the speedy response, jointly signed by the Speaker and the President and addressed to me, dated 21 March 2000. I wish to inform the house of the views of the Speaker and the President by way of that letter addressed to me.

Mr Hulls — Table it.

Ms ASHER — I am more than happy to table it. The Speaker and the President stated the following in the letter:

> The practice to date has been for agencies to supply the Clerks with a hard copy of a document, under cover of a signed letter, to enable the document to be tabled in Parliament. This arrangement must continue.

I have no dispute with hard copies being tabled. That is clearly envisaged in the report of the Public Accounts and Estimates Committee. The letter from the Speaker and the President continues:

> However, should DTF be prepared to simultaneously issue to the Clerks an electronic copy, duly certified by a designated officer of DTF as a true and accurate copy of the document, we would then be prepared to examine the feasibility of emailing the document to all members.

I call on the Attorney-General, who is at the table, to indicate whether he would be prepared for the Department of Treasury and Finance, in facilitating the quick communication of information to members through the system, to duly certify a copy so members, instead of receiving copies in the mail, could receive copies immediately.

I thank the President and the Speaker not only for their speedy response but also for indicating that they will seek discussions with the Department of Treasury and Finance regarding receiving electronic copies of the documents. The opposition is conscious of the fact that this is a brand-new system. It is keen to make it work. The opposition commends the President and the Speaker on their attention to that detail.

Honourable members interjecting.

The ACTING SPEAKER (Ms Davies) — Order! I ask members on the opposition benches to lower their voices a little. I am having trouble hearing the speaker.

Ms ASHER — I can talk more loudly at any time.

The bill does something extraordinary. It defines for the Labor government principles of sound financial management. Under a Labor government, headed by a former adviser to Cain and Kirner, the principles of sound financial management are defined in a bill!

Can honourable members imagine the conversation? The Premier calls in his chief of staff, Tim Pallas, and says, 'Tim, I've promised the electorate to be really responsible in my financial management. What do I do?'. Tim says, 'I don't know. None of us in the Labor Party knows'. So Premier Bracks then calls in Bill Scales, the head of the Department of Premier and Cabinet, and says to his most trusted adviser, 'I have promised the people I will be financially responsible but I don't know what it is. Can you please define it for me?'. The Premier says to Bill Scales, 'Please define the principles of sound financial management for me so I can put it in my bill because I have promised I will do it'.

The end result is that Bill Scales came up with a number of principles of sound financial management — I think he just wanted to keep this Labor government in check! I refer honourable members to page 5, article 23D, which sets out Labor's principles of sound financial management:

> The principles of sound financial management are that the government must manage financial risks faced by the state prudently, pursue spending and taxing policies that are consistent with a reasonable degree of stability and predictability in the level of the tax burden, maintain the integrity of the Victorian tax system, ensure that its policy decisions have regard to their financial effects on future generations, and provide full, accurate and timely disclosure of financial information related to the activities of the government and its agencies …

The bill then explains that the financial risks referred to in the earlier section are risks that arise from the level of the state's general government sector debt. There is no comment about reduction, simply a reference to the level of debt.

The list of principles goes on:

> … commercial risks arising from the ownership of public non-financial corporations, risks arising from changes in the structure of the Victorian tax base and risks arising from the management of assets and liabilities of the state.

That is Labor's definition of sound financial management!

Mr Mildenhall interjected.

Ms ASHER — I am glad the honourable member for Footscray says it is the same as for the federal government. I was just about to get onto that point. Opposition members have no qualms about the definitions. It is, however, extraordinary to see that a Labor government is grappling with the issue of financial responsibility. Even more interesting, as the honourable member for Footscray has pointed out, is the point that the definitions are not new; and more significant again is the matter of what is missing from the list of definitions when the bill is compared with other legislation.

The second-reading speech is an extraordinary statement, and I intend to comment on it from time to time. The government makes the extraordinary claim at page 2 of the speech that the bill is the first legislation of its type in Australia and contains world-first provisions. On the other hand, the honourable member for Footscray has pointed out that it is based on commonwealth legislation — that is, that the legislation is not a first at all. The bill is based on commonwealth legislation announced by John Howard and on earlier New Zealand legislation.

As I said, the opposition has no qualms about the definition of financial management. Indeed, honourable members on this side of politics welcome Labor's attempts to be financially responsible. If Labor had been financially responsible in former times the Kennett government would not have inherited the problems it encountered in 1992. The opposition welcomes Labor's embracing of financial responsibility. I cannot, however, credit the statement in the second-reading speech that the bill is world-first legislation and an Australian first, because it is not; it is modelled on commonwealth and New Zealand legislation.

Mr Hulls interjected.

Ms ASHER — For the minister's edification I refer him to the report by the National Commission of Audit of June 1996 and, in particular, to the speech made in June 1995 by the then Leader of the Opposition, John Howard, committing the coalition to a charter of budget honesty. That charter addressed the issues of reporting and fiscal policy objectives.

Despite the Labor government's claim that the bill is earth-shattering and a world-first, the bill is clearly based on the June 1995 findings of the National Commission of Audit.

The membership of the National Commission of Audit included Bob Officer, deputy director and AMP Chair of Finance at the Melbourne Business School; Elizabeth Alexander, a partner at what was then called Price Waterhouse; John Fraser, executive chairman and CEO of SBC Brinson Ltd; Maurice Newman, chairman of Bain and Company Ltd; and Geoff Carmody, executive officer of the committee and formerly director of Access Economics, a firm for which the Labor Party has a great deal of respect.

The National Commission of Audit made a number of recommendations — I refer the house to chapter 11 of the report — including:

> Legislation should be introduced to require the government of the day to set and to report against a clear fiscal strategy, which would include setting targets and benchmarks.
>
> The proposed legislation should make clear that governments are responsible for setting fiscal strategy, including appropriate targets and benchmarks …

The report of that fundamental committee, the genesis of this legislation, further recommends that:

> The legislation should require comprehensive reports on the economic and fiscal outlook prepared by Treasury and the Department of Finance to be published at budget time, at the time of the mid-year review and immediately prior to elections. The nature of this responsibility should be specified in the employment contracts of the relevant secretaries.
>
> The proposed fiscal reporting legislation should require discretionary policies that are intended to smooth the economic cycle to be identified as such and to be accompanied by a statement explaining the process for their reversal.

The final recommendation — as you will be pleased to hear, Madam Acting Speaker — is that:

> The legislation should require reporting against generic fiscal indicators and also that tax expenditures be treated as much as possible like program expenditures.

All those recommendations were presented by the National Commission of Audit when it reported to the commonwealth government in June 1996. Indeed, as a fundamental rationale for having a fiscal reporting act, the National Commission of Audit made the following comments:

> The commission proposes that any such legislation incorporate comprehensive fiscal reporting standards along the lines of those spelt out in the New Zealand Fiscal Responsibility Act 1994, but be modified to suit Australian conditions.

And this is the clincher for honourable members opposite:

> Such a reform would also go a long way towards restoring public confidence in commonwealth government budgetary practices.

That is a direct comment on the practices of the Keating and Hawke Labor governments. One of the principal promises of John Howard's election campaign was that a charter of budget honesty would be introduced. The commonwealth government has done that.

The Victorian bill is based on the Fiscal Responsibility Act of New Zealand. In the second-reading speech the government claimed the bill is a world first, but it is not. That claim by the government is absolutely false; the bill is based on the commonwealth legislation and the Fiscal Responsibility Act of New Zealand.

Given that the bill is based so firmly on the commonwealth Charter of Budget Honesty Act and the Fiscal Responsibility Act of New Zealand, it is interesting to note the provisions of those acts that are missing from the bill. One would expect that the Premier and Treasurer would have gone through the two pieces of legislation on which the bill is based and retained the provisions he believes are useful and discarded those provisions he did not wish to include.

Two particularly interesting aspects of Labor's rhetoric during the election campaign are missing from the bill. The first is the commitment to debt reduction, and the second is the commitment to maintaining a surplus. I will deal firstly with the issue of debt reduction by referring to the commonwealth Charter of Budget Honesty Act. The bill before the house is almost a direct take of the commonwealth act introduced by John Howard.

An Opposition Member — No fresh ideas.

Ms ASHER — There is one fresh idea — they have dumped something.

Most of the things the commonwealth act requires the federal government to do are also enshrined in the bill. However, the federal government's commitment to manage debt at a prudent level is missing from the bill. A form of plagiarism has occurred — there has been a direct take of the principles of sound fiscal management contained in the commonwealth legislation. However, I note that the Victorian government has made a deliberate decision to drop section 5(1)(a) in part III of the commonwealth act, which refers to maintaining general government debt at prudent levels. That is a significant omission.

All the other provisions are included in the bill, but although the bill is almost a direct take of the commonwealth act the provision that deals with the commitment to maintain general government debt at prudent levels is omitted. The government has no interest in maintaining debt at a prudent level. If one looks at the bill — I advise the Attorney-General to do that — one sees there is a — —

Mr Hulls interjected.

The ACTING SPEAKER (Ms Davies) — Order! The Attorney-General will have an opportunity to speak later.

Ms ASHER — The Attorney-General cannot help himself.

In proposed new section 23D(2) financial risks are defined as those risks arising from the level of the state's general government sector debt, but there is no commitment to maintaining debt at a prudent level, which is clearly enshrined in the commonwealth legislation. Given that the honourable member for Footscray, who is the parliamentary secretary to the Premier, made the comment that the government's bill is based on the commonwealth bill, I ask him why the commitment to prudent debt management has been omitted from the Victorian government's bill.

An honourable member interjected.

Ms ASHER — The honourable member for Hawthorn has come up with the answer — the omission is a world first.

I will now turn to the Fiscal Responsibility Act of New Zealand on which this bill is based. There is an extraordinary omission from the New Zealand act in the bill before the house. In part 4 of its act, under the general heading 'Principles of responsible fiscal management', which is similar to the heading in this bill, the New Zealand government has enshrined a commitment to a surplus. Despite the Victorian government giving election commitment after election commitment to maintaining a surplus, that provision is omitted from the bill.

Another example of an omission from the bill is section 4 of the Fiscal Responsibility Act of New Zealand, which states:

> The principles of responsible fiscal management are:
>
> (a) Reducing total Crown debt to prudent levels so as to provide a buffer against factors that may impact adversely on the level of total Crown debt in the future, by ensuring that, until such levels have been achieved, the total operating expenses of the Crown in each financial year are less than its total operating revenues in the same financial year …

The New Zealand act also states:

> Once prudent levels of … debt have been achieved, maintaining these levels by ensuring that, on average, over a reasonable period of time, the total operating expenses of the Crown do not exceed its total operating revenues …

I have heard so much from the Labor Party about what a responsible manager it is. Prior to the last election it put out a policy regarding responsible fiscal management. The government has drawn on the commonwealth Charter of Budget Honesty Act, introduced by Prime Minister John Howard, and the New Zealand Fiscal Responsibility Act.

There are two gaping holes in the government's fiscal management and there are also two gaping holes in the Fiscal Management (Financial Responsibility) Bill. The first is that there is absolutely no commitment to prudent debt levels; the second — a major breach of faith with the Victorian constituency — is that there is no commitment in the bill to maintaining a surplus even though the bill is based on those two pieces of legislation to which I referred.

I turn now to the pre-election budget. The bill requires the Secretary to the Department of Treasury and Finance to issue a pre-election budget update within 10 days of the issue of writs for an election. That is a positive step forward, based as it is on the commonwealth Charter of Budget Honesty Act. I seek an assurance from the Attorney-General on this very important issue that caretaker conventions will be adhered to so that money will not be expended before the pre-election budget is brought down.

I also wish to refer to the commonwealth Charter of Budget Honesty Act, because the explanatory notes to this bill indicate that the pre-election budget is based on that act. If one compares the commonwealth Charter of Budget Honesty Act with this bill one notes that the provisions are vastly different. The bill is not based on the Charter of Budget Honesty Act at all.

I draw the attention of the house to clause 25 of schedule 1 of the commonwealth Charter of Budget Honesty Act. The Victorian bill places an obligation on the Secretary to the Department of Treasury and Finance simply to provide a statement, whereas the commonwealth legislation provides that the pre-election economic and fiscal outlook contains signed statements. The commonwealth act requires ministers to sign statements indicating whether they have any information of which the secretaries may not be aware. Similarly the secretaries to the Treasury and finance departments are required to sign off on the pre-election budgets.

It is an absolute joke for the Labor Party to claim that the provision in the Victorian bill is based on the commonwealth legislation. As I said, the bill simply requires the minister to produce a statement whereas the commonwealth legislation requires the statements to be signed off by the ministers confirming that they have conveyed the relevant information to both secretaries. The commonwealth Charter of Budget Honesty Act, as initiated by John Howard, is much further ahead than this bill.

I turn now to the amendments to the Audit Act. I make particular reference to it because members of the opposition have heard a lot about the role of the Auditor-General in the budget. 'And rightly so!', interjects the honourable member for Mitcham.

I now turn to the amendments the Labor government is introducing in the bill.

Honourable members interjecting.

Ms ASHER — I hear from the other side that this is a world first. The bill is not a world first, it is a crib on the New Zealand and commonwealth legislation, but you have left out the most important bits. The government has included the soft bits and left out the important bits. The government has left out a commitment to reduce debt and it has left out a commitment to a surplus. The government has lifted a few lines of the soft stuff and left out the really tough stuff. There is only one reason for leaving out the tough stuff, and that is that the Labor Party has a long and solid tradition of financial irresponsibility.

I turn to the amendments to the Audit Act. Under the legislation the Auditor-General is required to review each set of estimated financial statements. It is important to be very specific about the role the government has chosen for the Auditor-General. The Auditor-General is further required under law to say whether the statements have been prepared on a basis consistent with accounting policies and targets specified in the current financial policy objectives and strategies. He — the position is currently occupied by a man — is required to say whether the statements are properly prepared on the basis of the assumptions. He is required to sign off on the methodologies used to determine the assumptions and whether they are reasonable.

The Auditor-General has powers to require documents to be placed before him, and proposed section 16B(5) states:

> Nothing in this section entitles the Auditor-General to question the merits of policy objectives of the Government.

Nor do I believe the Auditor-General should question the merits of policy objectives of government. As I have read out to the house, the role of the Auditor-General is particularly limited. The Auditor-General wrote to me on 6 March explaining that he has been consulted during the drafting of the bill and believes he will be in a position to fulfil these new responsibilities.

I again make the point that the role of the Auditor-General is limited. It is a completely different role from that promised by the ALP during the election campaign. The no. 1 financial commitment of the Labor Party in its financial responsibility policy is:

> Labor will:
>
> guarantee a substantial budget surplus every year, overseen by an independent Auditor-General …

The bill does not mention a surplus and it is not to be overseen by the Auditor-General. He is expressly prohibited from looking at an issue like a surplus. The role carved out for the Auditor-General is very limited.

I further refer to an embellishment of this fundamental breach of Labor's no. 1 financial promise to the Victorian community. I refer to the statements under the misnomer of financial responsibility policy and note at page 4 a budget surplus guarantee. How many times did we hear the Premier talk about a budget surplus guarantee during the election campaign? I will quote Labor's election promises, but I also note that all these promises have been wiped off the web because the government does not want them quoted. However, I have a copy of the promises which I will quote:

> Labor's commitment to a budget surplus is a firm guarantee to all Victorians. It will be secured by giving to an independent Auditor-General strong new powers of scrutiny over the budget outcomes and adherence to Labor's financial management commitments.
>
> In particular, the Auditor-General will be empowered to:
>
> > report to Parliament on state budget day as to whether Labor has met its commitment to maintain an operating surplus …

What nonsense!

Mr Hulls interjected.

Ms ASHER — You read the bill. You are the Attorney-General and you should understand it. There is no commitment to a surplus in the bill. The no. 1 financial promise of the government was that the Auditor-General would sign off on the surplus on budget day, and that is not in the bill. The government has breached its most fundamental election promise to the Victorian people.

I received this card in my letterbox outlining Labor's pledges for Victoria with a very nice picture of the Premier. The card states:

> Keep this card to see that we keep our pledges.

An honourable member interjected.

Ms ASHER — Yes, I kept the card. It was very effective in the electorate of Malvern. It refers to the 'first pledge'. Isn't that reminiscent of the Cain era? It states:

> The first pledge is to provide a budget surplus every year overseen by an independent Auditor-General.

That is the no. 1 pledge — it is too important to be a promise. There are only six pledges, which were distributed to thousands of Victorian households, and the government has already breached its no. 1 pledge. It has breached its no. 1 financial responsibility promise to the people of Victoria. It is a disgrace, and government members should hang their heads in shame.

I refer to an article in the *Business Review Weekly* of 4 February. Wayne Cameron, the new Auditor-General, was interviewed about the issue of overseeing the surplus. Mr Cameron is reported as saying:

> … we can't say whether the budget can be achieved, and we won't take responsibility for assumptions like interest rates and oil prices.

The Auditor-General has acknowledged that the powers in the bill are limited. The government and the Premier know they have breached their fundamental election promise on financial responsibility to the Victorian people.

Mr Mildenhall interjected.

Ms ASHER — Clearly the honourable member for Footscray was not in charge of overseeing the second-reading speech, in which the Premier said:

> It is important to appreciate that these provisions do not purport to require the Auditor-General to express an opinion on whether the projected budget results will be actually achieved.

This is a great sham. This is a key dumping of the no. 1 financial election promise on which the government went to the people. The government knows it has abandoned its promise, because the Auditor-General said it and the Premier admitted it in his second-reading speech.

The bill requires more financial reports to be tabled before Parliament. The bill does not stop bad management or bad policy of the type seen in the Cain–Kirner era. It would not have stopped the State Bank disaster. The second-reading speech is particularly wide. It says that the government's agenda is unashamedly pro-growth, pro-business and pro-jobs.

I turn to the clauses of the bill. The financial responsibility clauses were certainly written by the department, so perhaps the second-reading speech was as well, given that the honourable member for Footscray has no knowledge of it.

Debate interrupted pursuant to sessional orders.

ADJOURNMENT

The SPEAKER — Order! The hour appointed by sessional orders for me to interrupt the business of the house has arrived.

School buses: South Gippsland

Mr RYAN (Leader of the National Party) — On behalf of the South Gippsland Student Transport Equity Group I raise a matter for the attention of the Minister for Education. The organisation, with other schools and community groups in Gippsland, has a particular interest in the important issue of school bus services.

The matter I raise with the minister relates to a policy undertaken by the Labor Party before the election. It appears under the heading 'Supporting non-government schools' on page 1 of a policy document presented on 29 October 1999 and says the government will:

> Conduct a statewide review into the adequacy of school bus services and the impact of route closures

The issues I raise with the minister were raised with me by the South Gippsland Student Transport Equity Group in a letter of 15 March. On the same day members of the group came to Parliament to confer with me regarding their concerns. Those concerns are echoed by other members of the community of South Gippsland and are pertinent to country students and school communities across the state.

The fundamental issue concerns the conduct of the bussing review — a vexed issue for government. When the previous government assumed the reins in 1992, one of the first matters undertaken in about 1993–94 was a review of bussing arrangements. It is time another review was conducted as promised by the government. The members of the group want to know when the review is to be held; its terms of reference; how it is to be conducted and other critical matters.

On their behalf and on behalf of all country communities across Victoria I ask the minister when the policy — promised before the last election — will be given effect. The matters are crucial to school communities across the state. Parents, students and their communities are anxious to have the review undertaken; to have the outcome known; and to have its recommendations implemented as soon as possible. The aim of equity for students is driving this issue, and I urge that the promised review be undertaken as soon as possible.

Housing: Hughesdale units

Ms BARKER (Oakleigh) — I raise a matter with the Minister for Housing regarding the appalling condition of a fence located on the rear boundary of ministry of housing units nos 3 to 17 Arthur Street, Hughesdale. They are the homes of 42 elderly people. The fence is about 6 feet tall and made from cement panels containing fibreglass and steel. It separates the units from the Hughesdale station and railway line.

For many years the fence has been vandalised with graffiti and in some places is smashed and beyond repair. It is a disgusting mess and dangerous.

In June 1999, when I visited the units at the request of some of the local residents, I was appalled that large chunks of the fence had been broken off and thrown over the fence onto the railway line. The failure of the previous government to fix the fence was an abdication of responsibility.

Following an article by a councillor in a local paper in June 1998, one of the residents said a petition had been given to the department of housing three years ago — in 1995 — but the residents had been told the fence was not the responsibility of the department. They were then informed the fence would be fixed as soon as possible. The residents also indicated they had approached the Minister for Transport but no-one wanted to take responsibility to repair the fence.

A letter was written to the Oakleigh Monash *Times* by the Honourable Andrew Brideson, a member for Waverley Province in the upper house. In that letter, dated 5 August 1998, Mr Brideson stated:

> I read with much concern of the plight of residents in Arthur Street, Hughesdale, living with an ongoing vandalism problem to their rear fence. I have been advised by the department of housing that arrangements have been made for repairs to proceed.

> Had the householders concerned contacted their local state politicians, immediate action would have been taken.
>
> If any residents observe vandalised public property … their local member of Parliament will ensure that instant action is taken.

After I raised the issue Mr Brideson wrote to the paper in June last year, saying that having heard nothing further he believed the situation had been resolved but that he would now act immediately to have the problem corrected.

Following the election Mr Brideson again referred to the issue in another place on 23 November last year. Unfortunately, he still did not know whether to refer the matter to the Minister for Housing or the Minister for Transport. I know the responsibility lies with the Minister for Housing. It is time the residents of Arthur Street are provided with a safe and secure environment. I ask the Minister for Housing to inform me of the progress of the action that has been taken to rectify a problem that should have been rectified many years ago.

Geelong: community television

Mr PATERSON (South Barwon) — I direct the Premier's attention to community television in Geelong and to an election promise his government has already broken. On 16 March a press release was issued by Jinny Sharp of the Screen Actors Studio in Geelong, who had previously spoken in support of the government. However, things have recently turned sour because of the government's broken promise. The press release states:

> The producers of locally made *This Week in Geelong*, the highly successful weekly lifestyle program aired on Channel 31 last year, have decided to shut down the production because they do not believe that Steve Bracks will honour his promise to 'lobby and liaise with the federal government to approve a licence for a community television station based in Geelong'.

The press release is an example of the myths peddled by the Labor Party in opposition during the last state election campaign.

A feature article by Jinny Sharp in the Geelong *Advertiser* of 18 March under the heading 'What about your promise, Mr Bracks' states:

> Then Steve Bracks promises to 'lobby and liaise with the federal government to approve a licence for a community television station based in Geelong' as part of his pre-election commitments to our region.
>
> Sounds good in theory.
>
> You'd think such a big statement would be backed up by a big plan, ready to roll.
>
> After all, this was one of the policies developed to convince those 16 voters who swung the most marginal seat in Victoria Labor's way.
>
> To our disappointment, it seems our new Premier, who champions the regional cause, has no plan.
>
> No strategies are in place and to date nobody has been identified as being responsible for this issue.

Will the Premier explain to the house and the people of Geelong why the promise to deliver community television to Geelong was broken? The Premier should apologise to both Jinny Sharp of Screen Actors Studio and the people of Geelong for attempting to hoodwink them at the last election by saying he would deliver community television to Geelong.

Hume: council elections

Ms BEATTIE (Tullamarine) — I refer the Minister for Police and Emergency Services to the council elections held on 18 March in the City of Hume, where the majority of Labor Party candidates were successful. However, one ballot in the City of Hume is under consideration because of political interference by the disgraced former honourable member for Tullamarine.

On Saturday night Mr Trevor Dance, a candidate in Evans ward, and his family enjoyed celebratory drinks with Ms Ann Potter, a successful candidate in another ward. When Mr Dance returned home he found threatening messages on the answering machine. At that stage the counting of votes in Evans ward had still to be finalised and the outcome was unclear. The caller threatened to break both of Mr Dance's legs and harm his family if Cr Jack Ogilvie was not returned.

Although police officers attended the premises, Mr Dance was advised to wait until Monday before doing anything, and it was recommended that he and his family spend the night elsewhere. The problem encountered by the attending officers was that only one police car was available.

Sunbury has been promised more police but they are not yet forthcoming. I ask the minister to inform me as a matter of urgency what action will be taken to increase police numbers in Sunbury.

The council elections for the City of Hume were heated. However, it is a shame when such elections get to the point where candidates are threatened, intimidated and vilified.

Police: Rowville station

Mr WELLS (Wantirna) — I refer the Minister for Police and Emergency Services to the Labor Party's election promise to establish a new police station in the Rowville area. The pledge came in the party's election policy document entitled 'No more excuses on crime', which stated, in part:

> … a Labor government will provide new police stations on the basis of the strategic location of new stations in growth corridors … Labor will provide a new station at … Rowville.

There is a high level of expectation among the people of Rowville that a police station will be built. I ask the minister to give the people of Rowville an update on how that election promise is going. For example, where will the station be located and when can they hope to see something happening?

The honourable member for Knox and I have worked very hard over the past 7 years to make sure there is good infrastructure in Rowville, whereas during the 10 years of the Cain–Kirner government the infrastructure processes in the Rowville area were left high and dry. Now we have good roads and good schools. Rowville is 30 kilometres from the central business district and has experienced a rapid growth in the past 15 years. The population is composed largely of young, two-parent families with higher than average incomes. The average age is 32 years.

The Knox and Rowville communities thought that a permanent Rowville area policing squad would have been based at the Wantirna South police station, which is about 10 minutes away, and specifically assigned to the Rowville area. That would have provided permanent police cars working south of Ferntree Gully Road and perhaps a shop-front presence at the Stud Park shopping centre. However, now that the government has promised a Rowville police station the residents are interested to see what will happen in that regard.

Although at the moment a police car is supposed to work south of Ferntree Gully Road and police are working out of the Wantirna South precinct, residents are keen to hear the minister's views on the issue to see whether the government will fulfil its election promise.

A. H. Plant

Mrs MADDIGAN (Essendon) — I refer the Minister for Transport to problems that have been raised with me by residents of Loeman Street, Strathmore and the surrounding area in relation to land in Term Street, Strathmore, that is owned by Vicroads. Vicroads had a depot there for a number of years which it operated in peace and harmony with the local residents. However, the land was rented out, presumably under the previous government's privatisation policy.

I ask the minister to investigate the terms of the rental agreement between Vicroads and A. H. Plant, the lessee, and determine whether any action can be taken to protect the residents in the area who are suffering from the activities of the organisation. As a government instrumentality Vicroads needs to take into account the effects on the community of the use of land it owns and rents to other people.

The complaints raised with me are quite severe. I quote from a letter I have received from some of the residents in Loeman Street. It states:

> A. H. Plant commenced business on January 10, 2000 and since that time the impact on the residents has been horrendous. Although the land is zoned residential (PPRZ), there is activity at the site 24 hours a day. There is excessive noise from trucks loading and unloading, forklifts operating, trucks entering and exiting the site and convoys of trucks moving up and down the streets. At night the noise is worse and, coupled with the bright lights, is very intrusive. Residents have their sleep continually interrupted and it is therefore very difficult to function properly the next day. Both homes at the entrance of the site in Term Street have young children and they are suffering badly from insufficient sleep.
>
> Social and recreational activities have been severely disturbed through noise, lights, foul language, loud conversations and diesel fumes. No longer can residents use their backyard for recreation nor can they enjoy a social gathering with family and friends; given the noise, bad language and the close proximity of large machinery to our back fences, we have lost all our privacy.

The actions of A. H. Plant are unacceptable to the community.

I ask the minister to investigate on what terms Vicroads normally rents land to other organisations, whether, as I presume to be the case, it was done under the previous government for the highest rental possible regardless of the effect on the community, and whether Vicroads will be asked in future to take community concerns into account when renting land in residential areas and in situations where residents are likely to be strongly affected by activities which are different form those previously carried out on such land and which mean that people such as the residents of Loeman Street are disturbed 24 hours a day.

Rural Victoria: government tenders

Mr KILGOUR (Shepparton) — In the absence of the Minister for Education I raise for the attention of the

Minister for State and Regional Development a matter regarding the tendering of projects for education department buildings. There is a need to ensure that professionals and tradespeople in rural areas have the opportunity to tender for such projects. At the moment there are two projects coming up for tender in the Goulburn Valley. I am extremely concerned that no architects from a regional area have been placed on the tender list for the work to be done on these buildings.

Bovis Lend Lease, formerly Bovis McLachlan, has been appointed project manager for the two sites at the Bourchier Street school in Shepparton and Numurkah Secondary College, but there are no regional architects on the tender list. There are accomplished architects in regional Victoria but if they are not given an opportunity to tender for such works how can regional areas produce the sort of work people in those areas know they are capable of? Project managers from outside a region tend to support service providers from outside that region. Urgent action is needed.

I ask the minister to investigate why the situation has occurred and to ensure that a fair go is given to architects and tradespeople from rural Victoria. The people are available to do the jobs. They do not mind competing against city tradespeople or people from other regions. They have the ability to do the jobs, but if they cannot get on the list they cannot get a go. It is extremely unfair that they cannot get on the tendering lists, particularly for jobs in their own areas. The same thing happens with builders as well as architects and other tradespeople.

The government should ensure that it supports the people who have the ability to do the work but who cannot get on the lists at the moment. I ask the minister to investigate what is happening and why it is happening and, if something can be done, to ensure that all Victorians are given a fair go.

Ambulance services: Romsey station

Ms DUNCAN (Gisborne) — The matter I raise for the attention of the Minister for Health relates to the Romsey ambulance station. I ask him to clear up the confusion about the funding for the project. As honourable members may know, Romsey is a small town in my electorate that has lost many services over the past seven years through council amalgamations, cuts to schools, and the general loss of services that rural and regional Victoria have suffered.

While many millions of dollars have been spent on Melbourne, Romsey has seen none of it. Romsey and nearby Lancefield feel — rightly so — that they have been left out. All they wanted was an ambulance station. This very small community has raised more than $5000 over two years for a new station. One can imagine its excitement when the then Liberal candidate and health minister, Rob Knowles, told the town at a public meeting just days before the state election was announced — but of course only one person in the hall that night knew we were only days from a state election — that the then government would provide the funding for the Romsey ambulance station.

Mr Knowles was quoted in the local newspapers at the time as saying that an ambulance station for Romsey and Lancefield and the surrounding districts was a key priority. He acknowledged the substantial financial contribution from the local community towards the station, which was the result of a lot of hard work over a three-year period. It is now apparent that the so-called election commitment was an election con, a complete hoax, which is a shame for Romsey and Lancefield and a disgrace to the minister at the time. What a shame that he did not put any money where his mouth was. Not only was there no budget allocation at the time, but there was nothing in the forward budget estimates either. It was a cruel con for the people of Romsey and Lancefield.

As the local member of Parliament I will work hard for that community to ensure the much needed ambulance station becomes a reality. The community can be assured that when the government and I, as their member, announce such a development it will be funded and deliverable. I ask the minister to investigate the unfunded election con made by the former health minister which is causing so much angst in those towns.

Eastern Freeway: light towers

Mr WILSON (Bennettswood) — I point out to the Minister for Transport that the large light towers on the Eastern Freeway have accounted for at least seven deaths over the past two years. Among those were the tragic deaths of Shannon Collins, then aged 22, and his girlfriend, Emma Edwards. Shannon's mother, Mrs Diann Collins, approached the previous member for Bennettswood, Geoff Coleman, suggesting that the installation of protective railings around the towers may reduce the risk of future fatalities.

The then Minister for Roads and Ports, Geoff Craige, wrote to my constituent after the matter was raised with him in August 1999. He said that Vicroads was due to complete an investigation into accidents along the freeway by October 1999.

On 29 November 1999 I wrote to the current Minister for Transport to ascertain the current state of play and received a response on 14 February. The minister said the investigation of Eastern Freeway accidents occurring between Hoddle Street and Bulleen Road has been completed. The minister advised me that Vicroads has concluded that the installation of continuous barriers within the median strip is appropriate, and I welcome that decision. However, the minister advised me that it is a $1.5 million project and therefore it 'will be considered for inclusion in a future works program'.

Although it does not carry the same number of vehicles as the Monash Freeway or the Western Ring Road, the Eastern Freeway is one of the busiest roads in Melbourne. I am certain the minister shares my desire to minimise the possibility of future fatalities on that busy stretch of road in Melbourne's east. Sensible action such as the proposal suggested by my constituent Mrs Collins would be a most welcome development and would go some way to lessen the pain and grief associated with the premature deaths of Shannon, Emma and others who have died on that freeway.

I urge the minister to take the comments into consideration and to suggest to Vicroads that the safety project be given the highest priority.

GST: price increases

Mr ROBINSON (Mitcham) — I raise a matter for the attention of the Minister for Police and Emergency Services representing the Minister for Consumer Affairs in another place. It pertains to what would appear on its face to be a serious issue of retail misrepresentation. I am seeking an investigation into the matter at the earliest opportunity.

The matter was raised by a constituent of the Mitcham electorate, who was concerned recently while visiting Coles supermarket in Mitcham to find that the price of a 1-litre carton of soy milk had risen overnight from $1.80 to $2.10. By my relatively simple arithmetic, that is a rise of 15 per cent. The constituent inquired how one item could rise by that amount overnight, and took up the matter with Coles head office in Burwood. I quote from her letter:

> This is when I was told about the deregulation of milk and there is nothing they can do.

It seems extraordinary to me that the deregulation of the dairy industry would be held up as an explanation for a rise in the price of soy, which is a non-dairy product. If people are going to get away with using that as an explanation for the rise, they might as well cite the price of crude oil or the depreciation of the Brazilian currency. Quite seriously, the dairy industry deregulation, so far as I understand, should have had no impact whatsoever on the price of soy milk, yet the price has risen by 15 per cent overnight.

The constituent was also concerned, on contacting the Australian Competition and Consumer Commission, to be advised that the milk industry is now privately run and there is nothing the commission can do about it.

It is not good enough for consumers to be told that price rises are due to certain things when that is patently not true. I seek from the minister an investigation of the matter. I suspect that in the months to come we will have many cases of consumers being told there are reasons for price increases, many to do with the GST, which will require investigation. I seek the minister's action to this extent to explain to my constituent why precisely the price of soy milk has risen by such an extraordinary amount.

Electoral enrolment

Mr LENDERS (Dandenong North) — I direct the attention of the Attorney-General to changes to federal legislation dealing with voter enrolment and seek advice as to how or whether they will apply to Victoria. In particular I refer to the fairly draconian amendments to the Commonwealth Electoral Act recently passed by the Howard government, which make it harder for migrants, members of Aboriginal communities and young people generally to get on to the electoral roll.

The specific issue of state policy administration I address is that the current commonwealth legislation prescribes a group of witnesses to enrolment forms: chemists, justices of the peace, members of Parliament, police officers and others must witness enrolment forms. That is not a good thing to happen to young people, but it was geared to the remote rural black communities in northern Australia. As a consequence, now Victoria's enrolment regime is such that the people enrolled for Victorian polls are in a different category from those enrolled in Victoria to vote in commonwealth elections.

I ask the Attorney-General what he will do to ensure that that draconian regime does not come into effect in Victoria, and that Victoria remains a place where young people, migrants and others who do not have access to the prescribed list of witnesses to enrolment forms can still get on to the electoral roll.

Responses

Ms DELAHUNTY (Minister for Education) — The matter raised by the Leader of the National Party

referred to the Labor Party's promise to conduct a statewide review of bus services. The honourable member is quite right and I am delighted that he has read the Labor Party policy, as have most citizens of country Victoria — and they loved every line of it!

The Labor Party promised to conduct a statewide review. It will do so. It will examine throughout Victoria the requirements to transport children to school, particularly in light of the number of closures of schools across Victoria under the Kennett government and the more recent impact of the closure of bus routes that have serviced the needs of our children.

I thank the honourable member for raising the matter on behalf of all country Victoria, but particularly for the South Gippsland Student Transport Equity Group. He asked when the review would occur and about its terms of reference. He reminded the government about the importance to country Victorians of such a review. It would also be important to students and their parents living on Melbourne's periphery. As Melbourne has expanded, the public transport requirements have increased, as has the demand for appropriate bus services for our children.

The honourable member also referred to the last bus review conducted by the Kennett government in about 1994–95 by the Honourable Andrew Brideson in the other place. It is fascinating to ask what happened to the review. It is fair to say it is still at the bottom of somebody's drawer, because it certainly never saw the light of day. That is disappointing, because I am sure the review was extensive. No recommendations from the review were acted upon by the previous government. That is a shame. I hope nobody anticipates trying to sell it off to the University of Melbourne or the State Library of Victoria, because the recommendations of the bus review could not be considered to be a cultural artefact — rather, it is probably a relic of indecision and apathy.

As it promised, the government will conduct a serious statewide review of bus services. I look forward to the Liberal Party and the National Party supporting the government so that whatever recommendations come from the review will be useful to students and their parents. I will let the honourable member know when the government is ready to conduct that review in an effective and comprehensive way.

The honourable member for Shepparton raised an important point, for which I thank him. It relates to the tendering of education projects and particularly buildings owned by the Department of Education, Employment and Training. He referred to the number of professional tradespeople who are on the tender list to be considered for that work.

The honourable member named a couple of projects at Shepparton and Numurkah in the Goulburn Valley; I know something about them. He agreed that although the project managers for the upgrades may be local people, no local architects are engaged.

Mr Kilgour interjected.

Ms DELAHUNTY — No? They are outside people. They do not have local architects and tradespeople on their lists. The government is committed to a fair go for country people. It is committed to building and exploiting the skills base that already exists in Victoria. For that reason I would be disappointed to think that any local architect, builder or tradesperson was excluded because an outside project manager had not considered local tradespeople or professionals.

I firmly believe in a fair go for regional Victoria. That is one of the mantras of this government; it takes it very seriously. I would be happy to investigate the matter and I appreciate its being raised with me.

Ms PIKE (Minister for Housing) — I thank the honourable member for Oakleigh for raising with me the issue of the public housing estate in Arthur Street, Oakleigh. Over the years she has shown enormous concern for and commitment to the people in public housing in Oakleigh to ensure not only that their housing is of high quality but also that they feel safe and secure in it. The issue she has raised with me tonight is of great concern.

The public housing estate in Arthur street, Oakleigh, is a small estate for elderly persons. The rear of the estate backs onto a public footpath, which in turn is bounded by a railway line and the Hughesdale railway station. Although the footpath is not on Office of Housing land the planning permit for the units requires that the back fence be soundproof. The fence therefore has a kind of insulation and an outer shell of precast cement lattice panels. Unfortunately, because the public footpath is used by people walking to and from the Hughesdale station, the fence is periodically vandalised. In the past passers-by have ripped off the lattice panels and insulation, and the debris left on the path has sometimes been thrown over the fence. As honourable members can imagine, that is most disconcerting for the elderly residents.

What action has been taken? This is not a new occurrence in the past week or month; it has happened for many years. In fact, in June 1998 the elderly

residents of the housing estate made a submission to the local paper saying they were concerned about their safety. At the time a guarantee was given by the then Minister for Housing that the fence would be fixed straightaway, but straightaway did not happen straightaway. It was only through the persistent action of the then candidate and now honourable member for Oakleigh that the Office of Housing was reminded in June 1999 that nothing whatever had been done to fix the fence and to make the elderly residents, who were continually being bothered by things being thrown over the fence and were frightened about their security, feel secure.

Let me assure the honourable member for Oakleigh and other honourable members that the Office of Housing is now taking action, as it should have done when the event occurred. The department recently concluded an investigation of the types of fencing that will provide the soundproofing needed — there is a railway line nearby — but will be less susceptible to vandalism. The insulation and latticework will be reinstated and the chain wire will be laid around the panels to protect them. It is anticipated the work will be finished by April.

The government has gone further than just fixing the fence. Following representations by the local member, the work of the Office of Housing and a special meeting convened in December 1999, the government has listened to the concerns of the people who live there and fitted extra security doors so people feel comfortable and secure and not threatened by the potential for vandalism. That shows that the government gives enormously high priority to not just the physical amenity of the — —

Mr Leigh interjected.

Ms PIKE — I must say that I find the remark 'Sit down, for Christ's sake' offensive. I ask the honourable member opposite to withdraw that statement.

The SPEAKER — Order! The Minister for Housing has taken offence at the remark made by the honourable member for Mordialloc. I ask him to withdraw his remark.

Mr Leigh — In view of the attitude of the minister, I am happy to withdraw, but remember — —

The SPEAKER — Order! The house will come to order immediately. I asked the honourable member for Mordialloc to withdraw, and he has withdrawn. I warn him that he must not use the opportunity to debate the point.

Ms PIKE — The government puts a high priority on not just the physical fabric provided by the Office of Housing but also the quality of life of the people living there. The government will be working towards improving both those aspects.

Mr HULLS (Attorney-General) — The honourable member for Dandenong North raised the issue of the commonwealth government's passing legislation to make it more difficult for new voters to enrol — migrant, Aboriginal and young people — by reducing the number of categories of people who can witness an enrolment application. He asked what Victoria could do about that.

Being on the electoral roll is an important matter. A person who cannot get on the roll is disenfranchised from the democratic process. I recall just prior to becoming a federal member of Parliament — —

Honourable members interjecting.

Mr HULLS — It is a brief story but absolutely relevant. Just before I became a federal member of Parliament, I was acting as a solicitor at the Aboriginal Legal Service. I remember an old Aboriginal fellow coming to see me about a legal matter. He told me that an election was coming up. I said, 'That's right. There is a federal election. I assume you will vote for me'. He said, 'What's that mean?'. I said, 'You go off and vote on election day'. He said, 'How do you do that?'. I said, 'I assume you're on the roll'. He said, 'What's the roll?'. I said, 'Funny you should ask. I have a form here that will get you on the roll'. He filled in the form and I was able to sign it. He said, 'Does that mean I can vote for you now?'. I said, 'Yes, you can vote for me on election day'. He said, 'I'll do that'. I then posted the form.

I recall that the first constituent to come to see me as a member of federal Parliament was the same bloke. He said, 'I've got a bit of a problem'. I said, 'Come into my office. I am the new federal member. What's your problem?'. He said, 'I've got this form'. I said, 'What's that?'. It was a fail-to-vote form. I got him on the roll all right but he failed to vote.

It is absolutely crucial that people are not disenfranchised from getting on the roll. Victoria has not to date followed the commonwealth practice and prides itself on having the highest percentage of young people on the roll. Any steps the commonwealth takes to disenfranchise Aboriginal, migrant or young people from being on the roll should be condemned.

There should be a national system, but the system in Victoria is the right system. Virtually anyone can

witness the signing of a form to have someone's name placed on the roll, and that is appropriate. Making it difficult for people to get on the roll by requiring forms to be witnessed by specific categories of people is absolutely inappropriate. Whatever steps Victoria takes will not disenfranchise Aboriginals, young people or migrants.

Mr HAERMEYER (Minister for Police and Emergency Services) — The honourable member for South Barwon raised an issue — —

Mr Paterson — On a point of order, Mr Speaker, the Premier was in the chamber when I raised the matter for his attention. He has since scuttled out of the chamber and run away from the Labor Party's broken promise. I seek your ruling, Mr Speaker, on whether, if an honourable member raises a matter with a minister who is in the chamber at the time, the minister — or in this case the Premier — is obliged to answer the matter and not scuttle out of the chamber.

The SPEAKER — Order! There is no point of order. It has been a longstanding practice in this chamber for the Speaker to call the ministers who are in the chamber to respond to matters that are raised with them and then to call the minister at the table to respond to all other matters.

Mr HAERMEYER — It is unfortunate that the — —

Mr Leigh interjected.

The SPEAKER — Order! I have just resolved the issue. I ask the honourable member for Mordialloc to cease interjecting.

Mr HAERMEYER — It is unfortunate that the honourable member for South Barwon is not in his electorate as often as the Premier is in the chamber.

The issue the honourable member raised is fatuous, to say the least. It relates to the Labor Party's commitment to press the federal government to grant a television licence for Geelong. I am surprised that the honourable member even knows where Geelong is, given that he lives nowhere near it. However, as I said, the commitment the Australian Labor Party gave at the last election was that a Labor government would lobby and liaise with the federal government to gain a television licence for Geelong.

I understand the honourable member's history is one of reading the news but not necessarily understanding it, so I will explain it to him in a way that he can understand. I am sure he will be looking forward to the licence being granted to Geelong so that after the next election he can find himself a job as a news reader for the Geelong television station.

The responsibility for granting television licences comes under the general responsibility for communications, which lies with the federal government. There are three tiers of government in this country: federal, state and local. I will try to explain it as simply as I can for the honourable member for South Barwon. This house is part of the state Parliament, which has responsibility for governing Victoria. The responsibility for communications all over the country lies with the federal government in Canberra. I will not go into explaining local government to him because getting him to understand three levels of government all in one night might be a little difficult.

Labor has said that a Victorian ALP government would pressure the federal government to grant a television licence to Geelong. There are certain things the government can deliver to Geelong, such as the Geelong road upgrade, which it is delivering.

Government members interjecting.

The SPEAKER — Order! I ask the house to come to order. That level of interjection is not acceptable. I ask the minister to ignore interjections and to come back to answering the matter raised by the honourable member for South Barwon.

Mr HAERMEYER — There are certain things the government can do for Geelong, such as withdrawing the catchment management authority tax and saving the Grace McKellar Centre from privatisation. They are Victorian government responsibilities.

The government will exert whatever pressure it can on the federal government to establish a television station in Geelong. Even though the Liberal and National parties are in government in Canberra, this government has given that commitment to attempt to assist the people of Geelong in their efforts to gain a television station. Let the honourable member for Barwon South understand, however, that telecommunications is a federal responsibility.

The honourable member for Tullamarine raised the matter of an event that followed the Hume City Council elections at the weekend. I share with her and with the residents of Hume the joy at finally having a Labor majority on that council — a council that was absolutely racked by faction fights between the two Bernie Finn-supporting factions represented on the council.

The issue she raised is serious. One of the candidates for Evans Ward, Mr Trevor Dance, returned home to find messages on his answering service conveying threats to break both his legs if a certain councillor was not returned. That is a serious matter. The honourable member was also advised that a police car would be sent only if one was available.

There are two serious issues here: one is the threat made to Mr Dance, and I will refer that matter to the police for their investigation, and the other, the availability of police in Sunbury, is a longstanding issue. As I have said in this house several times, the previous government cut police numbers by 800 and that amount of damage, committed over a seven-year period, is not going to be corrected overnight.

The government is already recruiting large numbers of police officers. The parade grounds are full for the first time in years. Police numbers will be increased by 200 a year over each year of the current Parliament. The responsibility for allocation of those police officers, however, lies with the Chief Commissioner of Police. However, I will raise with him the concerns expressed about police numbers in Sunbury.

I congratulate the honourable member for Tullamarine on the interest she has shown in policing in the Sunbury area and in the issue of police presence. The previous honourable member for Tullamarine showed no interest whatsoever in those matters.

The honourable member for Wantirna raised the issue of the government's commitment to build a police station in Rowville. He noted, quite rightly, that the former coalition government had made no such commitment to building a police station in Rowville and went on to argue that there is a police car working to the south of Ferntree Gully Road. He also made a number of other statements that lead me to question — I welcome his response to this impression — whether there is a need for a police station in Rowville. If he believes there is a need for that station, I would like him to say so; and if he believes there is no such need, I think he should make a statement to that effect.

The government's commitment came out of the factors identified in the strategic facilities plan that was developed for the Victoria Police under the previous government. The plan identified the need for a police station in that general region.

While in opposition I also spoke to police officers from that area who identified the need for a police station in the region. If the honourable member for Wantirna believes that need is not there, I ask him to identify that and the government will investigate it. The government made its commitments in the run-up to the last election in good faith. One of those commitments was for a police station in Rowville. Although all those stations will not be funded in the forthcoming budget, the government expects all of its commitments will be delivered or funded over its term in office.

The location of the police station will be resolved once the station is funded. However, if the honourable member has some ideas about where it should be located I would appreciate his input so that the government can investigate that, perhaps with a view to identifying some land before the funding is made available and trying to place a reservation on it.

The honourable member for Gisborne raised for the attention of the Minister for Health a commitment by both the previous Minister for Health and the former honourable member for Gisborne for an ambulance station in the beautiful town of Romsey. The honourable member also correctly pointed out that not one cent was set aside for the construction of the station. It seems to be like a lot of the confetti the previous government was throwing around prior to the last election. It was making promises all over the place with not one cent to back them up, unlike the commitments made by the Labor Party, which were fully funded and fully costed in a document audited by Access Economics. It was just funny money being pulled out of thin air. I can understand the concern of the honourable member in trying to now obtain the ambulance station that the people of Romsey expect. I will direct that to the attention of the Minister for Health.

The honourable member for Bennettswood raised a serious issue about the light towers on the Eastern Freeway and said that seven deaths had occurred involving them. The honourable member said he believed some of the risks associated with the freeway could be overcome by the erection of protective railings around the light towers. He attempted to make a constructive suggestion, which I will direct to the attention of the Minister for Transport.

The honourable member for Mitcham raised for the attention of the Minister for Consumer Affairs in another place retail misrepresentation. He cited a Coles supermarket in his electorate where the price of a litre of soy milk increased virtually overnight from $1.80 to $2.10 — a 15 per cent increase. That represents exorbitant profiteering and the honourable member was right when he said the goods and services tax had provided the excuse for many people to profiteer, using the tax as the excuse. Those sorts of overnight

fluctuations in prices are not justifiable and an investigation into some price increases is required. The mechanisms the federal government has put into place to try to prevent profiteering under the GST are nothing short of a joke. I will refer the matter to the Minister for Consumer Affairs in another place.

Finally, the honourable member for Essendon raised a matter about Vicroads land and requested an investigation into the leasing of it. I will direct that matter to the attention of the Minister for Transport.

The SPEAKER — Order! The house stands adjourned until next day.

House adjourned 11.00 p.m.

Wednesday, 22 March 2000

The SPEAKER (Hon. Alex Andrianopoulos) took the chair at 9.35 a.m. and read the prayer.

PAPER

Laid on table by Clerk:

Interpretation of Legislation Act 1984 — Notice under section 32(3)(a)(iii) in relation to an Order declaring Industrial Waste Management Policy (Waste Acid Sulfate Soils) (*Government Gazette* No. G5 3 February 2000).

BUSINESS OF THE HOUSE

Adjournment

Mr BATCHELOR (Minister for Transport) — I move:

That the house, at its rising, adjourn until Tuesday, 4 April.

Motion agreed to.

MEMBERS STATEMENTS

Traineeships: places

Mr BAILLIEU (Hawthorn) — In Parliament last week the Minister for Post Compulsory Education, Training and Employment announced extra funding for trainee places; however, she provided no further details. That begs the question: has the minimum 12-month freeze on new trainees imposed in November been lifted?

The minister must now acknowledge that, as the money is available to fund the increase, the freeze was a nonsense in the first place. Rumours are rife in the training industry that secret deals have been struck during the freeze, benefiting only selected registered training organisations. If the freeze still applies, the minister must demonstrate to all RTOs that the allocation of those places is not the result of secret deals made during the freeze. Further, if the freeze still applies the minister must reveal which RTOs will be the beneficiaries. If, however, the freeze has been lifted, the minister must immediately acknowledge that it has been a disaster for the training industry. She should apologise to those who have suffered significant financial losses and consider speedy compensation.

Camp Warringal

Ms GARBUTT (Minister for Environment and Conservation) — I simply wish to place on record my congratulations to all concerned with Camp Warringal, which serves the Banyule scout district. Recently I attended the camp to officially open a new hall. As the Minister for Environment and Conservation, I appreciate the recycling of the building. It began its life in the United Kingdom as a prefab building in the 1940s. It was then shipped to Victoria and used as a post office in Reservoir. When it was no longer needed, it was moved to Wattle Glen in the 1960s for use as a scout hall, and it has now been moved to Whittlesea by the parents and supporters of the scouts at Camp Warringal.

I congratulate the many parents and friends who have spent hundreds of volunteer hours dismantling the hall and then rebuilding it at the camp. They were faced with the task of replumbing, rewiring, painting and generally refurbishing the hall. Their hours of dedication will be appreciated by a generation of cubs and scouts who will make very good use of the work. Congratulations all round!

CFA: community support facilitators

Mrs ELLIOTT (Mooroolbark) — The government and the Minister for Police and Emergency Services are giving tacit support to the United Firefighters Union in its bullying of the Country Fire Authority brigades and their community support facilitators. The bullying is part of the negotiations for an enterprise bargaining agreement between the CFA and the union and takes the form of the union demanding that the community support facilitators not turn out in their own time as volunteer firefighters and that they not be stationed at brigades where there are career firefighters.

Members of the public are able to volunteer their time to the community, and there is no reason why community support facilitators employed to educate the community about both fire risk and fire safety should not in their own time turn out as volunteer firefighters. The brigades at Mooroolbark, Montrose and Wonga Park have written to me expressing dismay that the minister is supporting the union and not the brigades or the community support facilitators. They are seeking a meeting with the minister, at the end of which I expect the minister to express his support for the brigades and the firefighters and not the union.

Wyndham: council elections

Ms GILLETT (Werribee) — I bring to the attention of the house a momentous and historic occasion that took place last Saturday in the electorate of Werribee in the City of Wyndham. For the first time in the entire civilisation of Werribee and the City of Wyndham there is now a majority Labor council.

I place on record my sincere congratulations to my colleague and friend Mr Henry Barlow and other colleagues and friends Ian Bunn, Peter Hawkins and Chris Hall. Unfortunately there is only one woman, but we will work on that in the future! It is something to work towards and look forward to. I place on record my congratulations to the other councils in other municipalities that have made a similar progressive and positive move into the future with Labor councils where there have never been Labor councils before.

Border Anomalies Committee

Mr JASPER (Murray Valley) — I bring to the attention of the house the need for continuing strong action by the Border Anomalies Committee. Members living along the border between Victoria and New South Wales know that border anomalies have been and still are of major concern.

The Border Anomalies Committee was set up in 1979 by the then Premier, Sir Rupert Hamer, and operated out of the Department of Premier and Cabinet as a joint committee between Victoria and New South Wales. The committee has produced excellent results, particularly in the early years, in correcting a large number of obvious anomalies and assisting people living on the border between the two states.

There is a need for the current Victorian Premier to support the continuing operation of the committee in eliminating border anomalies. Anomalies that must be addressed relate to education, post-secondary education, apprenticeships, health, and differences in boating and licensing laws. There are continuing differences in road laws, the most recent being that there is no requirement in this state for a person supervising an L-plate driver to be under the legal alcohol limit whereas in New South Wales there is a legislative requirement.

I seek continuing support from the Victorian government to actively pursue and eliminate border anomalies and to assist people living along the border between Victoria and New South Wales.

Geelong: Pako Festa

Mr TREZISE (Geelong) — I take this opportunity to publicly acknowledge and congratulate the organisers of this year's Geelong Pako Festa, which was held on the last weekend of February and which celebrates multiculturalism in my electorate of Geelong. This year was Pako Festa's 18th birthday, and its theme was the international year of the culture of peace.

Geelong is a truly multicultural community, and Pako Festa plays a major role not only in celebrating that cultural diversity but in bringing the community together as one. Pako Festa has developed into a vibrant festival of music, dance, art, theatre, sport and, importantly, food.

For me the highlight of Pako Festa is the annual street parade which is held on the Saturday morning in Pakington Street, Geelong. This year the parade was made up of more than 80 cultural groups, community service organisations and schools.

The Minister assisting the Premier on Multicultural Affairs opened the festival and led the street parade. Importantly, I congratulate George Ballas, Jordan Mavros, Margaret Lewis, Ken Wilks, Christine Wicking, Peceli Ratawa, Mardi Janetzki and Luisa La Farnara for their dedicated and hard work in bringing this year's festa together so successfully.

Disability services: funding

Mr MAUGHAN (Rodney) — On 12 January this year disability service organisations were informed that their funding would be cut by 0.5 per cent, rising to 1 per cent over two years. The justification was that the Bracks Labor government was attempting to make savings to cover the introduction of the goods and services tax (GST), which does not commence until 1 July this year. Disability service bodies asked the government for a 12-month period of grace so that the not-for-profit sector could accurately ascertain the cost to them of the GST. As not-for-profit organisations have been exempt from wholesale sales tax, there will be little or no savings to them but an additional tax on goods and services purchased plus the administrative costs involved.

Many benevolent institutions that have until now survived by adopting financial practices quite different from commercial operations are now faced with additional salary costs because of a fringe benefits cap imposed by the commonwealth.

The bottom line is that disability organisations are faced with increased costs through no fault of their own, as well as additional demands for services. They are simply unable to bear those cuts to their funding imposed by the government that professes to care for the disadvantaged but, when the crunch comes, cuts their funding.

World 500 cc Motocross Grand Prix

Mr HARDMAN (Seymour) — I bring to the attention of the house the 500cc world motocross championships which took place in Broadford, in the Seymour electorate last weekend. As part of Labor's commitment to country Victoria, the Bracks government granted $100 000 through Sport and Recreation Victoria and $130 000 over three years through Tourism Victoria. The event was a great success and attendance at the race exceeded all expectations. Attendance for the weekend event was 20 000, the largest crowd on record for an Australian motocross.

I congratulate the organisers for the well-run event, Reg Hunt Park for providing a spectacular setting for the race and the Mitchell Shire Council for its support of $10 000 and general back up, thereby benefiting the community. I also congratulate members of the Broadford community and surrounding districts for supporting the event. The combination of state and local government support and community spirit showcased Broadford and country Victoria in general as perfect places to hold major events that attract competitors and spectators from around Australia and the world.

It has been confirmed that the world triple header will be held at Broadford in April 2001. It is a four-day event with a large international contingent. The economic impact for a small rural community is significant with the thousands of visitors who will attend over the weekend. The recent event was a great example of the Bracks Labor government's support for rural and regional Victoria.

Albury–Wodonga: palliative care

Mr PLOWMAN (Benambra) — I direct to the attention of the house palliative care services in Albury–Wodonga. The matter is also of interest to the honourable member for Shepparton as it also applies to the Goulburn Valley Hospice Care. I thank the Minister for Aged Care for her response in a letter to me dated 8 December 1999 that:

> Hume region offices of the Department of Human Services acknowledge that Albury Mercy and all the pre-existing services providers have a wealth of skills and experiences in this field.

She also says that they have entered:

> … into subcontract arrangements to enable them to provide a region-wide palliative care service based on recognised skills.

I appreciate her response. I ask her to consider a letter written to her on 9 February by the Cancer Foundation, which is critical of changes to palliative care services. The Cancer Foundation states:

> … last year the service has been provided by a unit of what is now the Mercy health service, operating on a cross-border basis. It has now been divided into two services whose division is the state border.

For the first time since that palliative care service has been operational in the Albury–Wodonga area it is now divided by the state border. The letter goes on to say:

> The community who having experienced and financially supported this service do not understand why it is no longer available to them.

The SPEAKER — Order! The honourable member's time has expired.

Daylesford Child and Family Services Centre

Mr HOWARD (Ballarat East) — Recently I had the opportunity to visit the Daylesford Child and Family Services Centre to talk with personnel about some of the problems in the town of Daylesford. The centre provides a service to support the community in a range of ways. It is sometimes difficult for smaller towns to provide services because often the services struggle with a lack of reception staff. The centre has only a 0.6 component for reception staff, which means that the receptionist works only four mornings a week. That makes the operation of the centre very difficult.

In some areas staff are allocated for only one day a week. Staffing arrangements for community services become a challenge. Funding is obtained from a range of centres in Maryborough and Ballarat to provide outreach services which prevents a consistent service from being provided. Following talks with staff at the centre I believe it is necessary to try to rationalise the way community services are provided in Daylesford. There is an opportunity for the Daylesford Child and Family Services Centre to be co-located with the Daylesford Community Health Centre.

Sunnyside nudist beach

Ms McCALL (Frankston) — I express my concerns to the part-time Minister for Planning, in whichever office he happens to be in, and ask whether he will

reconsider the issue of the nudist beach at Sunnyside, which borders my electorate and that of Mornington.

The SPEAKER — Order! The time set down for members statements has expired.

GRIEVANCES

The SPEAKER — Order! The question is:

That grievances be noted.

Employment: government performance

Ms ASHER (Brighton) — I grieve for the state of employment in Victoria under the Labor government. I am principally concerned with three issues: firstly, the government does not understand its increases in business inputs have a direct impact on the job market in Victoria. Secondly, I am concerned about the government's poor handling of industrial relations and its associated dithering and incompetence on economic issues, as well as its impact on business confidence in Victoria. And thirdly, I grieve for the fact that the poor financial track record of the Australian Labor Party (ALP) will hang over the government and impact on business confidence and therefore on jobs in years to come.

I turn to the issue of business input, and nothing demonstrates the lack of attention to tax and Workcover premium increases than the summit the Premier has announced, the Growing Victoria Together summit to be held on 30 and 31 March. I have received the agenda, which clearly sets out what the government believes to be are the key considerations for business.

The program starts with a series of speeches during the morning of Thursday, 30 March. There is a speech by the Premier followed by a speech by the former Prime Minister, Bob Hawke. A speech by Leigh Hubbard follows, and then a speech by Dimity Fifer, the chief executive officer of the Victorian Council of Social Service.

Mr Brumby interjected.

Ms ASHER — The Minister for Finance says, 'Don't forget me' — and I haven't! After lunch the delegates can look forward to spoiling their lunch because there is a speech by the Minister for State and Regional Development and a speech by the Minister for Post Compulsory Education, Training and Employment. The speeches continue well into the afternoon session.

Only two business speeches are listed — so much for 'Labor listens'. Labor Party members will speak to the business community for the majority of the summit.

I turn to the workshops, which occupy most of the afternoon on the first day. Let us look at Labor's priorities for employment, bearing in mind that the Premier has stated that the summit is all about creating employment in the state of Victoria. Let us look at the workshop program proposed for discussion during the summit. It is proposed to discuss building a smarter, skilled work force, infrastructure, regional development, knowledge, innovation, science and engineering, social development, manufacturing, new workplace relations and the services sector.

An honourable member interjected.

Ms ASHER — An honourable member asks, 'What is wrong with that?'. Mr Speaker, nothing is wrong with the agenda, but it is incomplete. There is a great, gaping hole in the agenda. There is no discussion on tax reform, business costs, Workcover, direct cost imposition by the government or the reduction of payroll tax, and there is no discussion at all on the costs imposed on business, which has a direct relationship with investment and with employment in the state of Victoria.

I turn to the issue of Workcover. It is already known that premiums will rise in Victoria. The minister and the government have acknowledged that fact. However, the issue of whether Workcover changes will be retrospective has now been raised. There is division in cabinet on whether the business fee increases should be retrospective to 1997. I believe retrospectivity is supported by the Minister for Workcover and others in cabinet. An actuarial report presented to the Australian Industry Group estimates that retrospectivity will cost manufacturing $120 million or the equivalent of 2400 jobs.

I note that Nicole Feeley, the CEO of the Victorian Employers Chamber of Commerce and Industry, who has tried very hard to be open-minded about the new government, is now saying in today's press that retrospectivity 'would cripple the alleged pro-business credentials of the government'.

Even the business groups that have wanted to give the government a go and wanted to give the Premier a go are now saying that the cost impost is untenable for business.

I turn to the issue of payroll tax. When the Premier addressed the Council for Economic Development of Australia in June last year he flagged two tax

reductions. He said he wished to look at the issue of Victoria's taxation overall and wanted to reduce tax by something in the order of $300 million per annum. He promised he would cut payroll tax. That promise was made to the business community by the Premier last June.

I noted in the house that last week the Premier walked right away from the payroll tax commitment. At the same time as it is increasing Workcover levies the government is dumping its promise of payroll tax cuts, which is sending a particularly bad signal to business.

I turn to the government's poor handling of industrial relations disputes, which is also directly impacting on business confidence in Victoria. The electricity dispute was particularly badly handled. One can compare the way the Victorian government handled the situation with the actions of the South Australian government, which managed an orderly program to deal with the electricity shortages. The Victorian government's inaction resulted in a series of blackouts at a cost to the business community of $100 million.

A particularly critical issue is the government's handling of the construction industry dispute. The Construction, Mining, Forestry and Energy Union claim for a 36-hour week combined with a 24 per cent pay rise is excessive. The business community is waiting for just one thing from the Premier. We are waiting for the Premier to say, 'This claim is excessive', but we are not hearing that from the Premier. We are hearing and seeing the reverse. The Premier will not even cross a picket line associated with the dispute. The Premier is showing no desire and no strength to tackle the unions.

I turn to the general dithering and incompetence of the Labor government, which is impacting on business confidence and will in turn impact on jobs.

A number of key ministers are out of their depth: the Minister for Industrial Relations is out of her depth and the Minister for Workcover is certainly out of his depth. It does not send a confident signal to the business community. The general feeling is that the Premier is a nice guy, but there is a sense of alarm about key ministers and about the Premier's capacity to stand up to the unions playing such a role in Victoria's economy. Departments are making decisions. The Premier now delegates key decisions to his department — the departments are back in control.

Nothing points to the dithering of the Premier more than the matter of Labor's unemployment target. During the last state election campaign the Labor Party declared a 5 per cent unemployment target. In January the Premier backed away from the target, saying it was unattainable. However, in Parliament last week he reaffirmed the 5 per cent target. The Premier's inability to hold a target over the course of six months is amazing.

Another amazing aspect of the Premier's unemployment target is that his forecasts are in direct contradiction to Treasury documents signed off by the Premier and Treasurer. Treasury forecasts indicate that at the next election unemployment will be in the realm of 6.25 per cent to 6.5 per cent. An extraordinary scenario: the Premier as Treasurer signing off on Treasury estimates which are different from his own target. It is important that the Premier clarify his targets and his confidence in the Treasury forward estimates or whether he signed them by mistake.

The Australian Labor Party has a poor fiscal track record. Talk to any business group in town and all it wants to do is compare the current level of industrial disputation and incompetence with that of the Cain–Kirner era. In the business community — responsible for creating employment in the state — the circularity of advice is causing huge concern: the previous advisers are now the ministers and are being advised by the former ministers whom they used to advise!

In stark contrast to the situation in other states where there is an upper house the government wants to prohibit by law the scrutiny of its budget by the upper house. In all states except New South Wales the upper house is the keeper of the purse strings and can block supply. In New South Wales the upper house has a right to debate the budget for up to one month. The Victorian government wants to avoid financial scrutiny by the upper house and to remove by law its capacity to scrutinise financial matters.

The business community is talking about the Cain–Kirner era — the $2 billion deficit and the $33 billion debt — and is keenly attuned to Labor's fiscally irresponsible track record. So what has happened in the state of Victoria? External sources indicate that business confidence has declined.

An honourable member interjected.

Ms ASHER — I take up the interjection, 'What does small business think?' and turn to the Yellow Pages *Small Business Index* survey of February 2000 on what small business thinks of the government. I will tell the honourable member for Seymour what small business thinks of the government. In answer to the

question that asks small businesses to assess whether the state government's policies were positive for small business, only 6 per cent said the policies were positive. That is how small business rates the ALP — the lowest ever! Some 45 per cent say that the election result is a bad outcome for small business. Those figures are alarming.

I will now address the Victorian Employers Chamber of Commerce and Industry (VECCI) survey that shows confidence has plunged among Victoria's small and large business community. From the September 1999 quarter when 43 per cent of businesses were positive about Victoria's economic prospects the figure has plummeted to only 19 per cent predicting that the Victorian economy will grow. That survey is also alarming.

The National Australia Bank monthly business survey of February 2000 shows that Victorian business confidence has plummeted more that any other state. Dr Ed Shann, director of Access Economics — the Labor Party is keen on Access Economics! — now talks about a decline in business confidence. In the *Herald Sun* of 18 March Dr Shann comments:

> There is no doubt Victorian business confidence has fallen. All the polls tell the same story.

The opposition is not saying business confidence has fallen. The Yellow Pages survey, the VECCI survey, the National Australia Bank survey and Access Economics all say Victorian business confidence has fallen.

The government is not pro-business or pro-jobs. The Premier's round table and independent economic surveys are telling him that. The Premier's test is whether he has the strength to do anything about it.

Liberal Party: leadership

Mr HOLDING (Springvale) — I grieve for the lack of leadership in the partnership between the Victorian Liberal and National parties. The current Leader of the Opposition was not the opposition's first choice for leader after the last election, but its fifth.

Rob Knowles was touted as the future leader but he lost his seat. Phil Gude and Alan Stockdale did not have the ticker or spirit to stay around and wait for the retirement of the former Premier so they walked. For years the Honourable Mark Birrell in another place was touted as a potential leader. However, he has never had the ticker to come to the lower house and put up his hand for a shot at the leadership. Since those four men were not in a position to have a go Dr Napthine was the fifth choice for leader after the coalition's devastating defeat at the last election.

The Leader of the Opposition would not be in this place if the Labor Party had run dead in the seat of Portland at the last election. The Labor Party came second to Dr Napthine after beating the Independent candidate, Patrick Kempton, by only 863 votes. Given that ALP preferences were directed to Mr Kempton, if 430 ALP voters had switched their first preference to him Dr Napthine would have been beaten.

Dr Napthine joins hosts of people in this place who hold their seats courtesy of the Labor Party. The honourable members for Wimmera and Shepparton and in the other place the member for North Eastern Province, the honourable Jeanette Powell, all hold their seats on the gift of Labor Party preferences.

How seriously are honourable members to take the leadership aspirations of Dr Napthine? Within 100 days of assuming the leadership Dr Napthine declared no confidence in himself. He called a press conference to bag the Bracks government's first 100 days in power. However, the first thing he did was put himself on notice and declare no confidence in his own leadership. He destabilised his own leadership. It must be the first time a Leader of the Opposition has destabilised his own leadership position. According to the transcript of the interview screened on Channel 9 news Dr Napthine said:

> Six month, 12 month, 18 month, I'll be assessing my performance, talk to my peers about my performance … I am not personally ambitious.

That is the person who aspires to be Premier of Victoria. He has no confidence in himself nor has the Liberal Party. Honourable members will look forward to May 2000 when Dr Napthine's first performance review takes place to see how he is going.

Mr Leigh — Mr Speaker, I direct your attention to the state of the house.

Quorum formed.

Mr HOLDING — What did the Leader of the Opposition have to say about Coode Island? A transcript of an interview on 8 February with *K–Rock Radio News* states:

> To move them away from these centres of population, and also I think it would provide an opportunity for further growth and development of that industry in that sort of environment and provide, again, an economic boost for the Geelong region, job opportunities for the people of the Geelong area and open up again that area for further economic development.

The Leader of the Opposition was on the radio in Geelong saying that the Coode Island chemical facility should be moved down to Geelong. How long did that last? It lasted almost 24 hours before he was forced into a humiliating backflip. He was forced to say, as reported in the *Geelong Advertiser* of 9 February:

> State opposition leader Denis Napthine has had to backtrack from an embarrassing gaffe when he called for the Geelong region to become a centre for petrochemical industry and the new home of the hazardous Coode Island complex.
>
> Dr Napthine's media office and local Liberal Party members went into damage control yesterday … a statement released from Dr Napthine's office saying Coode Island was clearly 'the most practical and desirable location' for the facility.

What else did he say about Coode Island? On ABC regional radio in Horsham he said, 'Well the position of the Liberal and National parties is that we believe that Coode Island is appropriately placed at Coode Island'. I am glad we had the benefit of that incredible foresight and wisdom from the Leader of the Opposition.

What did he say about privatisation? Again on ABC regional radio in Horsham, when asked, 'Do you still think there's room for more privatisation in the public sector in Victoria?', he said, 'Off the top of my head I can't think of any particular areas we would want to privatise, but I can't think of anything in particular off the top of my head'. That is the policy development process of the Liberal Party!

What did the putative Leader of the Opposition say about the 36-hour week? He is reported in *Hansard* of 1 March as stating, 'The Premier should come out and say a 36-hour week and a 24 per cent pay rise are simply not on'. But what did he say a month before that? He said, 'The opposition isn't totally opposed to a 36-hour week settlement'. As he did on Federation Square, he went flip, flop — first he took one position and then he took another. The opposition is incapable of responding with consistent policy positions on any of the critical issues faced by Victorians at the moment.

There was no more humiliating instance than the Liberal Party's response on the recent ministerial attendances at the grand prix. The Deputy Leader of the Opposition was noted as saying it would be seen as political hypocrisy for past critics of the event to attend. In other words, if ministers in the current government who had opposed the grand prix in the past had the audacity to turn up at the event, that would be political hypocrisy. What did the Leader of the Opposition say? He criticised ministers because he said insufficient numbers of them were in attendance. For that he was rebuked by his own party and his party's federal Treasurer, Mr Walker. The bagman for the Liberal Party said he was 'not in the slightest bit interested in Dr Napthine's comments on the non-attendance of some ministers in the Premier's corporate suite at the Albert Park track on Sunday'.

What has the Leader of the Opposition said about the Benalla by-election? He has tried to show leadership but has been repudiated by his own party for not showing it. He will not rule out the Liberal Party's running a candidate in the Benalla by-election. He said he would prefer it if the party did not run a candidate, but he does not have the guts or the numbers to stand up, repudiate his party's administration and show leadership by making sure it is not a three-cornered contest.

Honourable members hear much about the Liberal–National partnership. What are the facts? The Leader of the Opposition has said it is a foregone conclusion that the two parties will be back in a formal coalition by the next election, but what is the position of the Leader of the National Party on the issue? On 16 February Mr Ryan said on Albury WIN state television, '… our constituency want to see us in our own right as an independent political party'. The Nationals want to be their own party, but the Leader of the Opposition has said it will be a partnership arrangement.

Is it any wonder that the Liberals had to get a mood consultant for their recent love-in retreat? In the past we have heard about Nancy Reagan consulting astrologists and Hillary Clinton talking to the dead, but now the opposition is having consultations with people using tarot cards and giving palm readings.

The party needed to hire a mood consultant from Collingwood to check on the mood of its members. Is it any wonder that now so many half-declared or quietly declared people among the Liberal Party ranks are touting for the leadership? They hold secret meetings at the Naval and Military Club. The honourable member for Hawthorn — Top-level Ted — goes down to the Naval and Military Club for his meetings; he would be the first Leader of the Opposition without an office!

The honourable member for Caulfield has been mentioned in dispatches and is ready to assume the leadership of the Liberal Party, as is the honourable member for Berwick. The honourable member for Malvern is interjecting — he has been mentioned as a future leader of the Liberal Party, and the Deputy Leader of the Opposition has also been mentioned in dispatches. She is on the record as saying she has no burning ambition to lead the Liberal Party; she has already declared she does not have the ticker to lead it.

The honourable member for Warrandyte has also been mentioned as a possible leader.

Is it any wonder that they are willing to have a shot at the leadership of the Liberal Party? The party cannot get it right on Coode Island or on privatisation. It does not have a consistent line on whether Victoria will see a Liberal–National Party coalition at the next election, whether the partnership will continue or whether each will be independent. The party has flip-flopped on the 36-hour week issue and on the grand prix. The community has heard one line from the Leader of the Opposition but another line from the Deputy Leader of the Opposition.

The Liberal Party has also flip-flopped on the Benalla by-election. The leader of the party has been repudiated by his own party and has put himself on notice to be subjected to a review in May 2000. I look forward to the results of the review.

Many people are gathering at the Naval and Military Club, including Top-level Ted and his supporters, readying themselves to replace the Leader of the Opposition, who adopts one line on Workcover premiums and another on common-law claims. His party has one position on one matter, another on other issues — but no policy position — —

The SPEAKER — Order! The honourable member's time has expired.

Rural Victoria: government commitments

Mr RYAN (Leader of the National Party) — I grieve today on behalf of the people of country Victoria who live under the administration of the Bracks government. I do so on three bases. The first is the breach by the government of the notion of open, honest and transparent government. During this debate the Deputy Leader of the Opposition has canvassed a number of examples to demonstrate how the government has breached its undertakings to rural Victoria. The government is causing rural residents grave concern.

Instances of its failure include the fiasco in the past week or so of the government engineering a position, in the face of advice it received, to deny legal representation of the Metropolitan Ambulance Service at the royal commission into its own conduct, but then backflipping and deciding the MAS would be represented. The supposed honest, open and transparent government reconsidered its stance because of the public view that it had breached an undertaking it gave earlier.

Another instance of the government failing the community is the effort of the Minister for Police and Emergency Services on the issue concerning the Country Fire Authority (CFA); obviously the United Firefighters Union (UFU) rules the roost there! In January it delivered a log of claims about enterprise bargaining arrangements. One aspect of the log was the abolition of CFA support facilitators, who provide an important service to the Victorian community through the CFA.

During question time here I asked the minister about the issue. He said the facilitators play an important role and their positions will be retained. However, the UFU has gone crazy after hearing the minister's answer. The decision apparently taken by the minister is the first time the minister responsible for that important function has stood up to the UFU in the public domain, particularly when the UFU believes it runs the administration of such an important government function. That is another instance of how the government's open, transparent and honest approach has gone to pieces.

The most outstanding recent example of the government's breach of its promise to provide open, honest and transparent government was only a couple of weekends ago when the Premier put the Labor Party candidate for the coming Benalla by-election on a helicopter and, at taxpayers' expense, flew her around the Benalla electorate. It is not good enough for the Premier to go to the back door of Parliament House and use the poor-boy-me line with the media. When he put the candidate on the aircraft he knew he was breaching the guidelines. That incident was an extreme example of halo slippage, because the government had insisted on raising the high jump bar to the point where it cannot now satisfy the obligations it publicly imposed upon itself. Country people are concerned about that change in approach.

The second area of concern for country Victorians is the government's complete lack of leadership in country regions, as evidenced in a number of ways. The government cannot control its own constituency in the form of the trade union movement. The edifying example was that of Martin Kingham telling the media that employers have to learn how to lick the union movement's boots before deals can be done. What an appalling un-Victorian and un-Australian thing to say! The government cannot keep the union movement under control.

The Deputy Leader of the Opposition has told the house about the power dispute debacle and the pending manufacturing industry dispute on patents. Those

instances demonstrate that the government cannot control its own constituency.

As I have travelled around Victoria the lack of government leadership has become clearly evident to me in many ways. Earlier I referred to the handling by the Minister for Police and Emergency Services of the CFA–UFU dispute. Another issue concerns the provision of water services, which falls under the portfolio responsibility of the Minister for Environment and Conservation. A couple of weeks ago I was talking to the people of Minyip, who faced the prospect under the previous government of having improved water and sewerage services provided to their properties at a connection cost of only about $1950 each. However, the Bracks government's knee-jerk reaction on coming to government was to put a line through that and other similar programs. The people of Minyip told me they have been robbed of a service that was about to be made available to them, a service they consider to be crucial to the town's future.

I understand that the minister has been prepared to meet the people who oppose the project and the concept of people making a contribution so Minyip would be serviced by the scheme. She has been prepared to meet a delegation of people maintaining the line but will not meet the people who want the service to be introduced. The minister will not provide the funds to the Wimmera–Mallee Rural Water Authority for the program. Consequently Minyip, like many other places throughout Victoria, has been robbed of an important service.

I have spoken to people at Mildura about the Deakin project, a great and strategic project for delivering irrigation services to country Victoria. Those people met with the Minister for Environment and Conservation on 30 December last year. To date they have not had a response from her regarding a funding application for an extra $250 000 to give effect to that magnificent project. They want to know why that is so. That is one example of many where the government has not been able to offer the leadership it promised for the purpose of advancing country Victoria. I have mentioned the second area that has led to the disenchantment of country Victorians with the government.

The third area is specific in the minds of country Victorians — namely, the much-vaunted Regional Infrastructure Development Fund. I am delighted to see the Minister for State and Regional Development at the table. What an absolute circus! The people of country and regional Victoria expect that $170 million will be made available for infrastructure development, but there are contradictions all the way along the line. For a start, it has come as a surprise to virtually every person I have spoken to across the state that the $170 million does not exist as of today and will not come into play until July next year. The myth has been created that $170 million is available now, but it is not. Next year the first $50 million will be allocated, a further $50 million will be allocated the following year, and in the third financial year from now another $70 million will be allocated to make up the $170 million.

Then there is the saga of the guidelines. For months I called on the minister and the government to produce the guidelines for the minister's own fund. The opposition had heard nothing in that regard. In the end, in the latter part of February I issued a set of guidelines the government could use as a way of enabling country people to access the fund. Within 24 hours the minister and the department produced a set of guidelines.

On top of that, the guidelines are described as a draft document for comment. The government cannot even decide on a set of guidelines for its own fund, for goodness sake. I have made further inquiries, and I might be corrected by the Minister for State and Regional Development. In this instance I would be delighted to be corrected by him. Perhaps he could confirm to the house that the guidelines have been finalised at long last.

Unable to get a reaction from the minister as I stand here seeking an interjection from him, against all the rules, I gather the guidelines have not been finalised; otherwise he would tell me that that is the case. So Victoria is left with the saga of a set of non-existent guidelines for a fund that does not exist anyway. Country Victorians have been kidded that $170 million is out there and available to them.

Having looked at the draft, I think it will be interesting to see what final form the guidelines take — if we ever get them! The front of the guidelines document refers to the availability of money for transport improvements, including roads and a number of other enterprises. I have heard the minister say that roads simply will not fall within the category of projects to be funded, that only in the most extraordinary and exceptional circumstances will roads be considered under the fund.

The front cover of the draft guidelines mentions tourism-related capital works. It is still not known how such applications will be determined to fall under the Regional Infrastructure Development Fund guidelines or the Community Support Fund guidelines, that fund also applying to tourism-related projects. Noting the

time constraints, I will not detail the other contradictions in the draft guidelines.

All that I have mentioned has to be put in the context of a complete contradiction of the creation of the fund and the government's indication to people in country Victoria that $170 million is the cap on infrastructure funding. It is patently clear that is not enough money. Honourable members need only look at the facts before us today to see that. Despite there being no guidelines, the government has already allocated $100 million of the $170 million. Despite there not being $170 million anyway, the government has managed to allocate $100 million already.

While I am on the subject, how about the government providing a report card on the way those moneys have been allocated so far? The lead item in the election campaign was $40 million for rail infrastructure in country Victoria and the standardisation of the rail gauge. What has happened to that project? As I have said during the course of debate, the federal government is not going to put any money towards that project. The government has had six months, and it is time it gave a report card on how that $100 million has been allocated. Country Victorians will find almost inevitably that their goals have not been fulfilled. The government cannot deliver.

To ensure the circumstances of the Regional Infrastructure Development Fund are seen in the proper context, I want to compare what the government is proposing to do with what the previous government did. The former government ran a $1.2 billion capital infrastructure program for water and sewerage works around the state. That has enabled country Victorians to enjoy the benefits of having decent water for their own consumption and decent facilities for waste water and the treatment of waste from industrial developments around Victoria. Of the $1.2 billion, $450 million came from Treasury and the rest was contributed through the various authorities across the state. The former government was directly responsible for 300 projects that have instigated commercial development around Victoria. That is the style of development country Victoria needs, not the $170 million that lot over there is putting into infrastructure over the coming three years.

Let's consider the application by the Victorian Farmers Federation, as evidenced in a letter to the Premier dated 10 March and signed by Mr Colin Fenton, the chairman of the federation's Goulburn–Murray regional water council. He has outlined a number of projects which in themselves add up to $100 million. That reflects the expectations that have been built up in country Victoria, which the government has not been and will not be able to meet.

It is incumbent on the government to make some decent money available through the fund on behalf of country and regional Victorians — not $170 million, an amount that is palpably inappropriate for their needs. That is particularly the case when the former government has left Labor a war chest of $1.6 billion to $1.7 billion. Appropriate amounts must be made available through the fund to ensure the government governs for all Victorians.

The state needs the open, honest, transparent government Labor promised. It needs leadership and the funding of the Regional Infrastructure Development Fund as promised and upon which great expectations have been built. That will enable all people in country and regional Victoria to be looked after as a matter of decency and in an equitable way.

Industrial relations: employee entitlements

Mr LANGUILLER (Sunshine) — I grieve for 70 Victorian battlers in the electorates of Sunshine and Footscray, an issue of significance particularly to those of us in government. Those battlers in Braybrook lost their jobs in September last year and still have not received their entitlements because the federal government has not had the courage or decency to do anything about the matter.

I also grieve for the workers at the Fabric Dye Works in Coburg, who look as if they will meet the same fate as the workers at Braybrook. They are represented by the honourable member for Coburg. In addition, workers at Linda Industries, Noble Park, appear to face the same fate. I grieve for those workers and for all Victorian workers — —

Mr Smith — Mr Acting Speaker, I draw your attention to the state of the house.

Quorum formed.

Mr LANGUILLER — I grieve for other Victorian workers — indeed all workers, but predominantly those in the electorates of Sunshine and Footscray — who under Peter Reith's laws are facing the same fate as the Braybrook workers.

What is the difference between this government's approach and the approach of the Liberal Party? This government governs for all Victorians. It is delivering across the board in each jurisdiction irrespective of whether it is a Labor seat, a Liberal seat or a National seat. Magnificent examples have been brought to the

attention of this chamber relating to aged care, community services, rural and regional infrastructure, structural development and investments. There are examples everywhere of things that just do not happen under a Liberal government, whether at the federal level or in Victoria.

The workers at Braybrook were Jeffed. It was the former government and state administration that handballed industrial relations to the federal government in the full knowledge of the industrial relations agenda of Peter Reith and John Howard. That act was hypocrisy of the worst kind. The workers in Braybrook were sacked, but the Prime Minister dealt with the workers in New South Wales in a different way. What a shame! The Prime Minister has brought shame on all Australians.

At the meeting at Braybrook, which I attended proudly along with many of my federal colleagues, a lot of the workers said they came to this land confident they would be treated equally. They included a large proportion of people from non-English-speaking backgrounds and from many parts of the world. They said they had expected to be treated equally before the law and within the institutions of Australia, irrespective of political affiliation or who they might know. They expected to be given the same entitlements and rights as any Australian.

Unfortunately, however, people at the meeting said, 'It happened at home' — I won't name the countries mentioned — 'that worst kind of cronyism, where entitlements are given to some workers if they know a Prime Minister or minister or some bureaucrat in the administration. We did not think it would happen in Australia, that we would have a Prime Minister with double standards who would treat the Braybrook workers in one way and the workers in New South Wales in another'.

What a shame! That behaviour, coupled with expressed attitudes on mandatory sentencing, is unfortunately bringing shame on Australia — and shame on all of us. It is sending the wrong message to the international community: it says we are no longer part of that group of nations in the global community that has crystal-clear government, is accountable, and treats everyone in the same manner irrespective of political persuasion. The Prime Minister should be ashamed of his double standards. He will be held accountable at the next federal election as a result of these and other actions.

The Liberal Party should be ashamed. It amazes me that members of the opposition, in view of all the problems so eloquently explained by the honourable member for Springvale, do not get up in this place and condemn the actions of the Prime Minister and his double standards. The opposition has a constructive role it can and should play in the treatment of Victorian workers. If it wants to have a foot in the door at the next election — which does not appear to be the case because the opposition parties are divided, the partnership is still some way down the track and they do not know what they stand for — its members should, like honourable members on this side of the chamber, get up and condemn the actions of Peter Reith and the double standards of the Prime Minister. They should condemn them for not giving the Braybrook workers what they are entitled to and what they deserve.

The Braybrook saga needs a title. It is both *A Tale of Two Cities* and *My Brother Jack* — I understand the nickname for John, the Prime Minister's first name, is Jack. If only Braybrook were in the Hunter Valley! If only someone in Sunshine had a brother — such as a Prime Minister — who would come to the rescue when it suited him to attend to family interests!

Government members have a grievance about the actions and the moral laxity of the Prime Minister and Peter Reith. We feel they have double standards and that some people are being treated differently from others. That is not what Australia should be about. As I have said many times, those men should look across the border and see what the Bracks government is doing — governing for all Victorians, for everyone, irrespective of whether a person lives in a Labor or a Liberal electorate. Take the brilliant announcements made last week about our education system. Labor is servicing and governing for all Victorians, wherever the need is. What a difference!

What is the difference between the government and the opposition? Not one condemnation of the treatment of the Braybrook workers came from opposition members. That will haunt them at the next election. At the next election they will not be able to say, 'We are ready to govern for all Victorians', because that would be nonsense — and an outright lie!

The majority of the Braybrook workers have been employed by Pelaco, a company that makes shirts, for some decades. Unfortunately, the company was sold without the knowledge of the workers. The workers have provided a service to the company and to Victorian industry and the economy and society as a whole for some 37 or 38 years. The workers have worked for that company for two to three decades, and they deserve better. The notion of a fair go that Australia is so proud of has gone out the window with

Prime Minister Howard. He is not improving the conditions of the workers, and he is not enforcing the good traditions of the nation by ensuring that everyone is given a fair go and an opportunity and is treated equally. Helping his brother in New South Wales is cronyism of the worst type, and he does not have the courage to come to Victoria to meet the Braybrook workers. Shame on the federal government and shame on the Victorian opposition for not having the courage to say what needs to be said.

Many of the workers have spent most of their lives at that company. They have worked there for a long time and are owed a fortune. It may not be regarded as a fortune by many members on the other side of the house, but it is a fortune to the workers of Sunshine, Footscray, Melton, Keilor and other working-class areas. We should be proud of those areas because they generate wealth.

The distribution of wealth was not equal and fair under the Kennett government, and it is not equal and fair under the Howard government. The Labor Party had to come into government to ensure that growth, social justice and social conscience were restored in Victoria. The Labor Party is unashamedly proud to be pro-business, and it tries to work constructively with companies. However, at the same time it recognises that it does not govern for only a few.

Honourable members interjecting.

Mr LANGUILLER — Every time the Labor Party talks about the redistribution of wealth and the need to deliver to all Victorians equally and fairly, members of the opposition interject. When in government the opposition did not govern for all Victorians, it governed for only a few.

I have lived in the western suburbs for 25 years. This morning I attended a breakfast that was addressed by David Smorgon. Mr Smorgon's family migrated to Australia from Russia a long time ago. He talked proudly about the contributions of the people of the western suburbs. He said the western suburbs are experiencing the greatest growth of any area in Victoria. Why not pay attention to those comments? Why not try to do something for the Braybrook workers to ensure that their lives continue with dignity and that they do not have to feel ashamed that at the end of their working lives they are being treated with double standards and hypocrisy?

The Braybrook workers are owed more than $906 000 in unpaid entitlements. They will continue to pursue that money, and so they should. The Prime Minister has been invited to attend the site on numerous occasions, but he has said that he made a one-off decision about the workers in the Hunter Valley because it involved a disadvantaged area that needed to be looked after. The criterion for assistance for workers cannot be whether or not they are in a disadvantaged area, because if that were the case the Braybrook workers would have been given the same treatment.

Recently I attended a meeting organised by the Braybrook workers and attended by both state and federal opposition members. It should be acknowledged in the house that the meeting passed a resolution that the Braybrook workers should be treated equally with other workers and that their full entitlements should be provided. That is all they are asking for; they are not asking for more or less than their entitlements.

Mr Leigh interjected.

Mr LANGUILLER — The honourable member for Mordialloc always interjects with absolute nonsense. He never makes a constructive contribution in this house. He should be ashamed, and the workers in his electorate should know his constant interjections are not aimed at giving workers their entitlements.

The Braybrook workers said they want a scheme that guarantees all workers their full legal entitlements to be implemented immediately and they want the Prime Minister to come to the western suburbs to meet with them to explain why his brother needs to be involved before the full entitlements of workers are provided.

The ACTING SPEAKER (Mr Nardella) — Order! The honourable member's time has expired.

ALP: election commitments

Dr NAPTHINE (Leader of the Opposition) — I grieve on behalf of Victorians about the way they have been betrayed by the Labor government within a few short months of its coming to office.

Since coming to office the Labor government has shown a complete disregard for the so-called high principles it held dear only a few months ago. In its first six months of office its has behaved with brazen hypocrisy. Members of the house will remember, as will all Victorians, that one of the catchcries of the Labor Party when in opposition was about commercial confidentiality.

If one examines the document entitled 'Restoring your rights — Labor's democratic guarantee for every Victorian' that the ALP espoused when in opposition, one finds that Labor pledges to:

> End the commercial confidentiality blanket that hides government contracts from the public.

The document states further that Labor will repair the damage done to democratic processes in recent years by:

> Adopting a proper definition of 'commercial confidentiality' and ending the abuse of this term to conceal government activities.

They were the principles — the high-jump bar — the Labor Party set for itself when it was in opposition. What is the reality of what it has done compared with the high-jump bar it set? The government has moved from the high jump to the limbo competition — it has moved to the lowest standard possible.

Having been in government for less than a month, when talking about the eSign contract the Minister for State and Regional Development, John Brumby, was reported in the *Herald Sun* of 10 November 1999 as saying:

> It wouldn't be in Victoria's interest to do that.

That is what the minister said with regard to releasing the arrangements between the state government and eSign. So much for commercial confidentiality being a thing of the past under the Labor government!

What happened with Virgin Airlines? Victoria was the frontrunner to get the Virgin Airlines headquarters, yet the members of the government and the Premier went on holidays and forgot all about it while Queensland's Premier Beattie stole its headquarters from under their noses. Even though Victoria lost the Virgin Airlines headquarters the Premier and the government still would not reveal what incentives had been offered to the airline because of commercial confidentiality.

What happened with the National Australia Bank (NAB) Homeside mortgage processing centre? That project was achieved by the previous government and signed up by this government. The government has said that commercial confidentiality is a thing of the past. In opposition the Labor Party said it would be honest, open and accountable with the people of Victoria. An article in the *Herald Sun* of 25 January about the setting up of the NAB Homeside mortgage processing centre states that the Premier:

> … would not say what incentives were offered to NAB to set the centre up in Melbourne.

Similarly, with respect to the Heineken Golf Classic, the *Geelong Advertiser* of 8 March reports:

> But Mr Bracks yesterday said it would not disclose the size of the incentive because it would not reveal the 'competitive advantage' Victoria held over other states — even though the contract had already been signed with tournament organisers.

Despite the fact that the Labor Party professed when in opposition that commercial confidentiality would go out the window if it were elected to government, that was not the case with respect to eSign, the NAB Homeside mortgage processing centre, Heineken Golf Classic and Virgin Airlines. What happened when it won government? The double flip, the back flip, the double standards and the hypocrisy of this government came to the fore. The government is about hypocrisy. It is not about high standards; it is about the lowest standards — and I will go into that further later.

When Olympic Airlines decided not to continue with direct flights to Melbourne, after negotiation one direct flight was retained, but the details of those negotiations were not made known. An article in the *Age* of 10 March states:

> 'Substantial financial assistance was offered to the airline for a link with Melbourne', Olympic said.

The people of Victoria have not been given the details of that financial assistance. The government has a clear double standard: it said one thing in opposition but has adopted a different position in government. Commercial confidentiality was a very big issue when the Labor Party was in opposition. Both opposition leaders, Mr Brumby and later Mr Bracks, who is now the Premier, went around the state claiming that if they were elected to government commercial confidentiality would no longer exist. They said the people had a right to know. When they came into government, on the very first deals they did they immediately said, 'Oh, no. We can't tell the people about that because of commercial confidentiality'. It is a classic case of hypocrisy, and Victorians deserve better.

I will now refer to whistleblowers, which is a very important issue. I refer to comments in the *Sunday Age* of 27 February, where the Attorney-General is quoted as having said:

> We want to lift the veil of secrecy that has covered the state …
>
> The offering of legal protection will send a clear message to the community that, far from being branded as troublemakers, whistleblowers can play an important role in protecting the public interest.

The *Australian* of 28 February reports the Premier as saying:

> We want to make sure that if there's things that are not working well, that they (government employees) can express their view and express it with impunity …

I hope Mr Damien Bonnice understands exactly what was said by the Premier, because to the shame of Victoria and the government Mr Bonnice has been forced out of his position overnight. It is a disgrace, and the honourable member for Box Hill will take up that issue further in his contribution to the grievance debate.

It is a tragedy that the first person who has acted as a whistleblower on the government, the first person to raise concerns about government decisions and about the way the government operates and how it affects the taxpayers of Victoria, has been unceremoniously forced out of office. He has been shifted sideways and pushed out of office against his own wishes. The government says one thing about whistleblowers in the public arena, where it says, 'We encourage and will protect whistleblowers', when the reality is that it does something completely different. It is a hypocritical government, and the people of Victoria should know how hypocritical it is.

The Premier has issued a document entitled 'Integrity in public life'. What a joke! At the bottom of the document his name, 'Steve Bracks, Labor Leader', appears, and the final lines are:

> These are the standards by which I would want to be judged; they are the standards to which I will hold my government.

What a classic case of hypocrisy. He says he wants to be judged by those standards, and already there are two strikes against him. He promised commercial in confidence was out the window and that whistleblowers would be encouraged. The government says it will protect whistleblowers, but there has been no protection.

In opposition the government said it would be an open and transparent government that would deal with members of Parliament openly and transparently and would provide them with greater access to information and the ability to do their jobs properly in the interests of Victoria. Nothing could be further from the truth. I refer to a document dated 11 February that was sent to all departmental secretaries. The document is headed 'Briefing private members of Parliament' and is signed by Jamie Carstairs as the Acting Secretary of the Department of Premier and Cabinet. It states, in part:

> The Premier has requested that all briefings of the opposition and of the Independents in relation to the government's legislative program are to be coordinated centrally through his private office.

Clearly the Premier wants direct control of every briefing and every contact between a member of the public sector and a member of Parliament who is an Independent member of Parliament or an opposition member. The Premier is a control freak. The document further states:

> The opposition is to be provided with only one briefing per bill …

That is irrespective of how complex the bill is and irrespective of whether new information comes to light. The instruction from the Department of Premier and Cabinet is that there is to be only one briefing per bill.

Let us go further into the document:

> Public officials should not allow themselves to be drawn into debate, whether this is about whether existing proposals are a good idea or about whether other proposals might be better.

Public officials are not allowed to provide full and frank briefings to members of Parliament. They are gagged. Under the subheading 'Substance of the briefing' the document further states:

> … it should not include reference to options that were not considered.

So public servants are not allowed to canvass with elected members of Parliament representing their communities other options they might consider putting forward to the government for consideration. What a disgrace. It is a gag of the worst kind. It is hypocritical of a government that purports to be open and transparent.

The document continues:

> It is important not to provide information about what has been or might be recommended to government …

So public servants are not allowed to provide members of Parliament with information about what has been or might be recommended to government. One wonders what the public servants are allowed to say at briefings.

The document further states under the subheading 'Confidentiality':

> The briefing should not disclose … the reasons that have led the government to propose legislation in a particular form.

The public officials employed by the taxpayers of the state are not allowed to explain to members of Parliament why legislation is coming before Parliament. What a disgrace, and what a classic example of a secret state. What a contradiction of open and transparent government.

The document further states:

> A briefing officer should not try to interpret words in the bill.

A briefing officer is not allowed to tell a member of Parliament what the bill is about. He or she is not allowed to try to interpret the bill.

In addition to that instruction from the Premier's office, which restricts access to information by members of Parliament, a document from the Acting Secretary of the Department of Natural Resources and Environment dated 4 January and entitled 'Communicating with politicians' clearly states that three different standards of information are available from the Department of Natural Resources and Environment. One is for government members, the second is for Independent members and the third is for opposition members. Opposition members are being denied the most basic access to information that enables them to do their jobs.

After receiving a copy of the document I contacted the Department of Natural Resources and Environment to ask about a fire in my electorate. I was not even allowed to be told whether the fire was under control or out. I was told to refer to the minister's office. What a disgrace.

For another example of Labor's hypocrisy and double standards one has only to refer again to the document entitled 'Integrity in public life', which states:

> To make our electoral system fairer and free of potential undue influence, Labor will require full disclosure of all donations to political parties …

What happened within a few days of Labor coming into office? Government members held a $1000-a-head dinner. When asked to provide information about who attended the dinner the Premier said:

> … this is a matter for the business people involved. They want respected their right to not have lists produced. The government will not produce the lists …

That is in direct contradiction to what the government said about public disclosure in its own policy.

Further, taxpayers' funds were used at the dinner, and if that had not been exposed in Parliament by the opposition the government would not have paid that money back. The Leader of the National Party referred to the misuse of a helicopter for campaigning and carting around a Labor candidate, which would not have been exposed had it not been for the opposition. It is still not clear whether the government has sought those costs from the Labor Party. It is a classic case of double standards and hypocrisy.

The final issue I raise is the Progressive Business Club — one can join the club to influence the decision-making process. That is contrary to what the Labor Party said it would do. It said it wanted to avoid undue influence from outside. The government said it would set the highest standards, whereas it has set limbo standards.

The ACTING SPEAKER (Mr Nardella) — Order! The Leader of the Opposition's time has expired.

Pest plants and animals

Mr INGRAM (Gippsland East) — I grieve for the constituents of Gippsland East and rural Victoria. I grieve for the management of pests, both plants and animals. It is a serious issue in rural Victoria.

Many of the environmental problems confronting today's generation have their origins in a lack of understanding by earlier governments, which failed to consider the consequences of allowing the uncontrolled importation of exotic plants and animals. Many of the plant and animal pests this country has to deal with now are escapees from domestic gardens. With hindsight the fact that rabbits, foxes, European carp, blackberries, Paterson's curse and other pests and weeds were allowed into the country can be deplored. They are now present and must be dealt with.

The public is concerned for a number of reasons. The current levels of government expenditure and management are insufficient. Weed management is predominantly carried out on emerging weeds and is not keeping up with existing weeds. Pest plant and animal problems bring social, economic and environmental costs to the community. The costs and effort in weed and pest animal control is falling on a smaller section of the community. Our biodiversity is threatened by feral animals and weeds.

The seriousness of the weed problem is highlighted by the Environment and Natural Resources Committee report entitled *Weeds in Victoria* released in May 1998, which made a series of recommendations. All of them can and should be implemented. In particular I draw attention to recommendation no. 4, which is that:

> The Minister for Conservation and Land Management ensure that levels of core funding available for the management of reserves, and of state and national parks, be sufficient to ensure that state conservation objectives for the management of these lands are met.

Recommendation no. 5 is that:

> The Minister for Conservation and Land Management ensure that core funds for environmental weed control be guaranteed for periods of between three and five years, to enable land managers to develop and implement long-term strategic plans for environmental weed control in parks and reserves.

These recommendations for core funding could also be used to describe pest animal control. Along with the fox, the escape of domestic cats and their adaptation to Australian conditions is having a devastating effect on native animals.

Mr Smith — Mr Acting Speaker, I direct your attention to the state of the house.

Quorum formed.

Mr INGRAM — As I was saying before the call for a quorum, Australian conditions have devastating effects on native animals. Almost all are ill equipped to cope with the depredation of introduced species such as cats. Unique native creatures such as lyrebirds, bandicoots and potoroos will become extinct unless the problem is taken seriously. Resources must be provided to eliminate predators. Schedule 3 of the Flora and Fauna Guarantee Act recognises the potential threat of the cat to native wildlife.

Another threat to lyrebirds is identified in the Environment and Natural Resources Committee report *Weeds in Victoria* in reference to weeds like wandering Jew and English ivy, which prevent lyrebirds from scratching the forest floor for food.

The bounty on foxes should be reintroduced to address some of these problems.

Mr Steggall interjected.

Mr INGRAM — I thank the honourable member for Swan Hill for his support.

How will the problems caused by feral cats be addressed? The information in my initiative called Environmental Taskforce will not only provide a process to achieve environmental benefits but also address some of the social aspects of a declining rural Victoria. I have forwarded the proposal to the minister. Its aim is to establish a work force to attack environmental issues in rural Australia.

As I said, the problems are many and varied. They include weeds and pest animals on both public and private land, the roadside maintenance of weed control, the restoration and revegetation of already eroded land, the potential erosion of both public and private land, the removal of exotic species where appropriate from rivers and streams, and the restoration of native vegetation.

In the latter part of the 19th century and the first part of the 20th century large areas of land were opened up for selection. The new settlers were unaccustomed to the vagaries of the Australian climate and environment, and in setting about clearing their land they caused some of the current problems.

Much erosion can be attributed to the overgrazing of land and the introduction of species such as the rabbit. Although the calicivirus has substantially reduced the rabbit plague, there is a continuing need to eradicate the pest. In some areas such as Gippsland East the calicivirus has not worked. That, in turn, brings with it the need to eliminate foxes and other feral animals that increasingly prey on native fauna.

In researching material for my speech I found that much work has been carried out on the eradication of pest weeds but very little has been done on pest animals. Baiting programs for foxes should be increased. The sheep industry would benefit from that, as the number of wild dogs would be reduced. Feral animals have a devastating effect on some farms, particularly those that adjoin public land. Feline enteritis could be introduced in a timed way to reduce the feral cat population.

The best way to rehabilitate eroded drainage lines is to revegetate the areas. Fencing will be required to keep livestock out while native vegetation is re-established. Having to keep those areas free of pests is a major factor inhibiting landowners from carrying out more extensive work of that kind.

Several organisations claim to be concerned about environmental issues, but few take a hands-on, practical approach. Landcare, which is widespread across Australia, does much good work. In many areas Landcare organisations are tackling a problem that is too large for them to deal with because the work burden falls on fewer people in rural areas.

Successive governments have provided funding for those organisations, but greater amounts have gone to organisations that are directed more towards protesting and report writing than towards hard work. The commonwealth government has recognised the value of the Australian Trust for Conservation Volunteers by directing its Green Corps projects through that organisation. My proposal is based on that model.

The commonwealth and state governments should change their priorities and stop their practice of treating the resolution of land management problems as something akin to social welfare or unemployment relief measures. While those aspects will be alleviated by my proposal, the control of pest plants and animals, the control and revegetation of eroded areas and similar projects should stand on their own merit. To adequately address the problem those measures should be part of

the housekeeping of any government that is responsible for the care of a large land mass.

While acknowledging the valuable work done by the Australian Trust for Conservation Volunteers and the Green Corps, the government can hardly claim it has seriously attempted to tackle the problems. To join Green Corps one must be aged between 17 and 20 at the commencement of the project, have a commitment to preserving the Australian environment and be willing to commit six months of one's time to the project.

Reports of Senate committee inquiries show more concern about the participants, such as whether they come from English-speaking backgrounds, than about dealing with environmental problems.

The commonwealth established the National Landcare Advisory Council in 1992. It is claimed that one in three farmers are members of Landcare groups, which indicates that landowners recognise the need for schemes to rectify land management problems. A whole-of-catchment approach is essential in most cases in dealing with the problems.

The Landcare Advisory Council advised the government on the resourcing of the National Heritage Trust. In 1998–99 that $1.5 billion fund provided $106 million for national Landcare expenditure Australia wide. Again, that does not reflect an understanding of the magnitude of the problem.

The dimensions of rural environmental problems are such that there is a need for a large work force to deal with them. With both the rural population and the financial capacity to deal with pest plants and animals declining, it is essential to establish some alternative way to deal with them and rectify the misguided management practices of the past. I propose an environmental service for the purpose of controlling pest animals and noxious weeds and to carry out environmental maintenance work in rural areas.

Although I accept that a landowner has an interest in and derives a benefit from controlling pest plants and animals on his or her property, a wider community interest or benefit is involved. Landholders with farms bordering on public land must cope with the substantial problems caused by weeds and feral animals intruding onto their properties.

The Environment and Natural Resources Committee addressed the issue of roadside weeds in May 1998 in a report entitled *Weeds in Victoria*. At page 186 it states:

> During the course of the inquiry the committee heard considerable evidence that inadequate weed control on roadsides is creating serious problems for the management of both agricultural land and natural ecosystems.

At page 191 it states:

> It would not be uncommon … where the land owner is obliged to control regionally controlled weeds on an undeclared local council road along one boundary, with NRE controlling regionally prohibited weeds; another boundary is a highway with Vicroads controlling both noxious weeds categories; and say the other boundary is a main road with the municipality controlling both noxious weed categories as Vicroads' agent.

There is some confusion about the management of roadside weeds because various organisations are responsible for it.

I propose that potential participants be trained, probably in TAFE colleges, in the identification of weeds, pest animals and their effects on native fauna, handling of chemicals, maintenance of small engines, occupational health and safety, construction and maintenance of fences, and natural resource management. The organisation should be large enough and have sufficient flexibility to enable a large range of activities to be carried out efficiently and effectively. Some activities, such as the collection of roadside litter, could be combined with pest, plant and animal control and would require only a few workers. A large task such as fencing and revegetation of degraded land may need a significant work force.

Finally, I turn to the project. There could be a form of fee for service, and because a high proportion of the work would be carried out on Crown land under state jurisdiction, the state should therefore be expected to meet the costs involved. However, there is justification for the commonwealth government to contribute to the cost of environmental work on areas of Crown land where it has assumed control through regional forest agreements, national estate considerations, the Environment Protection Act or other commonwealth legislation. It is not appropriate for any government to exercise control over land and not be held responsible for the consequences of its decisions. Obvious conflicts will arise and there will need to be strong leadership to ensure that environmental issues override the aesthetic and recreational considerations.

The program would in effect be an enlarged Green Corps scheme. It would have to be managed by the Department of Natural Resources and Environment in conjunction with catchment management authorities, because together they have control over this. The combined environmental service should have the authority to operate on private land where a project would not be completely effective without such work.

In conclusion, the time is here to address these problems. This proposal will have social, economic and environmental benefits for the wider community.

The social benefits will be increased employment and the promotion of knowledge of the environment. Economic benefits will be derived from positive attention to weeds and pest animals. Pest plants and animals contribute to a loss of productivity of agricultural land, while issues such as blackberries on river banks affect tourism. The environmental benefits will bring about improved biodiversity — —

The ACTING SPEAKER (Mr Nardella) — Order! The honourable member's time has expired.

Agriculture: government policy

Mr STEGGALL (Swan Hill) — I grieve for agriculture in Victoria. I will make a few comments about where country Victoria is and where it appears to be heading under the Bracks government.

After all the hype leading up to the last election, including the myths created by the Labor Party as it moved to victory and the promises it littered all over the place being monitored and counted, country Victorians are looking for some results. Country people are asking: where is the government on country issues? Where is the Minister for Agriculture? What direction is the government taking? Where is the government's leadership? What does the government stand for in regard to the country areas? What does a Labor government mean for country Victoria? One might say that they are not bad questions.

I turn to some of the issues that are floating around, particularly the regional forest agreements (RFAs) and what will follow their signing at the end of March. Agreements will be signed that are going to take 700 jobs out of country Victoria — —

Government members interjecting.

Mr STEGGALL — Who are you listening to? Who are you talking to? What on earth are you trying to achieve?

The National Party is keen to hear about the options for country people throughout those areas because its members have not heard from the government or its ministers. The issues that the RFAs will raise are important to country Victorians.

Where is the government's agroforestry policy? Does it have one, and do government members know what it is?

A government member interjected.

Mr STEGGALL — No-one else does, so you might tell someone where it is.

Country politics is not an easy place for anyone to wander through or participate in at the moment. I welcome the challenge that is being issued to the opposition parties following their seven years in government, with all the changes, growth and development achieved in that period. The Labor Party created a lot of expectations during the election campaign and those expectations will have to be met. The manipulation of the truth and the twisting of the facts that was a feature of the election campaign will haunt government members in country Victoria for the rest of their term in office.

What does a Labor government mean for country Victoria? I am not talking about Ballarat, Geelong and Bendigo, because at the last election campaign those cities became part of the metropolitan politics of the state. I am talking about the rest of country Victoria.

The Environment Conservation Council will soon release its report on coastal issues around the creation of marine parks. I wonder what its impact will be on the desire of the Labor Party to have no-take zones and locked up areas, and to try to create something which I do not believe is possible and which is different from what exists in national parks throughout the world.

Where is the input from the minister on developments in the professional fishing industry? Many Victorians do not realise the importance of the industry as a major exporter. If government policy is to lock up fishing zones, the Minister for Agriculture should get himself in here and tell the house about his policy on professional fishing. Melbourne people will understand better than most the impact of policies on recreational fishing that the government is strongly pushing through but which are not in the best interests of the environment or land use.

A major problem in country Victoria, as the honourable member for Gippsland East said, is the management of land and water. The way we handle those resources is important for the future of the state. Governments throughout the world are being challenged about their use of land and water. Locking up areas and throwing away the key is not a management technique that will last. If the government goes in the direction of creating no-take areas it should tell the community who its people are talking to in those areas. Who is the government listening to? Country Victorians await the government's decisions.

What does a Labor government's irrigation policy mean to country Victoria? There is confusion now not only about flows in the Snowy and Murray rivers but also about catchment management authorities (CMAs). Honourable members opposite who are not sure about CMAs should know that their presence enables competing interests for agricultural and land-based management in Victoria to be sorted out and challenged. The new government needs to settle the CMAs down and get them back onto their tasks. The CMAs, with good chairpersons in place, had been newly created at the change of government last year. I assume the Labor government will change personnel in some areas, but it should tread carefully to ensure those top-class chairpersons retain their positions.

There is confusion over future government policy directions on retail entitlement reviews — that is, the creation of a medium-security water right — including transferability issues. The last of the former government's major reforms to Victoria's water industries would have been to put in place policies on retail entitlements. It is likely that nobody on the government benches would have the faintest idea of what I am talking about; nothing has been heard from the government on the issue. A major problem for country Victorians is to have such issues raised in this place with people who understand.

The interstate transferability of water entitlements is a key part of the investment growth in water values in northern and western Victoria through the state's interstate water trade with South Australia and New South Wales. But nothing has been heard from the government about its policy. The ministers must start acting.

Does the government know about the unregulated stream flow management plans? Investments on unregulated streams need to be brought under some form of regulation.

Ms Delahunty interjected.

Mr STEGGALL — We had them ready. Unregulated stream management flow plans, which are not easily understood and cannot be implemented in 5 minutes, were about to be developed in rural Victoria prior to the election. No whisper has been heard from the government — it must get started.

Apart from the issue of water in the Snowy and Murray rivers a vital issue for those in upper catchment areas in country Victoria is that of private rights in regulated and unregulated streams, but the community has heard not one word from the government on the issue. The policies of the previous government were moving in the right direction. I hope the new government will pick them up and continue with them. The government should not run away from the issue.

Mr Helper interjected.

Mr STEGGALL — The honourable member for Ripon should be well aware of the difficulties in his electorate with unregulated streams and private water rights. If he wants to understand more I am happy to give him a briefing. It is not a party-political issue but concerns whether the government has enough horsepower or interest in country areas to drive the policies through.

The other issue I raise is about the replacement of old and major infrastructure which, over the past 60 or 70 years, has been allowed by governments of all persuasions to run down.

The government is silent about investment and investment policies. People are losing confidence in the previous high levels of investment confidence in Victoria because the government is not giving leadership. It is silent on developments and improvements of the previous government. It is about time the community heard from the government; if it needs help, many people will be pleased to assist.

What does a Labor government mean for country Victoria on genetically modified production and science of food crops? Last week the house heard a question put to the minister on the issue. The opposition was horrified when the minister said he would draw a line in the sand on genetic modification and science. Where is the line? Scientific and agricultural interests are asking about the line. The minister should tell us and then get on with the discussion that the states and the commonwealth must have on genetically modified food crops.

I refer to a number of other issues. What is the Labor government's policy about road improvements in country Victoria? For many years Victorian governments have been trying to get more money into improvements to country roads particularly.

Mr Robinson interjected.

Mr STEGGALL — The honourable member for Mitcham is right, it is not an easy call. Victoria's roads are partly the responsibility of the federal government, but the scheme is not working. We need satisfactory roads. Some of Victoria's bridges in rural areas are more than 100 years old. We need to do more than simply blame the federal government. When the

opposition was in government it became involved in debate on the issue of rural roads and bridges, but the issue has not been resolved. The Bracks government should act. The infrastructure is needed to facilitate development of and investment in, for example, the tomato, stone fruit and dairy industries.

I have written to the Minister for Transport, as I did to the previous minister. He said, 'We have a Regional Infrastructure Development Fund and I suggest the local councils apply to the fund for grants for the roads'. I said, 'That's a good idea' but the only problem was when the Minister for State and Regional Development told me that grants from the Regional Infrastructure Development Fund are not available for roads.

That is one of the problem areas. The issues need to be resolved. It is not easy to get up in the chamber issues pertinent to country Victoria because, to be honest, I believe few people in the house understand them.

I hope the Minister for Agriculture will give some leadership and direction on issues including carbon credits, the policies and direction for the wool industry, alternative fuels — industry is keen on developing alternative fuels — and fuel prices. Member countries of the Organisation of Petroleum Exporting Countries must do something about fuel prices soon.

In its first six months the Labor government has been silent on the direction of agriculture. People listened to the rubbish Labor went on with in the election campaign. Country Victorians now await your decisions.

Mr Helper — On a point of order, Mr Acting Speaker, the honourable member has constantly directed his remarks to this side of the chamber rather than through you.

The ACTING SPEAKER (Mr Nardella) — Order! There is no point of order.

Kydaco Painting

Mr ROBINSON (Mitcham) — I grieve about the lack of corporate ethics of one Victorian company of ill repute by the name of Kydaco Painting. This is the second occasion on which I have had to raise in the house the matter of the Kydaco company. I want to expose the systematic rip-offs of the company and the harm it is doing in the building industry.

In recent days the house has debated legislation pertaining to the home construction industry. Various speakers have highlighted the problems that industry endures. A cast of characters is always presented to the house in such debates. The company Kydaco is up there with the worst of them.

I congratulate the new Minister for Consumer Affairs in another place on her work. She has been proactive in exposing the actions of that company. Thanks also need to go to the federal Office of Workplace Services and in particular Mr Frank de Aizpurua, who has undertaken investigations into that company for some months.

The joint investigation has been conducted over several months, with complaints being received throughout 1999. It has resulted in the production of an excellent and comprehensive investigatory report. The efforts of people such as those I have mentioned is in unfortunate contrast to the inaction of the previous Attorney-General who, despite being advised of problems with the companies and being handed documents pertaining to it, seemed slack in getting investigations under way. Most of the research into the activities of people associated with Kydaco has been done since the change of government.

I first became aware of Kydaco about a year ago, when a number of workers represented by someone from the Mitcham electorate visited me. They complained that they had not been properly paid after being hired by Kydaco, having responded to a newspaper advertisement. They had been severely underpaid. Some $10 000 was outstanding for a hire contract that lasted only a few days. Not surprisingly, a number of those underpaid workers spoke poor English. It would seem the company deliberately chose them for the purpose of exploitation.

The workers showed me a notice they had been forwarded by the company after its failure to pay debts, dated 8 February 1999. The company claimed the following:

> Due to the current financial situation of Kydaco Painting we regret to inform you that all of our debts have been handed over to a credit consultancy firm, to act on our behalf.
>
> Over the past few months Kydaco Painting has experienced a lot of difficulties with staff members and the misappropriation of funds collected from works carried out by subcontractors.
>
> We are doing our best to rectify this situation and have all debts cleared as soon as possible.
>
> You will be in receipt of a letter from our credit firm in the near future fully explaining these matters.

That letter was signed by the central character in the charade, Ms Kylie Lancaster, who signed it as managing director of Kydaco Painting. She has a peculiar identity problem, as does her partner in the

systematic rorting. As my contribution continues, the extent of that identity crisis will become apparent to the house. It is my strong contention that she is in need of help.

I note there has been no subsequent advice from Ms Lancaster regarding the misappropriation claimed in February last year. I have a strong suspicion her claims in February last year were yet another lie in the farrago of lies that has come to characterise the Kydaco company and that individual. It was a deliberate deception. At that stage the company had not been in liquidation; it had not been in liquidation before 1 March, when the current investigation ceased. It has never provided any advice to workers who are owed money. They were and continue to be hard done by by Ms Lancaster.

At a later stage in the investigation Ms Lancaster's husband or partner — it is hard to know precisely who he is, because he also suffers from frequent identity problems — claimed the company was in liquidation. As I have said, it has not been liquidated. That claim was also a lie. The company he referred to as the liquidator was hired by Kydaco to chase debts. It would seem the purpose of that deception, like so many others, was simply to deter and discourage people from chasing moneys they were legitimately owed.

It is worth noting that the stimulus given to debt collection agencies by Kydaco is almost without precedent. Kydaco hires firms to chase debts on its behalf, but I suspect many other firms are hired by people owed money by Kydaco.

The formal departmental investigation involved claims by 12 individuals chasing either non-payment or underpayment of wages, as well as the non-payment of pro rata annual leave. In themselves those claims represent a serious breach and have caused much hardship. I have good reason to suspect that dozens of other Victorians have been done over in the same way and are awaiting payment.

Kydaco's modus operandi appears to be to place advertisements and to hire groups of painters for specific jobs, encouraging them to purchase expensive painting equipment, and then to do a runner. The investigations revealed that at least one debt collection agency was owed money by the firm, along with the landlord of one of several premises the company has used in recent months. In addition, a large suburban newspaper chain is owed ten of thousands of dollars for unpaid advertising. The Master Painters Association of Victoria last year claimed the company was responsible over the past year and a half for a spate of complaints and bad debts across Melbourne. I was advised as late as yesterday that the association has been informed of a fresh rash of Kydaco bad debts.

The company was formed only in mid-1998. I estimate that in that time it has chalked up $200 000 of bad debts. It has managed to attract notoriety in record time. If bad debts had been an Olympic event in Sydney this year, Kydaco would be at unbackable odds for the gold medal.

A tactic often employed by rogue directors and companies to stay one step ahead of creditors is to move offices. Investigations indicate that Kydaco moved office on at least four occasions in 1999. It appears it started at 13 Station Road, Cheltenham; later it moved to 151 Park Road, Cheltenham; then to 2 Blackburn Road, Cheltenham; and then to Factory 42, Lamana Road, Mordialloc. The principal at certain times of the week, Ms Kylie Lancaster, now appears to be living in Harcourt in country Victoria. I offer a warning to members of Parliament who represent people living in that area to be on the lookout for the company.

The personal dynamics of the director and her family members are quite extraordinary. They make the most dysfunctional family look normal. It is debatable whether that is a deliberate ruse. At the time the complaint was first raised with me the principal character seemed to be a David Lancaster. He had dealt mainly by phone with the group that first approached me.

However, honourable members should note that there are two David Lancasters, father and son. Whether they are on speaking terms is entirely open to question. Mr David Lancaster, Sr, has advised an investigator that he had taken out a restraining order against his son after an assault, and that their relationship had broken down. Yet a fortnight earlier investigations indicated that a property developer associated with a Mentone project suggested that both Lancasters seemed to be involved in the same job. The younger David Lancaster appears to be married to Kylie Lancaster, although she frequently uses the surnames Perrone and Cubbins. In addition David Lancaster, Jr, has claimed to investigators that his wife's Christian name is Wendy. For his part David Lancaster uses the name David Perrone on occasions when it suits him.

I refer to a summary of an extraordinary interview conducted by one of the investigators. The discussion was with a person who identified himself as David Perrone, but he would be the same person I have been describing. He advised that he was not David

Lancaster, Jr. He further advised that his wife's name was not Kylie Lancaster but rather Kylie Perrone. In discussion of the charges, he agreed that his wife was formerly known as Kylie Cubbins. He said he was familiar with the entity known as Kydaco. When he was advised of the 12 claims against the company and that his wife was listed as the only director, he expressed surprise and claimed he was unaware of the situation. He denied a relationship with David Lancaster, Jr — that is, himself — and went on to say that the Lancasters, Sr, were Kylie's foster parents and that her name was Wendy. Later in that extraordinary interview he claimed that a company was acting as the liquidator, but it turns out it was a debt collection agency.

The scam is this: if you are owed by David Lancaster and you ring him, he tells you he is David Perrone; when you ring David Perrone he tells you he is David Lancaster. If you ask to speak to his wife, he will ask you which one. By my reckoning, he has six wives, depending on whether her first name is Kylie or Wendy and her surname is Lancaster, Perrone or Cubbins.

The bottom line is that company records show that the sole director is Kylie Cubbins. She was interviewed in November last year, when she introduced herself as Kylie Perrone. She confirmed that her maiden name was Cubbins and that she was a director. She advised that her husband was David Perrone, formerly Lancaster. She accepted that there were problems and said that that might have been due to her having kept company records in boxes due to the three moves she had had in recent times. She then claimed the company was liquidated. That is not the case; that is yet another lie. She is a slippery operator at the best of times.

We know that Kydaco was obliged to provide, as a minimum, documentation on the terms and conditions of employment of its employees as set out in the Workplace Relations Act. The investigation has clearly established that the company is in breach of those important provisions, that it has not complied with its obligations to pay the arrears and that the claims lodged remain unresolved. Those claims represent only a fraction of the bad debts created by the company.

Kylie Lancaster and her husband seem not to know what to call themselves. Perhaps I can give them a little assistance: they are pathological cheats and liars. They have absolutely no respect for the law or for the livelihoods of decent, hardworking Victorians, whom they regularly fleece. They have no respect for the industry in which they work and the damage their fraudulent behaviour inflicts on it. They are rip-off merchants of the first order, whom all Victorians would be well advised to avoid. They are the reason why organisations such as the Master Painters Association must remain vigilant in investigating and excluding from the association undesirable individuals and companies. More strength to the MPA for its efforts in that regard.

I conclude by referring again to the investigation and the exceptional report. It has clearly identified the breaches of law and the perpetrators, but it has concluded that no further action can be taken by the office. It is therefore in effect saying that the people who have already been mercilessly ripped off by the company need to put their hands in their pockets — which they can probably ill afford to do — and at their own expense take further legal action against people with absolutely no scruples and with numerous names and addresses. That is a totally unacceptable situation.

The heart of the problem is that, after tens of thousands of dollars have been allocated to an extensive investigation involving a number of different offices and a compelling case for action has been established, there is no mechanism to ensure that action can or will succeed. The rip-offs will continue and we can only hope people will take a cautious approach in their contact with the company.

I hope Peter Reith gets hold of a transcript of the report, because worse than the cost is the fact that the report of the federal Department of Employment, Workplace Relations and Small Business concluded that:

> This office has fully investigated the claims lodged and, due to the restrictions of the Workplace Relations Act 1996, specifically the prosecution powers relating to schedule 1A claimants, it has exhausted all options in an attempt to achieve voluntary compliance …

It is an appalling state of play. The Workplace Relations Act is patently deficient. It says a lot about the federal government and Peter Reith's commitment to a fair go. Peter Reith is obsessed with destroying unions — that is all he wants to do. He is totally ignoring the needs of people such as those affected by Kydaco, and he allows the scandals to continue. The report is an indictment of his administration of the act. The act needs reform for many reasons, not the least being that it gives a green light to rogue companies such as Kydaco and its disgraceful, deceitful director.

Federation Square

Mr CLARK (Box Hill) — I grieve about the government's handling of the Federation Square project, in particular its decision to scrap the western shard and its treatment of Mr Damien Bonnice, the

project director, who has exposed the government's handling of the issue. The matter stands as a symbol of Labor's approach to government: populist, publicity driven, poorly considered, and lacking in long-term judgment and planning. It encapsulates all the reasons why people in business and others across the state are rapidly losing confidence in the government.

The broad history of the matter is known to most honourable members. The possibility of the government attempting to scrap the Federation Square shards was raised by the Minister for Major Projects and Tourism soon after the government took office. On 15 December last year he announced that a review would take place and foreshadowed that it would be finished by Christmas. It is clear the minister was currying favourable press coverage by taking what he thought would be an easy and populist line. I understand the minister went so far as to invite the National Trust to initiate fresh public debate on the shards with the intention of giving the minister the opportunity to announce such a review.

Subsequently the government announced that Professor Evan Walker, a minister in the former Cain Labor government, would conduct a review of the project. Professor Walker conducted his review and reported to the government. The review report has not been publicly released — the government has made available only brief extracts — but evidently it recommends the scrapping of the western shard.

After initially telling the media it would announce its decision on Sunday, 13 February, the government eventually announced on Thursday, 17 February, that it had adopted the recommendation to scrap the western shard. It made that announcement only hours after its joint venture partner in the project, the City of Melbourne, had met and resolved to support the retention of the shard.

As with most populist and ill-considered decisions, the government's decision was immediately condemned. It was denounced publicly by the architects and by numerous newspaper columnists for its haste, its lateness and its violation of the integrity of the architectural design and the international architectural competition by which the winning design had been determined. But that was only the beginning.

Over time further facts have steadily come to light that raise even more serious concerns about the future of the project and the government's handling of it. We heard that overnight the project director, Mr Bonnice, has resigned because of his inability to continue working with the government on the project. I have a copy of the statement Mr Bonnice has released explaining the reasons for his resignation, in which he says in summary:

> I can only conclude that the government has behaved in a reprehensible manner. Having come to this conclusion I have only one option and that is to resign my position.

Mr Bonnice has behaved with great bravery and has suffered considerable personal financial disadvantage by his decision, but he evidently felt so strongly about it that he had no choice but to resign.

When one looks at his statement of resignation, the reasons become manifest. They fall into four categories. The first is the sheer magnitude of the damage the government's hasty decision has done to the project. The second is that the government was warned that the damage was likely, but it pressed on regardless. The third is that the government prejudged the result of the review before it took place. The fourth is the way the government has harassed and put pressure on Mr Bonnice despite all its grand statements of policy on the subject.

Let us consider some of the financial damage that is being caused to the project. On Mr Bonnice's estimate it totals somewhere between $35 million and $40 million, a figure that almost beggars belief when one has regard to the fact that the estimated cost of the shards themselves was only $6 million.

When one looks at the detail one sees how blind and incompetent the government has been in ignoring the manifest repercussions of the decision. The first element of loss is $18 million in private sponsorship and investment. Where does that loss come from? It comes from the fact that on the western side of the western shard there was to be a large multimedia display screen that would signal information, announcements and presentations to the public. It had a significant commercial value through sponsorship and advertising. Mr Bonnice's estimate of the loss from the scrapping of the shard and losing that screen is $18 million.

Secondly, if Professor Walker's recommendation to relocate the visitors centre into the eastern shard and the underdeck area is accepted, the eastern shard will have to be considerably enlarged and the already completed deck partially demolished to relocate the bulk of the visitors centre under it. That is another matter the government should have taken into account but did not. Mr Bonnice's estimate of the cost of that significant re-engineering work is between $5 million and $10 million, taking into account redesign, documentation fees, business planning fees, additional

builders' requirements, demolition costs and increased construction costs.

The next element of financial loss is the cost of the delay in the project's completion. Mr Bonnice estimates it at approximately $2 million, assuming the delay will be no greater than three months. Another element of loss comes from the fact that the Centenary of Federation Committee was proposing to sell sponsorship for the placement of time capsules and nameplates in Federation Square to pay for metropolitan and regional Federation centenary celebrations and events. Mr Bonnice's assessment is that that is no longer possible because of the delay in finalising the design and conflict with the committee on a timetable for sponsorships for Federation events.

These are not facts that are only now becoming known, they are matters about which the government was warned in advance before it took its decision; but the government determined to press on regardless. Mr Bonnice makes it clear in his statement that he drew to the attention of the Minister for Major Projects and Tourism the complexities and doubts surrounding these issues in written advice provided to the minister before he first announced on 15 December last the holding of a review. Further advice was provided by the Office of Major Projects to the Premier on the morning the Premier announced the decision to go ahead and scrap the western shard. That advice was also ignored. Indeed, rather than taking heed of that advice the government signalled back to the Office of Major Projects that it did not appreciate that office's attempts to draw those inconvenient matters to its attention.

The minister cannot deny that he was alerted to the complexities of the matter. Even in his announcement of the initial review he was quoted in the *Herald Sun* as saying:

> … the state could be forced to foot the bill for compensation if the plan for the shards was scrapped.
>
> At this stage we're not entirely sure about any sort of contractual issues, whether they've gone too far with that, whether there's penalty issues …
>
> But there is no doubt there is a sizeable cost attached to it.

So the minister knew at that stage, and he is on the record as admitting he knew.

But what did he do about it? What further evidence and information did he obtain so that he and his Premier were in a position to make an informed decision on those matters prior to the announcement of the decision? The minister is quoted in this morning's paper as saying it was not his fault because Mr Bonnice told him the cost of the shards was $6 million and the redesign fees would be in the order of $2.5 million. That answer is very partial. In the advice that signalled those facts to the minister the minister's attention was drawn to a far broader range of considerations than simply the cost of taking the shards away and putting some decking over the top.

The third element is the government's prejudgment of the issue. Mr Bonnice sets out a series of facts that make that extremely clear. He refers in his statement to the fact that the minister said the government wanted to leave its mark on the project. That statement was made as early as 17 December 1999 — before the review was under way and certainly before any report had been produced. Further, Mr Bonnice points out that when the minister announced the review he did it even though he was not the minister responsible for Federation Square — under the Project Management and Construction Act that was the responsibility of the Premier. Nonetheless, the minister was so keen to get out there and be seen grabbing the headlines he rushed out and announced the review and the rest of the paperwork had to tag along behind.

There was no consultation with the City of Melbourne on the initial announcement of the review, even though the joint agreement with the city council requires consultation on matters of significance. Furthermore, Mr Bonnice says there was a specific directive from the Premier's office to the Office of Major Projects via the Department of Premier and Cabinet not to involve the state-appointed architects, LAB+Studios Bates Smart, at the briefing of the Premier that took place on 20 December 1999. In that way the Premier was deprived of the opportunity of hearing at first-hand what the likely consequences of the review of the shards would be.

When the architects were finally given an opportunity to speak face to face with the Premier they were given a bare 30 minutes to explain their position from scratch. They were not told at that meeting that the government was proposing to scrap the western shard or given an opportunity to explain what the cost consequences would be. They were wheeled in and given a formal opportunity to say a few words and then wheeled out again, none the wiser as to what the government's decision was going to be.

Similarly, Professor Walker did not tell the architects what he was recommending. On top of that, the government initially scheduled its announcement for Sunday, 13 February, but called it off because the *Sunday Age* got wind of what was going on and tipped a bucket on the proposal, so the government delayed it

until the following Thursday, 17 February. Had it gone ahead on the day originally scheduled, however, the day the government told the media was going to be the day of the announcement, it would have done so without any consultation whatsoever with the City of Melbourne, its joint venturer and the party that has committed $64 million to the project. That would have been in clear breach of the agreement entered into by the government and the City of Melbourne.

Looking at all the evidence it is clear the government prejudged the issue and was out to get publicity. The review seems more and more to have been nothing more than a sham, a charade the government played out to orchestrate the result it wanted to achieve.

The final significant element of this sorry saga is the harassment of Mr Damien Bonnice, who told the public about the matters he felt so strongly about. He was encouraged by the government to believe public servants were entitled to speak out on matters such as this. What did Mr Bonnice — —

Mr Mulder interjected.

The DEPUTY SPEAKER — Order! The honourable member for Polwarth is not in his place.

Mr CLARK — What did Mr Bonnice get when he raised those concerns? Systematic harassment by the government and its bureaucracy. A government spokesman told the newspapers that Mr Bonnice was being counselled about what he was doing. According to the press reports of government spokespersons he was suspended from his job and a departmental investigation had been launched against him.

To cap it all off, the Premier told the house last Tuesday that Mr Bonnice had asked that he no longer work on the Federation Square project. For someone whose love and passion for this project is almost as great as his love and passion for his children to say that he no longer wanted to work on the job beggars belief. Mr Bonnice told the *Sunday Herald Sun* that the Premier's statement was incorrect and that he never asked to be moved off the job.

The Premier owes an explanation to the house about why he — —

Opposition members interjecting.

The DEPUTY SPEAKER — Order! Honourable members are interrupting their own speaker.

Mr CLARK — The Premier should give an explanation to the house about why he made that statement, given that Mr Bonnice has flatly denied it. The fact that Mr Bonnice subsequently found it to be impossible to work in that situation does not in any way justify the Premier's statement on the public record. Until the Premier comes forward with an explanation the house can only conclude that his statement to the house was misleading.

The project is in chaos, and that chaos is entirely of the government's own making. The government set up the review and followed it through; it dictated what reports and information were required; and it set the timing for the decision to be made. Government members have no-one to blame but themselves for the massive cost blow-out and delay that have occurred. The government's extraordinary achievement in simultaneously managing — —

The DEPUTY SPEAKER — Order! The honourable member's time has expired.

Federation Square

Mr PANDAZOPOULOS (Minister for Major Projects and Tourism) — It is interesting to see the crocodile tears of the opposition. Opposition members are not interested in Damien Bonnice; they are not interested in the project.

I will present the facts. When the government came to office it found a massive cost blow-out on the project from the initial funding of $128 million to $262 million. I know opposition members do not want to listen because they do not want to hear the truth. They have never wanted to know the truth about Federation Square. The truth is that there was a massive stuff-up by the opposition when it was in government. The project is over budget and underfunded.

When the Labor Party came to government it found that the project was underfunded by some $100 million. No money was allocated in the budget to cover that amount. When the Labor Party came to office no management company had been put in place for the Federation Square project, and no funding had been allocated for a management company to oversee the project. There was a $7.5 million budget shortfall, and the government had to find the money.

Opposition members are crying crocodile tears. I will present the facts.

Opposition members interjecting.

Mr PANDAZOPOULOS — I am pleased to make available a document signed by Damien Bonnice and

dated 16 January. That fact keeps opposition members quiet!

Under the heading 'Centre management' the document states:

> Agreement with the MCC on the company formation has not as yet been reached despite nearly two years of negotiations. The company, itself, is also not fully operational — it requires two more board members, a CEO and key operating personnel to cover cultural programming, marketing and property management. The lack of action in these areas is, quite frankly, unacceptable given that the opening is scheduled for mid next year. In the meantime OMP has to assume greater management responsibilities than originally envisaged.

In other words, Damien Bonnice is saying that the Office of Major Projects has had to accept certain responsibilities because the management company was not put in place by the previous government. He said two years of negotiations was unacceptable. Damien Bonnice is a project manager, and OMP is supposed to build projects on behalf of the client; it is not supposed to be the client.

Since coming to office the Labor Party has appointed a full board and appointed Peter Seamer as the CEO. The Labor government has allocated funding of $7.5 million to put the management company in place. That company will be the client and will work out all the competing interests.

The second matter is cost management. Cost management issues have arisen from the beginning of the project. The initial budget for the project was $128 million but it has blown out to $262.6 million. The $6 million cost of the shard is minor given that the cost of the project has blown out to $262 million. Opposition members would have us believe the shard change is the end of the world, but there have been design changes from the beginning of the project.

The opposition complains that the government has changed the plans since the results of the international design competition, but what other changes were made after the international design competition? The Museum of Australian Art was not part of the international design competition, but it came on board, didn't it! The SBS studios were not part of the international design competition, but they came on board, increasing the floor space by 50 per cent. Did people complain about that? No! But the opposition wants people to hang on to a shard and say it is the be-all and end-all. The previous government stuffed up on that as well. It knew it was controversial; the community was not involved, and the Melbourne City Council was probably not properly involved at the time. This government had to deal with an outstanding issue, and it would have been irresponsible had it not reviewed the shard. It was the last part of the project to be built and it had not been tendered. The government did the appropriate thing: it appointed an independent architectural expert to consider the issue. The government had no fixed view on whether the shard should proceed, and Damien Bonnice, in advice to me, has — —

An honourable member interjected.

Mr PANDAZOPOULOS — I don't have to be careful because it is a fact. There was no criticism of the appointment of Evan Walker as an architectural expert; there was no criticism of the process; there was, however, criticism of the outcome. The government is being criticised for consulting — something the previous government did not do. The government has consulted, an independent umpire has made a decision, and the government must abide by that decision.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! The honourable members for Bentleigh and Monbulk will cease interjecting.

Mr PANDAZOPOULOS — Many issues regarding the shard have not been resolved. In the same document, Damien Bonnice highlights the fact that the shard was a matter between the then government and the Melbourne City Council that was not resolved:

> The MCC is a potentially key player in the City Hub —

which is the shard —

> development but to date has not been a willing participant. A key issue, for example, is whether they will continue to operate a visitor centre at the town hall if City Hub proceeds.

The tourist information centre was to be moved into the shard. That issue was not resolved, so why would the government build a shard for something the City of Melbourne is not prepared to put money into and about which Tourism Victoria advised me as the responsible minister may not be the right thing to do? Many suggestions were made about what might occur in the shard, but Melbourne City Council and Tourism Victoria had not even agreed on what should happen.

What did the government do? During January this year it reviewed the construction of the shard. When Evan Walker was appointed to head that review no-one criticised his competence or his ability to make a decision nor did anyone criticise the process. That is what is important about all of this. The government sat

on Evan Walker's report for 18 days because the Melbourne City Council was asked to make a decision on the shard and the tourist information centre by the end of January.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! The honourable member for Richmond is out of his seat.

Mr PANDAZOPOULOS — The council failed to make a decision by the end of January and the government allowed a further 18 days to give the council the opportunity to make a decision. It made a decision only when it found out the Premier was holding a press conference, and it made that decision only a few hours before the press conference. The government consulted; it did the right thing. In the end, the independent umpire's decision must be upheld.

The government has been trying to protect Damien Bonnice; it has not hounded him out of office. If a public servant dared to speak out under the previous government he or she would be out the door. This government has tried to protect Damien Bonnice because it is aware of the ongoing difficulties he has had to face with this project.

Honourable members interjecting.

Mr PANDAZOPOULOS — He was never counselled. No-one ever said he was counselled.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! The member for Monbulk!

Mr PANDAZOPOULOS — He was not being counselled. He did not receive counselling. He was, of course, counselled about whether his actions breached the provisions of the Public Sector Management Act, which was brought in by the Liberal government. This government gave Damien a fair go and actually asked him to continue on in the job.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! The honourable member for Monbulk is out of his place.

Mr PANDAZOPOULOS — We asked Damien to continue in the job and he chose to leave of his own accord. He came into the Office of Major Projects on 13 March and offered his resignation. The director said, 'No, this does not have to happen. You can still be involved in the project, but we need to create some space to let things settle down'. Damien turned up yesterday, having spoken to the media time and again. He had agreed he should not speak to the media, as per the Public Sector Management Act. The government did not hound him out of office; it encouraged him to stay on board. It was his decision to resign.

The project has been a major disaster because of the previous government's failure to do the work. The document I referred to earlier, which I will make available, quotes Mr Bonnice highlighting the problems of the past. The government inherited a mess and must now find $100 million to fund the rest of the project. The government has had to put the management company in place and employ a chief executive officer. The shards issue is behind us, and the government wants to involve the community in completing the project.

Opposition members try to say the disaster they created is the government's problem. Their crocodile tears are designed to deflect onto the government the problems they created. The government has managed the issue responsibly. The publicly released documents will clearly show that, and opposition members should be ashamed of trying to lie to the public.

The DEPUTY SPEAKER — Order! The time allotted for the grievance debate has expired.

Question agreed to.

VOCATIONAL EDUCATION AND TRAINING (COUNCIL MEMBERSHIP) BILL

Introduction and first reading

Ms KOSKY (Minister for Post Compulsory Education, Training and Employment) — I move:

> That I have leave to bring in a bill to amend the Vocational Education and Training Act 1990 to provide that members of Parliament are ineligible to hold office as members of TAFE college councils and to remove those members of Parliament who are members of TAFE college councils from the councils and for other purposes.

Mr BAILLIEU (Hawthorn) — I ask the minister to outline to the house the content of the bill.

Ms KOSKY (Minister for Post Compulsory Education, Training and Employment) (*By leave*) — I would have thought that what I am moving is self-explanatory. It is clear that the other purposes are covered by minor amendments that bring the act up to date. The amendments should have gone through previously. The items are obsolete and the amendments

bring the act up to date. The focus of the bill is very much about removing any sitting members of Parliament from TAFE institute councils.

Motion agreed to.

Read first time.

DISABILITY SERVICES (AMENDMENT) BILL

Introduction and first reading

Ms CAMPBELL (Minister for Community Services) — I move:

> That I have leave to bring in a bill to amend the Disability Services Act 1991 and the Intellectually Disabled Persons' Services Act 1986 to make provision for community visitors and for other purposes.

Mrs ELLIOTT (Mooroolbark) — I ask the minister for a brief explanation of the purpose of the bill.

Ms CAMPBELL (Minister for Community Services) (*By leave*) — The bill ensures that community visitors are able to visit a number of sites from which they have previously been excluded. The bill also removes references to aversive therapy.

Motion agreed to.

Read first time.

WITNESS PROTECTION (AMENDMENT) BILL

Introduction and first reading

Ms CAMPBELL (Minister for Community Services) — On behalf of the Minister for Police and Emergency Services, I move:

> That I have leave to bring in a bill to amend the Witness Protection Act 1991 to enable authorities from other jurisdictions to apply for Victorian identity documents for witnesses in their witness protection programs, to provide for the extraterritorial operation of offences regarding disclosure of information about witnesses and for other purposes.

Mrs ELLIOTT (Mooroolbark) — I again ask the minister for a brief explanation of the purpose of the bill.

Ms CAMPBELL (Minister for Community Services) (*By leave*) — The bill enables authorities from other jurisdictions to apply for Victorian identity documents for witnesses. The bill is self-explanatory.

Motion agreed to.

Read first time.

FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

Second reading

Debate resumed from 21 March; motion of Mr BRACKS (Treasurer).

Ms ASHER (Brighton) — Last night in my remarks on the bill I was raising a fundamental issue in the second-reading speech: the claim that the government is pro-growth, pro-business and pro-jobs. Nothing could be further from the truth. The government will not be allowed to get away with such a blatant falsehood in a second-reading speech. All of its activities, including the dumping of promises to cut taxes; the proposal to increase Workcover payouts and increase rates; and the kowtowing on pay claims and hours claims to the union movement, indicate the government is not pro-growth, pro-business or pro-jobs.

The second-reading speech states that Moody's restoration and Standard and Poor's reaffirmation of the state's AAA rating are due to the Bracks Labor government. I advise the Premier — and both parliamentary secretaries who so enthusiastically listened to my contribution on the bill — to read the press releases from Moody's. They make plain that the restoration of the AAA rating was due to the work of the previous government. In a second-reading speech falsehoods cannot be allowed without correction. Others debating the bill will talk on the matter.

The bill requires additional financial reports to be tabled but does not stop bad policy or bad management. Labor governments have a strong tradition of financial incompetence. The bill does not overcome what is enshrined in Labor policy.

The bill is not earth shattering. While the second-reading speech claims it is an Australian first and a world first, it is not. It is based on a federal initiative, and the charter of budget honesty is based on a New Zealand act. The government has indicated it is not prepared to adopt the models of maintaining a surplus or managing debt. The government claims the bill is based on these two pieces of legislation, yet the two areas of policy are omitted. The government took the easy decision on financial issues when drafting its bill — as it always will — by removing prudent management of debt and a commitment to a surplus. The government made a clear comparison in its

explanatory notes, stating that the bill was based on the commonwealth charter of budget honesty. Rather, it is based only in part on that charter.

The commonwealth charter introduced by the Howard government is a more rigorous document. It requires ministers to sign off that adequate information on the pre-election budget was given to secretaries, and the secretaries of both the Treasury and the finance department are also required to sign off on the pre-election budgets. A similar rigour does not exist in the government's Financial Management (Financial Responsibility) Bill.

However, despite Mr Bracks's financial rhetoric, the most fundamental betrayal of the promises made to Victorians during the last election campaign was that the Auditor-General would sign off on the surplus. The bill makes it clear that the Auditor-General will play only a limited role. He will not sign off on the surplus as promised by the Labor Party during the last election campaign.

Mr Maxfield interjected.

Ms ASHER — I advise the honourable member for Narracan to read the bill before he opens his mouth.

A Government Member — Why don't you read it?

Ms ASHER — I have read it. The bill is a fundamental betrayal of the most significant financial election promise made by the Labor Party.

The opposition does not oppose the bill but is keen to show honourable members that the bill is a sham. It does not go one-tenth of the way the government promised. It is disappointing. Victorians must now stand by and watch how the Labor Party handles financial management during its time in power.

Debate adjourned on motion of Mr MILDENHALL (Footscray).

Debate adjourned until later this day.

HIRE-PURCHASE (AMENDMENT) BILL

Second reading

Debate resumed from 16 March; motion of Mr HAERMEYER (Minister for Police and Emergency Services).

Dr DEAN (Berwick) — The opposition supports the Hire-Purchase (Amendment) Bill because it continues a process begun by the former government.

Mr Cameron interjected.

Dr DEAN — If the Labor Party enacted some legislation on its own account you would not have to keep hearing this.

The bill continues a process that I will speak about in some detail. It effectively enables the continuation of protection for farmers in the areas of hire-purchase and finance. Some history attaches to the legislation. The former Attorney-General, Jan Wade, introduced and read a second time the Hire-Purchase (Further Amendment) Bill in September 1997. The bill repealed the Hire-Purchase Act subject to the retention of a few clauses. If one goes back prior to that one will find that the report of the Scrutiny of Acts and Regulations Committee (SARC) recommended the repeal of the Hire-Purchase Act.

At first blush the repeal of that act seems a big step. All honourable members, apart from those younger than me, grew up with hire-purchase. For a long time it was one of the central financing mechanisms for both the consumer and the business person. SARC recommended the repeal of the act because it had served its purpose. Times had changed, and not only was it not used regularly but it was overly prescriptive and not achieving its objects. I will return to that later.

I acknowledge the work of SARC. Committee members were given a general reference to remove redundant legislation from the books and I hope the Labor government will continue that practice. Day in day out honourable members spend much time introducing new legislation and at times they forget that new legislation affects earlier legislation. Earlier legislation that should no longer be on the books takes up space and confuses the public.

The SARC outlined its objectives in a report of December 1996, following its consideration of the Hire-Purchase Act.

An Honourable Member — A good report!

Dr DEAN — Yes it was a good report. It states:

> The primary objective of the committee is to reduce the number and complexity of Victorian acts and legislative instruments and ensure that acts and instruments are clearly expressed in accordance with modern drafting practices. The overall aim of the committee is to ensure that the Victorian statute book is clear, relevant and accords with the needs of the community. The success of the reference has been greatly enhanced by the valuable assistance of the Chief Parliamentary Counsel, Rowena Armstrong.

I will take a moment to acknowledge the work of Rowena Armstrong. If there were ever a person who

has straddled different political eras it is Rowena. She served the previous Cain and Kennett governments extremely well, and I am sure that she will also serve the current government well. She is a fount of knowledge and is an absolute expert on legislation.

The SARC made recommendations, all of which the government of the day under the former Attorney-General, Jan Wade, did not accept in the way they were put, and that has resulted in this debate. After an exhaustive analysis of the act the committee recommended:

1. That the Hire-Purchase Act 1959 be repealed;

2. That the Minister for Fair Trading, the Minister for Agriculture and Natural Resources and the Minister for Small Business consider as a question of policy the development of new legislation to address requirements of the rural sector in regard to commercial finance as part of a model for a national code relating to protection for the business/ farming sector; and

3. That the ministers consider referring these recommendations to the relevant ministerial council for development of national and uniform legislation.

Members of the committee consulted widely and received an enormous amount of paperwork. Some 39 separate papers are mentioned in the report. It was a big step to get rid of the Hire-Purchase Act.

The report talks about the reason the act had reached the stage at which it was. Hire-purchase agreements had been part of the lives of consumers and business people as far back as the 19th century. It was a way in which you could purchase something for which you did not have the immediate capital. If you were not able to borrow from other sources to finance a proposed purchase, you could do it through a hire-purchase arrangement.

Chapter 2 of the report deals with the history of the legislation. It reminds us what a central part hire-purchase arrangements have played in the commercial and material development of our communities. At page 7 it states:

> A hire-purchase agreement, being an agreement to hire coupled with an option (not an obligation) to purchase, developed in the middle of the 19th century as a means of financing the retail acquisition of furniture, sewing machines and musical instruments. It is said that this rental-purchase method covered the acquisitions of pianos in the 1840s and Singer sewing machines in the 1860s. Two English cases of the 1890s consolidated the development of hire-purchase as a finance product. The prevalence of hire-purchase increased in the early decades of this century. In the depression years of the 1930s, however, abuse of the agreements became more prolific.

Honourable members can understand why that happened because it was the old situation of the power of those that have over the power of those who do not have. For example, if you were a person who needed a particular asset, say a sewing machine, to ensure that you could make your living and you had to buy it but did not have the capital, and a wealthy person who had an abundance of sewing machines could extract a bargain out of you because of your desperate needs, the imbalance of power in that contract could extract a deal that would make your life a misery. Those hire-purchase arrangements were based on the fact that you did not have the money, you obtained the asset, you used it to earn your income and you made a hire payment.

However, if your business went down when the depression came and things went wrong, the provider of the asset, say the sewing machine, was still its owner and could come back and repossess the machine and do whatever he or she wanted to do with it. It could be sold to someone else at a great profit without any money being returned to you, even though there would have been sufficient money to pay what you owed and more.

The machine could have been repossessed in horrific circumstances. For example if you were the mother in the family and you used the sewing machine to earn income to keep the family together the removal of that machine would effectively mean that your family would end up on the streets — in those days there were no social services to back people up — so you would have fought for your family's cause and would not have been keen to give up the sewing machine. A letter from the owner of the machine requesting its return would not have served any purpose, and that would have resulted in some form of physical approach to the problem. You would have been likely to have met some big beefy people knocking on your door saying, 'If you don't give the machine back we'll knock down the door and take it'. Family interactions and physical abuse would have emanated from those circumstances.

Although on the one hand hire-purchase was an inventive and creative method to get the economy to move ahead, on the other hand in the absence of regulation it provided some real traps for the unwary who had little power in the economic system.

Chapter 2 of the SARC report further states:

> A feature of the hire-purchase transaction has been that the financier obtains ownership of the goods until the completion of the hire-purchase agreement and, being the owner of the goods, becomes liable for defects of the goods. Sweeping exemption clauses were therefore included in the agreements giving no resource to the hirer if the goods were defective.

In other words, the sewing machine that you don't own breaks down and you say to its owner, 'Come back and fix it'. He or she says, 'Look at the exemption clauses in the agreement; you have to fix it'.

The report continues:

> An additional factor which preceded statutory regulation of hire-purchase transactions was the snatch-back practice. This involved the seizure of goods owned by the financier for the hirer's default without regard to the value of goods, the payments already made by the hirer or matters of compensation following repossession. Consequently remedial legislation was introduced in both England and Australia.

In 1959 legislation was introduced not, as some think, to create hire-purchase agreements or facilitate the agreements becoming more prolific, because they were incredibly prolific at the time, but to implement consumer protection. The legislation included a cap of 8 per cent and it stipulated formulae about payments, the return of surplus goods and compensation. The legislation was consumer led and was highly successful.

As we finally say goodbye to the Hire-Purchase Act — I suppose only a lawyer can say that — we are actually saying goodbye to a massive section of the state's commercial and legal history and to a milestone in consumer protection because it was the first step when governments said, 'We will play a role to protect the commercial activity of consumers'. The act was the father of consumer protection legislation. It did not go as far as present-day consumer protection legislation, although it has been amended a number of times.

The house should acknowledge that although time has passed and the 1959 Hire-Purchase Act is no longer relevant it was of enormous significance in the way caring representatives of the community started to develop rights for those who needed protection.

Another aspect was the number of important law reform and other committees that examined what could be done to overcome some of the horrific problems associated with hire-purchase. It was decided that the Hire-Purchase Act should be introduced. That occasion was the first time the states and the commonwealth had decided to cooperate on legislation such as this. The bodies inquiring into the problems emanating from commercial hire-purchase contracts included English and national Australian bodies. The commonwealth also had a say in trying to sort out the problem on behalf of the whole of the country.

The first national scheme of legislation was created. I suppose only lawyers can get excited about such a matter, and I do not know how many times I have preached cooperative federalism in this place. You, Madam Deputy Speaker, are probably sick to death of my restating it. But I will keep preaching it and keep shaking my fist at competitive federalism.

As a modern community we should be thoroughly ashamed of the way we are continuing to approach federalism in Australia, particularly as we approach 100 years of federalism. Because I am the eternal optimist I note that the hire-purchase scheme that was the basis of uniform legislation throughout the states and the commonwealth was the start of a process that continues, although for every two steps forward there has been one step back. The Council of Australian Governments has not met in recent times, but it should be encouraged to meet again.

Ms Pike — Whose fault is that?

Dr DEAN — It is the fault of premiers who have stood in this place and other places to kick the backside out of other states and/or the commonwealth. It is a lesson of life that the more aggressive you become towards another party, the more aggressive that party will be to you and the more you will drive each other into corners, then the less cooperative and the more competitive you will become. That will continue to happen until leaders in the states and the commonwealth are men and women of wisdom and foresight who realise they have to rein back their own political advantages from time to time — and frankly, I do not think that that leads to a huge political advantage.

The premiers of both Liberal and Labor governments have thought, 'I will deliver votes to my party in Victoria if I kick the commonwealth'. The average Victorian gives not two hoots about a Premier or a Prime Minister who has a shot at another state or at one another. They are interested in the issues that affect them. Those interested enough to think about it see it for what it is — that is, a political stunt, one side kicking another for political advantage. But my contribution will not become irrelevant to the bill, Madam Deputy Speaker.

I acknowledge that the implementation of the Hire-Purchase Act began a uniform approach to commercial regulation to protect consumers. Although my belief cannot be totally confirmed, it also led to the establishment of the first Standing Committee of Attorneys-General. Not only was the act a step forward in cooperative federalism with uniform legislation throughout the states but it created SCAG, which is alive and well today, and is running hard.

Ms Pike — And meets on Friday.

Dr DEAN — Yes, it is meeting on Friday. The Attorney-General has headed in the opposite direction to what I have been pushing today and, if anything, will cause disruption rather than enhancing the cooperative spirit of the group. I am willing to rein myself in on this topic because if I continue I will become more excited and thump the table. I want to stick up for what I believe in. I sincerely hope the Attorney-General will reverse the path he seems to have chosen. You can get out of mandatory sentencing — —

The DEPUTY SPEAKER — Order! The honourable member has strayed from the bill, which has nothing to do with mandatory sentencing.

Sitting suspended 12.59 p.m. until 2.04 p.m.

Debate interrupted pursuant to sessional orders.

QUESTIONS WITHOUT NOTICE

Federation Square

Dr NAPTHINE (Leader of the Opposition) — I refer the Premier to his comments reported in the *Australian* of 28 February, when he stated:

> Public servants can express their view and express it with impunity — they won't be silenced, they won't lose their job.

Why has the Premier categorically failed to protect Mr Damien Bonnice, the first public servant to speak out against a decision of the Bracks government?

Mr BRACKS (Premier) — Mr Damien Bonnice has resigned.

Honourable members interjecting.

Questions interrupted.

SUSPENSION OF MEMBER

The SPEAKER — Order! I find the behaviour of the honourable member for Frankston East to be disorderly, and under sessional order 10 I ask him to vacate the chamber for half an hour.

Honourable member for Frankston East withdrew from chamber.

QUESTIONS WITHOUT NOTICE

Questions resumed.

Honourable members interjecting.

The SPEAKER — Order! The Leader of the Opposition has asked his question. He should allow the Premier to answer it.

Mr BRACKS (Premier) — Mr Damien Bonnice has resigned because he would not implement government policy — it is as simple as that. When the government came to office it had some hard decisions to make about Federation Square and where it was going. The key question to be asked was what the cost blow-out was under the previous government. All honourable members should know what the cost blow-out was. What was to be a project of $128 million became a project of $262 million. Do honourable members know who was managing the project? Mr Damien Bonnice was managing the project.

Mr Bonnice advised the government — honourable members should understand this — in December last year that the removal of the shards of the Federation Square project would result in a saving to the government of $3.5 million. That was the written advice the officer gave — the same officer who presided over a doubling in the cost of the project under the previous government. Now we have — —

Dr Napthine interjected.

Mr BRACKS — You're hopeless, but please stay.

The SPEAKER — Order! The Premier should ignore interjections and address his remarks through the Chair. The Leader of the Opposition should cease interjecting.

Mr BRACKS — On one level the government had written advice from one of the managers of the project, Mr Bonnice, that a saving of $3.5 million would result, and then in the *Herald Sun* today the allegation was made that somehow gravity can be defied and part of the building cost can be removed, but that will cost an extra $40 million. That is an amazing turnaround!

Mr Bonnice was involved in discussions with Professor Walker about the shard. He advised him on that issue. He was involved also in some of the preparation of advice regarding the Melbourne City Council. Before this decision he told the government that the Melbourne City Council was not a central player in the decision-making process and simply needed to be consulted. That was the case of change after change

under the Kennett government. Former Premier Kennett would wake up one day and want the building to be doubled in size, and what happened? It was doubled in size. The project doubled in cost. And who was there overseeing that?

Mr Bonnice has resigned, and that is his business. He has resigned because he would not implement government policy. That is a fair thing for him to do.

Senior Citizens Week

Mr SEITZ (Keilor) — I refer the Premier to the fact that it is Senior Citizens Week. What are the latest actions the government has taken to improve services for Victorian senior citizens, something all honourable members should care about?

Mr BRACKS (Premier) — I thank the honourable member for Keilor for his question and for his continued concern for senior citizens in Victoria. I had the pleasure at lunchtime of attending with the Minister for Aged Care the launch of the seniors expo at the Exhibition Building. The reception for the Minister for Aged Care was absolutely outstanding. She is doing a fantastic job, as are all those involved in the preparatory work for Senior Citizens Week.

It should be remembered that Senior Citizens Week goes back 17 years to the previous Labor government that organised it. It was kept by the Kennett government and is a significant event on the new government's calendar in Victoria. It is a week of celebrations and involvement across Victoria, not only in Melbourne, and across all cultures — the multicultural community and every other part of our culture in Victoria.

To coincide with Senior Citizens Week the Minister for Aged Care has announced an excellent initiative to back on to the good work of senior citizens in this state. The minister will be chairing a new Victorian seniors round table. The government will call for nominations from seniors around Victoria wishing to participate in that round table.

The seniors at the round table will provide key advice to the minister on issues of profound importance to the Australian and Victorian communities — for example, the conduct and operation of nursing homes, a matter of great interest to all Victorians and to this government. They will discuss the plans we have for stopping the privatisation of Victoria's nursing homes and injecting more than $40 million into refurbishment of homes to make sure they are up to standard.

The round table will also be involved in the government's plan to inject a further $14 million into the home and community care program and to provide $12 million for adult day services.

There is a big agenda out there for senior citizens in Victoria, overseen by the Minister for Aged Care. She will have input into Senior Citizens Victoria, the round-table group. We can only wish the federal aged care minister could develop the same approach and form a similar round table. If she did, maybe she would not have the problems she has now.

Mrs Peulich interjected.

The SPEAKER — Order! The honourable member for Bentleigh should cease interjecting.

Federation Square

Mr CLARK (Box Hill) — I refer the Minister for Major Projects and Tourism to the government's decision to scrap the western shard at Federation Square and to Mr Damien Bonnice's listing of the additional costs he estimates will flow from that decision. Will the minister advise the house of the revised expected completion date for the project and the current estimate of the total cost of the project?

Dr Napthine interjected.

Mr PANDAZOPOULOS (Minister for Major Projects and Tourism) — What question? Yes, that's right. You've got the audacity to talk about knives, haven't you?

I thank the honourable member for Box Hill for his question. As the Premier indicated, when this party came into government the project was already $100 million over budget, and that was money we had to find. We did not have a management company in place to manage the project, and the project was already way over time. That was the situation under the previous government. It was always going to be hard to complete the project by the revised date of May 2001. I have received advice that there has been a lot of building activity going on since then and everyone is trying to ensure that it will be completed on time.

However, the bottom line is that the shard is only one small part of a $262.6 million project. The cost of the shard is $6 million. Opposition members are trying to tell us the problems they created and we inherited are our fault.

Opposition members interjecting.

Mr PANDAZOPOULOS — We know they are embarrassed about it. We know they know there were problems with the project, but they are trying to deflect attention from themselves.

The question related to the resignation of Mr Bonnice. There was a problem with the management of the project, blow-outs and delays, and the government wanted to do something about them. Someone's nose is invariably put out of joint when there are outstanding public issues such as those with Federation Square and the community does not know what is going on. The public is concerned about cost blow-outs and the way issues like the shards were resolved. Outstanding issues like those are potentially undermining the project. The government wants to do something responsible, so someone's nose will be put out of joint.

When that person is the project manager, who never complained in the past about all the other design changes but now wants to take advantage of open and accountable processes in government — he could not speak out in the past — of course he will take advantage of those processes.

He did not like the decision of the independent umpire on the shard. But what did we do? We did not sack him; we said, 'We understand you are frustrated with this project. In your interests we will not overreact about that. Let's work through this thing'. That is what happened, and he was asked to stay on. He chose to resign.

The former government created the mess and we are here to clean it up, as all the documents we have will clearly show.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Monbulk!

Linking Victoria

Mr MAXFIELD (Narracan) — I refer the Minister for Transport to the government's commitment to Linking Victoria and ask him to inform the house of the government's new deal for regional Victorian public transport users.

Honourable members interjecting.

The SPEAKER — Order! The house will come to order.

Honourable members interjecting.

Mr BATCHELOR (Minister for Transport) — There will be lots of information. You just listen.

Honourable members interjecting.

The SPEAKER — Order! The minister will address his remarks through the Chair.

Mr BATCHELOR — Thank you, Mr Speaker. I am pleased to announce that in partnership with V/Line Passenger the Bracks government welcomes the introduction of new passenger services to country Victoria. As of 10 April there will be an extra 140 services a week — that is, more than 19 000 seats a week into the country rail network.

Today's announcement will bring Melbourne and regional Victoria closer together. It means more seats, more services, more often. I will say it again for you — —

Government Members — More seats, more services, more often!

Mr BATCHELOR — These improvements go towards — —

Opposition members interjecting.

Mr BATCHELOR — They do not want to hear the good news for country Victoria, do they, Mr Speaker?

These services will go towards meeting the needs of commuters travelling between Melbourne and Bendigo, Traralgon, Melton, Craigieburn, Geelong and Seymour. The introduction of the new services shows that the Bracks government is getting on with the job and delivering to Victoria. I repeat: more seats, more services, more often.

Honourable members interjecting.

Mr BATCHELOR — A service will operate every 20 minutes in the morning peak period between Geelong and Melbourne, instead of the current 45-minute gap between services. A service will operate every 15 minutes in the evening peak period between Melbourne and Geelong, plugging gaps of 20 minutes between services. A service will operate practically every hour in the off-peak period between Melbourne and Bendigo, instead of every 2 hours. A service will run every hour in the off-peak period between Melbourne and Craigieburn, plugging the gaps of 3½ hours between services.

A service will run every 40 to 50 minutes in the off-peak period between Melbourne and Melton, plugging gaps of up to 90 minutes between services.

New afternoon services will run from Traralgon to Melbourne and from Melbourne to Traralgon, plugging gaps of 3 hours or more between services. New services will run from Seymour to Melbourne at 5.15 p.m. and from Melbourne to Seymour at 3.30 p.m., filling a 2½hour gap between services.

Mr Leigh — On a point of order, Mr Speaker, given that the minister has a document in his hand that is probably a cabinet document of the Kennett government, I ask him to make it available to the house so honourable members are able to read it.

The SPEAKER — Order! Was the Minister for Transport quoting a document?

Mr BATCHELOR — Yes, Mr Speaker, I was.

The SPEAKER — Order! Is the minister prepared to make it available to the house?

Mr BATCHELOR — I am more than happy to make the document available.

I must quote from the document because the good news is so extensive. From 10 April the shadow Minister for Transport will be able to read it and get a timetable from the V/Line computer site, if he is able to use it. If he is unable to do that, I am happy to table the document. I will give the press release to the shadow Minister for Transport so he can fully understand how fantastic the announcement is.

Deakin irrigation project

Mr SAVAGE (Mildura) — I ask the Minister for Environment and Conservation to inform the house of the government's commitment to sustainable irrigation development in regional Victoria, specifically the Deakin project.

Ms GARBUTT (Minister for Environment and Conservation) — I thank the honourable member for Mildura for his question. Unlike the previous government, this government is committed to developing the whole of the state, including rural and regional Victoria. Unlike the previous government, this government has the policies to support that development.

In particular, the government's policy is to support the expansion of irrigation provided that it is sustainable and that it protects environmental flows and catchment health. The government recognises that irrigation is vital to the economic growth of many parts of Victoria, including the Mildura region.

In line with the government's policy I am happy to announce that a feasibility study into the Deakin irrigation project will be undertaken. It is unfortunate that members opposite are not supporting the project; in fact they are decrying it. The study will be undertaken by a consultancy consortium of the Snowy Mountains Engineering Corporation, Si Delta, Blake Dawson Waldron and SG Hambros Australia.

The announcement is a culmination of the initiatives started by previous Labor governments more than 10 years ago to support water trading and sustainable irrigation growth. The Deakin project is a major irrigation infrastructure project that will see a vast expansion of the irrigation area from about 16 000 hectares to 40 000 hectares. The project will increase the productivity of the area enormously.

In the past the honourable member for Mildura has expressed some concerns about the project. I have listened to his concerns about the social and environmental impact of the project and have addressed them in detail in the feasibility study. The study will be managed by a community expertise-based project management group that will be headed up by Mr Mark Hancock, who is the chair of the Mildura Co-op.

It is an exciting project for the community of Sunraysia, particularly Mildura. I commend the honourable member for Mildura for his interest in and the community for its support of the project.

Former government: public assets

Mr LONEY (Geelong North) — I refer the Minister for Finance to the disturbing removal of public sector assets from government offices following the defeat of the Kennett government. I ask the minister to inform the house of any further advice the government has received concerning the mysterious disappearance of public assets.

Mr BRUMBY (Minister for Finance) — I thank the honourable member for Geelong North for his question. The Bracks government is committed to the highest possible standards of public asset management. Assets held in trust by the government on behalf of the people of Victoria must be kept and managed properly.

Three weeks ago the *Herald Sun* revealed that the former Premier had been in possession of a painting owned by the National Gallery of Victoria. In a disturbing trend other assets belonging to taxpayers that were missing have been found in the office of the Leader of the Opposition.

Honourable members interjecting.

The SPEAKER — Order! The house will come to order.

Mr BRUMBY — Earlier this year the Premier's office received an invoice for $6259 for a public address system that it was not in possession of at that stage. The Premier's office investigated and discovered that the system had been delivered to 1 Treasury Place in August 1999, at that stage unpaid for. However, despite a widespread search by the Premier's office and the Department of Premier and Cabinet, the system could not be located.

The Department of Premier and Cabinet then contacted the former Premier's office manager who now works for the Leader of the Opposition. It was confirmed that the public address system was located in the Leader of the Opposition's office.

Honourable members interjecting.

The SPEAKER — Order! The house will come to order, particularly the Minister for Major Projects and Tourism.

Mr BRUMBY — The members of the former government ordered this expensive equipment — I have the invoice for $6259 — they took it with them when they left and then left Victoria's taxpayers with the bill. That is the sequence of events.

The disturbing question is how much more is missing, because the fact is that the government does not know. It is clear from the result of this investigation and the missing Bolte painting that these are not isolated incidents. Accordingly, as the Minister for Finance I propose to conduct a full audit of government assets. I am not a vindictive person — —

Honourable members interjecting.

The SPEAKER — Order! The house will come to order, particularly the Leader of the Opposition.

Mr BRUMBY — As I said, I understand that sometimes these things can go missing inadvertently, so before the Department of Treasury and Finance conducts an audit I propose that there be a 72-hour amnesty.

Honourable members interjecting.

Questions interrupted.

SUSPENSION OF MEMBERS

The SPEAKER — Order! The level of interjection is intolerable. I ask the honourable members for Mordialloc and Springvale to vacate the chamber for half an hour pursuant to sessional order 10.

Honourable members for Mordialloc and Springvale withdrew from chamber.

QUESTIONS WITHOUT NOTICE

Questions resumed.

Mr BRUMBY (Minister for Finance) — As I said, there will be a 72-hour — —

Mr Savage — On a point of order, Mr Speaker, the honourable member for Mordialloc made an unparliamentary remark, directed towards me, as he left the chamber. I ask him to withdraw that remark.

Honourable members interjecting.

The SPEAKER — Order! The house will come to order. Unfortunately, the Chair did not hear the remark. I suggest the best way of resolving this matter is for the honourable member for Mildura to see me in chambers after question time.

Mr BRUMBY — There will be a 72-hour amnesty during which time members of the former government can return equipment or assets that do not belong to them, have not been allocated to them or have been wrongly taken. No questions will be asked. It is totally unacceptable and reprehensible that public assets end up in private homes or offices where they do not belong. The government will act to protect the public interest. It will find out what other assets are missing and will ensure they are returned to the right places.

Latrobe Valley energy park

Mr RYAN (Leader of the National Party) — I refer the Premier to his announcement in December last year that his government would establish a $2 million energy park in the Latrobe Valley and that he would establish a high-level government task force to report to the government on the project by March 2000. Will the Premier inform the house why that task force has not yet been established?

Mr BRACKS (Premier) — Clearly it is a matter that will be decided on in the budget — —

Honourable members interjecting.

Mr BRACKS — The allocation of moneys under that program will be part of the budget process. The government is currently discussing the issue.

Mr Ryan — On a point of order, Mr Speaker, the question related to the formation of a task force, not the funding of the project.

Mr BRACKS — The question was clearly in two parts, one of which related to funding, and a figure was mentioned by the Leader of the National Party. As you know, Mr Speaker, if an honourable member canvasses a wide range of issues in a question then those issues will be canvassed in the answer. That has been the longstanding tradition of the Parliament.

Dr Napthine — On the point of order, Mr Speaker, the question specifically related to why the Premier has not appointed a task force, which was due to report by the end of March. The introductory remarks were to set the scene so the Premier would know what the task force was about. He should address the issue of why he has not formed a task force when it has only 10 days left in which to report. Why has the Premier failed the people of Latrobe Valley, and why has he not involved the local council — —

The SPEAKER — Order! A point of order does not allow a member to raise points in debate such as those currently being raised by the Leader of the Opposition.

There is no point of order. When an honourable member canvasses a wide range of issues in the introduction to a question, as the Leader of the National Party did, the minister may canvass such issues.

Mr BRACKS — The matter will be discussed as part of the budget process, and, as it has with all its commitments, the government will meet this commitment.

Workcover: farm injuries

Mr HARDMAN (Seymour) — I refer the Minister for Workcover to the unacceptable number of workers injured in regional Victoria, and I ask the minister to inform the house of the latest government action to reduce work-related injuries in country Victoria.

Mr CAMERON (Minister for Workcover) — Today I released the findings of a two-year study of the Murray Plains division of general practice, which collated the information using figures from hospitals and doctors in the region.

The survey indicates that farmers and farm workers are injured at almost 10 times the rate of Workcover claims across Victoria. Many people working on farms are self-employed and do not come within the Workcover system, therefore, obtaining data as to the number of injuries is very difficult.

The statistics reveal that farmers and farm workers in the Murray Plains area are being injured at the rate of almost two a day. When the figures are translated onto a state basis one sees that 7500 workers are being injured on farms every year. That figure compares to less than 800 a year based on figures for Workcover claims. Only 5 per cent of Victorian workers are involved with farm work, so it is an appalling situation.

Mr Plowman interjected.

Mr CAMERON — The honourable member for Benambra may not care about farm workers, but given his background I would have thought he should care.

The figures highlight the need for an increase in safety awareness and for farmers and farming people to take into account the risks associated with their work. The Bracks government will assist in that task and is working on a number of new initiatives to tackle the unacceptable workplace safety record. Conducting farm safety courses in country Victoria is important, but a much greater uptake of such courses must be achieved.

For that reason work is presently being done on a Workcover subsidy program involving an awareness campaign to highlight how easily injuries can occur on farms and their effects. Interactive safety activities are being developed for rural primary schools so that children are aware not only of general safety issues but farm safety in particular.

Of 38 work-site fatalities last year, 13 of them — that is, one-third — involved farms, which highlights the great need for the government to tackle increased workplace safety on farms. Some 17 per cent of the injuries occur to people under 20 years of age, so one can see that many children of farming families and younger people working on farms are being injured. The government believes it is an important issue and wants to see fewer injuries, and for that reason the government is determined to assist.

Hospitals: ambulance bypass

Mr DOYLE (Malvern) — Given the comments of the Minister for Health over the past three years highlighting the unacceptability of hospital bypass by emergency ambulances, and noting that in the past 24 hours Box Hill hospital went on bypass for two 1-hour blocks, Dandenong for one 2-hour block, Monash Medical Centre for two 2-hour blocks,

St Vincent's Hospital for one 2-hour block, Frankston Hospital for one 2-hour block, Western Hospital for two 2-hour blocks, and Royal Melbourne Hospital — one of our major trauma and emergency hospitals — for one 2-hour block — —

The SPEAKER — Order! The honourable member for Malvern should come to the point of the question.

Mr DOYLE — The Alfred Hospital went on bypass for five 2-hour blocks. Will the minister explain to the house what he will do to ensure that lack of coverage never happens again?

Honourable members interjecting.

The SPEAKER — Order! The Chair has made numerous rulings about ministers' replies not being succinct; on this occasion the question was not succinct. I call the Minister for Health.

Mr THWAITES (Minister for Health) — I am amazed that the former parliamentary secretary to the former Minister for Health could raise the question. The former minister was the one who presided over the massive cuts by the Kennett government that caused the problems in hospitals. They now operate on the last budget of the Kennett government. Presumably the parliamentary secretary had some input into that budget. It is hard to understand — —

Mr Rowe interjected.

The SPEAKER — Order! The honourable member for Cranbourne will cease interjecting!

Mr THWAITES — It is certainly true that hospitals are struggling and there are problems in emergency departments. The problems are even worse than the government realised when it came to office. Documents previously covered up by the parliamentary secretary reveal that the Kennett government failed to advise the public of an increase of 4800 patients to the waiting list in the last year.

Mr Nardella interjected.

The SPEAKER — Order! The honourable member for Melton.

Mr McArthur — On a point of order, Mr Speaker, I seek clarification on your earlier ruling. I did not want to interrupt the minister in his response which I am sure met the test of being direct, factual and succinct. You drew the attention of the honourable member for Malvern to the requirement in sessional orders for questions to be direct, succinct and seeking factual information. I put it to you, Sir — and I will provide a transcript of the question — that while the question had more than the normal number of words, every part of the question was direct, seeking factual information, succinct and to the point. I ask you to look at the transcript and consider it.

The SPEAKER — Order! There is no point of order. The preamble was lengthy. However, I note the remarks of the honourable member for Monbulk and will re-examine the question when it is in front of me in writing. The honourable member for Melton.

Mr THWAITES — I had not concluded my answer.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Glen Waverley should cease interjecting while the Speaker is on his feet. The Chair interprets member's actions, and it was the impression of the Chair that the minister had concluded his answer. I had called the honourable member for Melton.

Former government: public documents

Mr NARDELLA (Melton) — My question without notice is to the Minister for Planning. What steps is the government taking to make available public documents relating to important planning issues?

Mr THWAITES (Minister for Planning) — I am pleased to advise the house that the Bracks government will be open about releasing planning documents to the public. And we will do it for free!

One of the documents concealed by the previous government was the report by Mr Chris Wren that was commissioned by the then Minister for Planning and Local Government in 1998 to investigate abuses of the planning system, particularly allegations of bribes. Using the extended definition of cabinet documents introduced by the previous government the previous minister refused to make the document available.

The real reason the report was not released publicly was that the document contained information about extensive delays in the planning system that were embarrassing to the former government.

The government recently received an application under freedom of information for the release of the report, and under the new and open FOI provisions introduced by the Bracks government that report will be released. I am also happy to make available to the public and to the house a briefing note prepared by senior Kennett

government officers in 1999. It concerns incorrect information about the Docklands project supplied to the house by the former Minister for Planning and Local Government.

The former minister misled the house and never corrected the record. One wonders whether the document will form part of his memoirs or cash-for-documents portfolio. In response to a matter I raised during the adjournment debate on 21 April last year, the then minister advised the house that the new north-south Docklands road was being paid for by private developers. He made a big deal about Vicroads — that is, taxpayers' money, and we are not talking about a small amount — not being involved.

A document has been located showing that the minister's statement was not true. Millions of dollars of taxpayers' money were spent on the Docklands road. Even more disturbing is the fact that the information is contained in a memorandum prepared by the Department of Premier and Cabinet advising that the minister's statements to the house were incorrect. The briefing note states that the north-south road would be built at a cost of $41 million, of which $33 million would be provided by government. The briefing note continues by saying:

> This information is not public.

It is a further case of cover-up by the former Kennett government. Its failure to ensure that developers paid the $33 million means there is $33 million less for the construction of roads in Cranbourne, the outer suburbs of Melbourne and regional Victoria. One must ask whether the document will form part of the former minister's portfolio to be given to Melbourne University.

HIRE-PURCHASE (AMENDMENT) BILL

Second reading

Debate resumed.

Dr DEAN (Berwick) — Before the suspension of the sitting I was speaking about the genesis of the Hire-Purchase (Amendment) Bill being steeped in history. It arose from a Scrutiny of Acts and Regulations Committee report recommending the repeal of the Hire-Purchase Act, which the former government set about implementing. That in turn led to a series of events occasioning the need for the present bill. The Hire-Purchase (Amendment) Bill is a follow-on — —

Honourable members interjecting.

The SPEAKER — Order! The Chair apologises for interrupting the honourable member for Berwick. The behaviour of the house is unacceptable. The house should come to order.

Dr DEAN — In 1997 the Hire-Purchase (Further Amendment) Bill completely repealed the Hire-Purchase Act. It was a milestone in protecting consumers and small business people in their purchases because it was the first consumer protection bill to be introduced in Australia. It was also the first example of uniform legislation and marked the beginning of the new cooperation among state and federal governments.

I also noted that the bill led to the formation of the Standing Committee of Attorneys-General (SCAG), which was a further milestone. Although honourable members are saying goodbye to the Hire-Purchase Act many of them have used in the past, it should be noted that the act stands for far more than a piece of legislation about the hire-purchase financing of various family purchases.

After its introduction in 1959 the popularity of the Hire-Purchase Act started to decline for several reasons. As commercial transactions became more complex and people graduated to higher planes of commercial activity that involved greater creativity, the bill became too rigid and old fashioned. A former government erected the act's tombstone by introducing a 2 per cent hire-purchase tax on hire-purchase agreements in addition to the existing stamp duty.

As has been the case previously in Australia, creative commercial people turned their minds to other ways of obtaining what they needed by way of assets and of paying for them without capital up-front payments.

One such method that many honourable members may have used without realising it is the unregistered chattel mortgage, by which a third party provides the credit and the transaction is effectively a sale of the chattel but with an unregistered mortgage over the chattel held by the person providing the credit. The beauty of the arrangement is that because it is unregistered it does not attract stamp duty.

Creative minds looked for other ways around the Hire-Purchase Act because it was cumbersome, restrictive and imposed limitations that neither the purchaser nor the seller wanted. There was a progression to what became known as the nods-and-winks lease. Although it was a lease and at the end of the period the lessee would return the item, it was understood by all parties that the payments were so

structured that the lessee would end up paying for the capital item as well as renting it and at the end of the lease period would have the opportunity to buy the item for a nominal price. It was attractive because the lease payment was a tax deductible item.

Given those initiatives and findings by the courts in disputes about whether it was implied that the item should be purchased at the end of the lease that there was an implied agreement that it would be purchased, the days of the hire-purchase agreement were numbered and its future did not look good. Recommendations on the issue had been made in a number of other countries such as the United Kingdom, and federal and state reports suggested that it was time to progress. There was a need for proper uniform credit legislation that protected consumers. It needed to be uniform and modern. The Law Reform Committee and other interested parties suggested Victoria should have such legislation.

As the 1960s slowly wound down the Hire-Purchase Act was used less and less. By the 1970s business started not to use the act because of the impediments in it. The Standing Committee of Attorneys-General got together and the states and the commonwealth decided it was time to have proper credit legislation. It was a massive task. Although under uniform credit legislation a uniform code was introduced only recently, so far as the consumer is concerned it has now taken over where the hire-purchase legislation left off.

There is one problem. The consumer credit legislation that we now have, the credit code, which is a highly sophisticated and modern piece of legislation designed to protect consumers when they enter into transactions where they have little power and the person with the asset has a lot of power, is designed entirely for consumers and provides for a transaction limit of $20 000. The bodies that investigated and reported back on consumer protection legislation asked, 'What are we going to do about the small business person who will no longer have access to the Hire-Purchase Act? Consumers are protected and they are our first concern, but what about business?'

Two principles operated: firstly, business had vacated the Hire-Purchase Act anyway because it had progressed and was doing its own sophisticated transactions, which were economically more efficient for it; and secondly, there was not the same imbalance of power among major businesses so the issue of protection was not a problem — that is, they could do business and if things went wrong they could knock the heck out of each other in court.

Other concerns about getting rid of the Hire-Purchase Act and what would take its place were how it would affect farmers, who are small business people, and small business in general. That was why the Scrutiny of Acts and Regulations Committee and others recommended that when the legislation was finally repealed some provisions to protect farmers needed to be left in place. To this day there is dispute about whether there should be specific provisions saved from the Hire-Purchase Act to protect not only farmers but also other small businesses. That debate has raged comprehensively. There is myriad legislation which although not directly designed to protect small business nevertheless does so. That legislation is already on the books and will protect small businesses which are not consumers and which do have more power than consumers but nevertheless need a form of protection.

I return to the SARC report, which sets out the whole process extremely well. It refers to the Credit Act and to the way it has taken over the need to protect consumers. At page 17 it states:

> The traditional view is that leasing and hire-purchase … is not regulated by the Credit Act simply because it is not credit … but rather the payment for the use of goods on an instalment basis. However the scope of section 13 of the Credit Act which deems certain contracts for the hiring of goods to be credit sale contracts therefore determines the scope of the Hire-Purchase Act.

The report continues on that page to provide a summary of all those things it does to protect a creditor in that situation. Although hire-purchase is not on its face a credit transaction, because it is deemed to be a credit transaction under the Credit Act it is covered by that act, and that is fine. The report examines the other acts that will protect small business and ensure that it is not left languishing as a consequence of these provisions.

The report refers to the Victorian Fair Trading Act and states:

> Part II of the Fair Trading Act … regulates unfair practices with section 11A providing that a person must not, in connection with the supply of goods or services to another person … engage in conduct that is, in all the circumstances, unconscionable. The section sets out the matters to which a court may have regard in determining whether the conduct is unconscionable.

The report then defines supply and deals with other issues.

In the first act reference is made to broad provisions to protect small business. It also mentions the Goods Act, which has been amended over time, to ensure it provides warranties and indemnities to protect small business in those circumstances. The Scrutiny of Acts

and Regulations Committee report refers to part IV of the Goods Act and states:

> Part IV of the Goods Act … sets out conditions and warranties to be implied in certain sales and leases. For the purposes of this act, a hire-purchase agreement falls within the meaning of an agreement to sell. The GA —

that is, the Goods Act —

> provides that where the transfer of property in goods is to take place at a future time or subject to some condition to be fulfilled, the contract is an agreement to sell.

All the provisions about warranties, the nature of the goods and defects are picked up in the Goods Act.

The SARC report also refers to the Trade Practices Act, which can be used as a shield for the protection of small business. It refers to division 2 of part V of the act, commonly referred to as the consumer protection provision, where a wide range of protection can be given to people involved in small business. Its coverage extends to $40 000 rather than $20 000 and can be used to assist in that regard.

It finally refers to the common law in relation to unconscionable conduct. Those who have been in the legal game for some time refer to it as the Amadio defence. If you are in trouble, you trot out the Amadio defence — and you never know your luck. In many cases courts have been frustrated by barristers using the Amadio defence, which says that if a person is in a position of control and the person he or she is dealing with cannot understand either English or the intricacies of a transaction, the obligation is on the person to explain the contract and to be assured that the person entering into the contract understands it. That provision has been broadened by the courts to protect the consumer or the small business person, as the case may be.

In 1997 when the previous Attorney-General introduced a bill to repeal the Hire-Purchase Act certain provisions had to remain on foot — namely, sections 24 and 25. Section 24 referred to the power to reopen transactions that were harsh and unconscionable. Section 25 provided a moratorium on repossession. They were specific to the farming community because the legislation completed the necessary protection to ensure the repeal of the Hire-Purchase Act did not damage any sector of the community.

Why were the provisions necessary for farmers? Why did they need to be saved? Because farmers need to buy and use equipment for farming. A farmer is in the unique position that the business of farming is a highly specific and specialised job that does not necessarily require, as part of a farmer's qualifications, an understanding of legislation and commercial transactions in the business world. A farmer's skills and expertise must be extensive, but those skills are directed towards agricultural production.

Further, farmers are subject to the seasons. Although it is true that all businesses are subject to the commercial seasons and cycles of depression or recession — I hope we will never see another depression in this country! — as well as cycles in the business world, the farmer also faces a problem when it does not rain, although he or she knows it will rain again. It is a matter of waiting, and of continuing to meet repayments on farm machinery.

Therefore it was necessary to do two things: firstly, to ensure that because farmers were not picked up especially in any other legislation they could open up harsh and unreasonable contracts if they had entered into them from a low power base so far as commercial dealings were concerned; and secondly, it was necessary when repossessions occurred because of bad seasons, or whatever, that a moratorium could be available to farmers to give them time to reorganise their affairs and wait for the climate to change. That was a perfectly appropriate special-case piece of legislation.

When the previous Attorney-General introduced the legislation in 1997 to repeal the Hire-Purchase Act she deliberately left in those provisions. One provision was transferred to the Goods Act and the other remained where it was. Farmers continued to operate under the scope of the hire-purchase contracts they entered into.

In her second-reading speech, which has been mentioned by almost everybody who has looked at the legislation, including members of the former Law Reform Commission, the former Attorney-General said it was necessary to ensure the situation could be dealt with in the long term. To leave two sections of the Hire-Purchase Act simply hanging around was not a long-term solution. She inserted a two-year sunset clause in the legislation on the basis that the SCAG would convene and propose either specific legislation or some other provision in another act to protect farmers.

About two years have passed. No specific legislation has been introduced although a great deal of thought has gone into the matter. However, the commonwealth has introduced section 51AC into the Trade Practices Act. It believed that section would fill the gap and would enable farmers to open up unconscionable contracts to give them the necessary breathing space.

However, further time is required to ascertain whether the provision can be used in that way. It is not yet appropriate to remove the provisions that protect farmers until we are sure that the new provision, which is there to some extent to directly protect farmers but is not specifically directed to farmers, will do the job.

The opposition is happy to support the bill because it provides that the period during which the provisions were to be retained by the former government will be further retained, during which time the government should be able to ascertain whether the new process is in shape.

Finally, I am pleased that a bipartisan approach has been adopted to the bill and that the present government has followed the former government's lead in ensuring farmers are not disadvantaged as a consequence of the Hire-Purchase Act. It is good that the state is getting rid of old acts that no longer help anybody. It is important to have acknowledged along the way that this legislation historically alerts us to the fact that action should be taken uniformly across state boundaries. The commercial world is no longer inhibited in any way by state boundaries; it is not inhibited even by Australia's boundaries.

Having separate commercial legislation in separate states is simply a burden and an anchor on the state that is trying to do business. It should go further than that. Members of the house know my views: commercial legislation should be uniform across the states.

I remind honourable members that the benefits of cooperative federalism will spur us into the future, with our leaders being a little less competitive and politically sensitive and less critical of their state and commonwealth counterparts. For the benefit of everyone in this country, Australians must start working in a cooperative way.

Mr CARLI (Coburg) — I thank the honourable member for Berwick for his compliments to the Scrutiny of Acts and Regulations Committee and particularly to the subcommittee that reviewed redundant and unclear legislation. That subcommittee has rid the Victorian statute books of a few hundred pieces of legislation. The first 200 pieces were relatively easy; they were clearly redundant and it was little effort to the committee to recommend to the Parliament that those acts be repealed.

I have been a member of not only the Scrutiny of Acts and Regulations Committee but also the redundant legislation subcommittee. As the work of that committee has progressed, the legislation the committee has had to consider has become more complex. The work has become more complex as the committee has tried to gather evidence and work out whether legislation is redundant or unclear and needs to be rewritten.

The work of the committee in reviewing the Hire-Purchase Act of 1959 was memorable because it generated an enormous amount of interest. Some 39 written submissions were made, and 12 or 13 presentations were made to the committee at public hearings. That was because the original Hire-Purchase Act was important legislation in the defence of consumers. Consumer groups, including farmers, businesses and finance companies, all wanted to discuss the legislation. It was seen to be far-reaching, visionary legislation of great merit in its day.

It was also legislation implemented on a national basis in that the attorneys-general from the various states got together and made a deal to each pass the same piece of legislation. The enacting of mirror legislation might be seen as common practice today, but in 1959 that was a rarity — indeed, it had not happened before. It was an important piece of legislation for that reason.

It was also important because the legislation was about the defence of consumers. It was passed with the express intent of giving consumers some strength in a hire-purchase relationship, ensuring they were not the victims of a more powerful force or of unconscionable action by parties selling goods using the hire-purchase mechanism.

Honourable members will recall that in 1959 hire-purchase was the main form of credit. If people wanted to buy something, they put it on hire-purchase. That is how it was done. Today hire-purchase arrangements are considerably rarer, accounting for only 0.1 per cent to 0.2 per cent of credit transactions in Victoria. A gamut of credit forms is available — for instance, commercial leasing, chattel mortgages and other financial arrangements. A raft of legislation in place today defends the interests of consumers. The situation has changed.

Based on submissions to the SARC, one can see the existing act certainly had major problems. I will go through those in detail in a minute. Essentially the legislation was seen as outmoded and overly prescriptive. However, elements of the legislation were still considered to be important — not so much for the individual consumer but in the case of business transactions, particularly in the farming sector but also in some areas of small business.

It was seen to be important to maintain the provisions of sections 24 and 25 of the act. More importantly, the committee was interested in recommending that similar protections be provided in other credit legislation — protections in business transactions in the interests of small businesses and farmers particularly.

The reason for that is clear. Most legislation in place at the moment defends the interests of individual consumers. The existing act is not so powerful, although there is argument about how important it is and how much it defends the interests of small businesses. It was the opinion of the committee that voluntary industry codes could be developed in defence of consumers. Some common-law actions have occurred, but it is possible that there is no practical need for sections 24 and 25 of the Hire-Purchase Act. Even proponents of the maintenance of those sections were not convinced they were being used.

The argument often put was not so much that sections 24 and 25 are used but that even their existence offers some protection. It was not argued that actions were taken on the basis of sections 24 and 25 but that their existence provides a level protection for farmers.

The committee took that on board as a serious consideration. Even though it seemed that in the practice of credit and borrowing those sections were not often used, if used at all, the committee took on board that the protections incorporated as law in the statute were important. The existence of those sections alone may well ensure that the system functions in a more equitable way. That is the background to the committee's recommendations.

There was enormous interest in the committee's review of the act. The committee was concerned that credit legislation as it exists was protective of consumers but less so of small businesses and the farming community. The committee was not particularly convinced that sections 24 and 25 were used often, if at all, but it accepted the argument that they were important protections and that the committee should consider increasing that protection.

The overview of submissions and evidence put before the committee was an extensive process for all those involved. The honourable member for Benambra nods his head; he was also involved in the process. When committee members started the process, none of us thought the matter would generate as much interest or as intense a workload as turned out to be the case.

The application of the act was seen to be important in the context of business transactions. The only sections of the act that were seen to be relevant were sections 24 and 25, which I will elaborate on later.

The act was rigid, overly prescriptive, inappropriate, outmoded and not of our times. Although it was far-reaching and important legislation, it was not seen as modern legislation. It did not allow for flexibility. It was not in the current mode of thinking about how to allow both industry and consumers to work out the best possible arrangement. The capping of interest rates at 8 per cent is not consistent with commercial financial practice or the commercial market. That was drummed home by the banks and financial institutions.

Despite the act being outmoded and redundant, the committee believed that provisions regarding the right to have harsh or unconscionable contracts reopened needed to be preserved. Although not used in practice, those sections offer a protection to the farming community in particular. People associated with the provision of credit in the farming community saw that as important.

Section 25, which provides for a 12-month moratorium on the repossession of farm machinery goods, also needs to be preserved. Those rights are important to the farming community because farmers work in a cyclical industry that depends on the seasons, and if some of those seasons are bad it is not possible for them to pay off their farm machinery. When financiers repossess pieces of farm equipment it comes at a cost not only to the farmers but ultimately to the finance institutions. Farmers need the capacity to retain the equipment so it is available for them to use next season. The committee considered those basic aspects of their rights.

The committee's first recommendation was that the Hire-Purchase Act be repealed. The 1959 act has very little relevance to today's environment. While we all acknowledge its importance over time in initiating national scheme legislation and credit protection or consumer rights legislation, its day has certainly come.

The committee also asked the then ministers for fair trading, agriculture and resources, and small business to consider the policy question in light of the way commercial finance is handled in the rural sector. It suggested that sections 24 and 25 be considered as part of a national consumer credit code to protect the farming sector — and possibly the business sector. In general the committee recommended that sections 24 and 25 be protected and that the best form of protection would be to sunset them. It suggested that in the meantime the attorneys-general of the various states and the commonwealth examine the possibility of using the basic elements of the sections to form part of an

overall national code and national legislation on consumer credit protection.

The committee's final recommendation was that the ministers identified refer its recommendations to the relevant ministerial councils, so that uniform national legislation could be developed. In a certain sense we are going back to what happened in 1959 — that is, asking the various parties, including the ministers, to work on national legislation. Such consumer protection legislation makes sense only at a national level.

The bill makes a small but important amendment by ensuring that sections 24 and 25, which relate to hire-purchase agreements on farm machinery, continue but are sunsetted. The period of their operation will be extended to allow the various members of the ministerial councils to take up the public policy issues, including the protection of our farming community.

Just as the bill is important, so too are the all-party committees. Last week the house debated the Juries Bill, which also reflects the important work the all-party committees do in reviewing and making recommendations on legislation. Their work takes the adversarial heat out of parliamentary debate by working to reform legislation on the basis of consensus. The all-party committees are an important element of our system of government. They make recommendations to Parliament and the executive which, as has happened in this case, the government takes on board and makes part of public policy.

Clearly the work does not end here; it must be taken that bit further. It is the responsibility of government ministers to take up the issue and ensure the establishment of an appropriate national standard for consumer credit legislation, which has improved over the years. The legislation has been important in protecting individual consumers, but that protection must also be extended to cover business transactions that involve small businesses and farmers. Those groups are often vulnerable when they are seeking credit because they are not always well informed about the complexities of legislation and contracts.

Farmers and small business people are salt-of-the-earth types who work hard to develop the state and the country. They need to be protected from the unconscionable actions of others when they cannot make payments. Often that happens not because of lack of goodwill but because of misfortune such as bad seasons or something else that has affected their businesses. The members of the committee acknowledge that protection is available. However, much of it is in codes of practice rather then being enshrined in statute. The national codes should become part of national scheme legislation that protects the small players — that is, small business people — in their credit transactions.

I am pleased not only to support the bill but to see that some of my committee colleagues are ready to speak on it. No doubt they will highlight the work the committee has done and will continue to do to improve legislation.

Mr JASPER (Murray Valley) — I am pleased to join the debate on the Hire-Purchase (Amendment) Bill. I refer in particular to the comments made by the honourable member for Berwick, who gave an excellent run-down on the history of hire-purchase and hire-purchase agreements in Victoria and throughout Australia. He also talked about the 1996 report of the Scrutiny of Acts and Regulations Committee, which was the result of an important investigation. I will refer to that later.

I was also interested to hear the honourable member's comments about what he called cooperative federalism, which I strongly support. We need to work on achieving closer working relationships between the federal and state governments. We should not be working against one another but rather working together to overcome problems and to ensure that legislation works effectively for people throughout Australia.

It is disappointing to note the criticisms Labor members and ministers are making of the federal government and particularly the introduction of the goods and services tax from 1 July 2000. I would have thought the state Labor government would have been better advised to be more cooperative in its approaches to the federal government. Recently I also heard a member of this house say that if we had better cooperation we would get better results for Victoria. The Labor government needs to take that matter on board. If it goes cap in hand to and works with the federal government, it will probably get better results. That is not to say the government should not be working hard to get the best result for Victoria, making criticisms where they can be justified.

I also note the comments about the Council of Australian Governments meetings, which commenced in the late 1980s. A former Prime Minister, Bob Hawke, was instrumental in getting the Council of Australian Governments meetings started to improve cooperation between the federal and state governments. They considered issues on which cooperation between the states and the federal government was possible and in which there were anomalies.

I spoke on this matter earlier today in the time devoted to members statements, and I mentioned then the difficulties faced by people living on the border between Victoria and New South Wales. I pointed out that the Border Anomalies Committee, which was established in 1979, has been effective in getting the best results and overcoming the anomalies between the states. We should be encouraging the greatest possible cooperation between the federal and state governments, and we should look to future possibilities for achieving a greater degree of cooperation.

I am disappointed that the government decided it would not continue with the Federal–State Relations Committee, of which I was a member in the last Parliament. That committee undertook valuable work in addressing issues of concern between the federal and state governments and seeking to break down barriers. The reports it prepared make excellent reading and provide a good summary of the problems between federal and state governments, as well as suggesting ways of improving cooperation.

Federalism is an increasing trend throughout the world. In the United States and Canada, as in Germany and other European countries, cooperative federalism is being actively considered.

In my contribution to this debate I wish to highlight the problems experienced by country people. Country people face specific difficulties that are not understood by many people living in metropolitan Melbourne. The problems of country people are much discussed these days, particularly the effects of rationalisation and the reduction of services in country areas. Of course there will be changes. The banks, for example, have been in the forefront of receiving criticism for closing branches in country Victoria, but they have a genuine difficulty because they have to provide services in a rational way. On the other hand, honourable members from country electorates must strive to ensure that services continue to be provided in a decentralised way. That is a real difficulty.

Advancing computer technology is another issue of concern. We must attempt to achieve a balance, as I have said many times in this place. The government should try to get balance into everything it does and give credit where credit is due, such as when something good has been done by a former government. Many good things were done by the previous government with positive effects for the state. Governments should not criticise everything done by previous governments. For my part, if the present government does something good for the people of my electorate I will give it due credit.

Why are incomes so low in country Victoria? One of the major reasons is the reduction in returns for primary producers. They are not getting the returns they should for the products they produce. I will not go into detail at this time, but it is a fact of life that could, perhaps, be discussed in future debates on bills.

Country people are also facing increasing costs because the level of expendable funds within farming communities has been reduced. That has affected country communities right across Victoria and Australia. Country businesses are affected, as are all people living in country areas.

Of direct relevance to the bill are the particular difficulties experienced by members of farming communities in their attempts to meet hire-purchase payments, particularly payments for farm machinery. They have difficulty when, for example, hire-purchase companies come in — sometimes not advisedly, I believe — and repossess equipment. Farmers need some flexibility so they can continue to operate their farms and make them profitable.

The range of finance available today is quite wide, and farmers and other business people have greater flexibility than ever, particularly in their dealings with banks and other lending institutions. The Rural Finance Corporation has been most successful in assisting primary producers to achieve profitability and remain on their farms. That is the sort of support we need from hire-purchase companies generally.

Between 1959 and 1961 uniform hire-purchase legislation was enacted in every state and territory of Australia. The need for regulation of hiring transactions arose largely because of undesirable finance company practices that left many hirers with no recourse against the dealers or the finance companies. Machinery and other items under hire-purchase agreements was often lost. Repossession of goods for minor breaches was prevalent, and there was a great need for change in the provision of finance throughout the community and particularly in farming communities and rural businesses. Consumers needed protection.

Some protection came with the Credit Act in 1984, during the years of the great discussion about credit. Similar legislation was enacted in all states and territories except Tasmania and the Northern Territory. Hire-purchase legislation was also enacted in Queensland, Victoria and Western Australia, after which the Hire-Purchase Act no longer applied to agreements that fell within the definition of regulated contracts under the Credit Act.

That was a major change. The Credit Act provided greater protection for consumers, particularly those purchasing under hire-purchase agreements. Although the Hire-Purchase Act no longer applied to agreements for finance to purchase most goods, it was still relevant to some transactions.

It was suggested that the Hire-Purchase Act should be repealed. That suggestion led to an inquiry being undertaken by the Scrutiny of Acts and Regulations Committee. Submissions were made to the committee in 1996 and amendments were made to the act in 1997. It was necessary to address the difficulties of uniformity, including its implementation, and the continued operation of the Hire-Purchase Act and the code. The Hire-Purchase Act did not apply to transactions to which the Credit Act applied, and it was assumed that it would not apply to transactions covered by the code. Protection was needed for consumers whose transactions were subject to the Hire-Purchase Act.

The protection afforded under the Hire-Purchase Act paralleled the protection afforded under the Credit Act except that the Hire-Purchase Act also prescribed mandatory conditions and warranties on goods, dealing with such matters as proper title, the quality of goods and their fitness for their intended use.

To have simply repealed the Hire-Purchase Act without enacting other legislation would have meant that farmers and the guarantors of small business transactions would not have been protected against unjust hire-purchase transactions. Although the introduction of the Credit Act in 1984 and the code covered most financial arrangements, parties to hire-purchase agreements such as farmers and small business people were still at the mercy of finance companies that used some provisions of the act to repossess goods unjustly.

The Hire-Purchase Act is intended to protect small business people and farmers who enter into hire-purchase transactions, which as I said constitute a small proportion of credit transactions. As the Scrutiny of Acts and Regulations Committee report pointed out, the protection afforded to those people should be increased rather than reduced. Repealing the act without enacting legislation to protect farmers and small business people would result in Victorian farmers and to a lesser extent Victorian small business people being placed at a significant disadvantage to other states.

It is important to understand the provisions that were retained by the 1997 act. Section 24 allows the courts to vary or cancel hire-purchase agreements for farm machinery if they are considered to be harsh or unconscionable. Section 25 allows the courts to grant a 12-month moratorium on the repossession of farm machinery to give farmers more time to remedy breaches of hire-purchase agreements. Those two provisions were retained in the 1997 act and have protected the farming community particularly against finance companies bringing actions against them without just cause. The bill will allow the operation of those two sections to be extended until 2003 so the protection afforded under them will continue.

I note from the minister's second-reading speech that section 51AC of the federal Trade Practices Act, which came into operation on 1 July 1998, provides protection to farmers involved in credit dealings with financiers, but it has not yet been tested in the courts, and until that happens the government wishes to retain the protective provisions of the Hire-Purchase Act. The bill will ensure that the protection afforded under sections 24 and 25 of the act will continue until 2003.

There is no doubt that greater recognition needs to be given to the important role played by primary producers and the farming community in the Victorian economy. The bill is good legislation because it protects primary producers. The bill will protect people who enter into hire-purchase agreements in the future. It is another step forward in recognising the important role the farming community plays in the Victorian economy.

Mr NARDELLA (Melton) — I am pleased to join the debate on the Hire-Purchase (Amendment) Bill. In 1997 I was the shadow minister with responsibility for handling the original legislation in the Legislative Council. I remember members of the then opposition having discussions with the farmers, the Victorian Farmers Federation and others before and during 1997.

A case was put forward that members of the farming community needed assistance regarding hire-purchase and that the uniform consumer legislation may disadvantage them because they were the primary users of that aspect of the existing Victorian legislation. The then Kennett government understood the concerns of the farmers; the Labor Party in opposition certainly understood the farmers' concerns and took that on board in its support for the 1997 legislation.

It is important with any piece of legislation, but especially with this bill, to take into account the effect it will have on the people subject to it. In this case, flexibility is needed to allow for the extension of the provision which primarily affects farmers. Representation has been made to the government

regarding the continuation of the provision, and it is appropriate that honourable members should support the bill in a bipartisan way.

As the honourable member for Berwick explained to the house — and he made a very good contribution — the legislation arises from a need for governments to protect those people within society who are vulnerable and who have an interest in consumer issues, both at a personal and a business level, such as the farming community. It is critical in a civilised society that families needing protection receive that protection on a continuous basis. The government has been developing, and will continue to develop, that protection through the national consumer legislation — that is, the uniform legislation which binds and protects all vulnerable people within our society.

This measure continues the historical position whereby inappropriate contracts of an unfair nature are regulated by the government of the day. The major tenet of any consumer legislation, of which this legislation is part, is to protect communities and users of consumer financial services. Consumer protection is critical for farmers in how they structure their businesses through the use of hire-purchase agreements to buy farm equipment. The government has a responsibility to ensure they are protected by this legislation. In 1997, following the various briefings members got, we only got one briefing at a time; we never enjoyed the privilege of getting more than one briefing on any piece of legislation — —

Mr Plowman interjected.

Mr NARDELLA — Members of the opposition do get briefings. If the honourable member for Benambra is not getting briefings his shadow minister should ask for them as they will be provided. It is important to understand that farmers have made arrangements for the running of their businesses — —

Honourable members interjecting.

The ACTING SPEAKER (Mr Lupton) — Order! The Attorney-General and the honourable member for Benambra will remain silent.

Mr NARDELLA — The legislation will be part of the umbrella to safeguard farmers who purchase equipment because they are trying to grow their businesses.

Back in 1997, when a briefing was provided to me, the thinking was that the legislation would not be in place for a long time. That is why the sunset clause was incorporated in the original legislation.

It is now apparent to the government that a further extension of the principal act is needed to protect a number of farmers who want to have that type of financing arrangement. The government understands that situation. It is fully aware of the problems that can arise with contracts and hire-purchase arrangements and believes members of the farming community cannot be left exposed because of the sunsetting of the original legislation.

I appreciate the bipartisan support of honourable members on the opposition side of the house for this important legislation, which continues protection for farmers and the farming community in Victoria.

Mr KILGOUR (Shepparton) — I want to add my support to the bill on its way through the house. It is an important bill, particularly to people in country Victoria who have in recent times, for good reason, often got themselves into trouble with hire-purchase companies. It would be fair to say that nowhere near as many hire-purchase contracts are now taken out by farmers or rural Victorians — probably by all Victorians — as were taken out in the past because finance has changed over the years and now includes leasing, rentals and various other forms of arrangements.

Hire-purchase has played a vital role in country Victoria over the past 40 years. It first came into vogue in the 1950s after the war when people started to do better and had more money to spend. There was an element of keeping up with the Joneses, because when the lady next door bought a refrigerator and you only had an ice chest, a refrigerator became something you really wanted to have to keep up. That period saw the advent of wonderful new electrical appliances, such as the television set, which came in in the 1950s. Many thousands of people bought television sets on hire-purchase.

Hire-purchase made it possible for people to buy what they wanted or needed but for which they did not have the money at the time. People who saw their way clear to paying off items over a period entered into hire-purchase agreements to buy them.

The problem for many people was that they did not realise that if they defaulted on payments they could lose the articles, because they did not become theirs until they had been completely paid off.

Hire-purchase arrangements made it possible for many people to earn a living because they were able to purchase necessary machinery, vehicles or equipment. A person who had a small vegetable shop that was not making much money could purchase a vehicle under

hire-purchase arrangements and make the business viable by providing a home-delivery service.

Hire-purchase was a great service to the community so long as the arrangements were utilised in the right way and people were able to take out contracts they knew they could pay off without getting into trouble. A new industry was created, with people representing financiers selling hire-purchase door-to-door. Many thousands of articles were sold door-to-door to people who did not have much money but had enough for a 10 per cent deposit. Slick salespersons went from door to door talking people into hire-purchase arrangements. People used hire-purchase to buy cars, television sets, washing machines, refrigerators, bicycles and all sorts of household items.

Unfortunately many gullible people were susceptible to the loan sharks, entrepreneurs and downright crooks who got into the industry and cajoled people into signing contracts they could not keep up with. Some people paid 70, 80 or 90 per cent off their vehicles or machinery and then found that for some reason they could not complete their payments. For example, a housewife might have signed a contract to purchase an item with a door-to-door salesman and then her husband might have become ill or lost his job. The people who made out the contract might then have come along and taken the item back. Governments had to legislate to protect consumers from losing items they had almost paid off.

The Hire-Purchase Act began as a cooperative approach between federal and state governments to protecting consumers. Some form of control was then in place on repossession agents, stipulating what could be repossessed and how they could repossess. A reasonable amount of time had to be given so purchasers would know final payments were due.

For the farming community the situation was slightly different because many farmers took out contracts to purchase equipment and animals. Unfortunately some of them found themselves in a situation over which they had no control. Some farmers found themselves in difficulty with the hire-purchase of farm machinery because fire had engulfed their properties and all the paddocks and feed had been burnt, and perhaps the stock as well. The farmers had no opportunity to make payments until the farms were restocked. Farmers were embarrassed by people calling at the farm to repossess equipment.

Other problems could result from floods or locust plagues. I remember growing up in the 1950s in Katamatite, which is the capital of the Goulburn Valley, and not being able to see the sun properly because of massive swarms of locusts. Some farmers saw their feed wiped out because the locust plagues swooped in and destroyed everything. The farmers could then no longer feed their stock and they either had to sell their stock or go into debt. Some farmers lost machinery because they could no longer pay it off.

Drought is another factor that can cause farmers to get into financial difficulty. A further factor is commodity prices. Farmers who take up contracts for hire-purchase may find that the commodity price of the past three years suddenly drops away to the extent that many of them get into trouble and cannot not pay off their hire-purchase agreements.

The bill extends the time for farmers who find themselves in trouble, are treated badly, or are in unconscionable situations, to pay credit companies. As the second-reading speech states, the principal act:

> … allows courts to vary or cancel hire-purchase agreements for farm machinery that are considered harsh and unconscionable.

Further, it:

> … allows courts to grant a 12-month moratorium on the repossession of farm machinery, to allow farmers extra time to remedy breaches of hire-purchase agreements.

Country Victorians will understand how these situations occur and how farmers find themselves in trouble. Section 51AC of the principal act ‘prohibits unconscionable conduct in business transactions’. Many farmers have been cajoled into those contracts. The act:

> … sets out wide criteria for assessing unconscionability and the courts have wide powers to compensate small traders, such as farmers, for a breach of the provision.

The bill will be a good piece of legislation that will extend the existing legislation. It will make it easier on some members of the farming community who are particularly worried about the possibility of having repossession agents turn up on their doorsteps. I commend the bill to the house and hope it will move through speedily and will help the farming community.

Mr WYNNE (Richmond) — Today in my short contribution to the debate I will give the Leader of the National Party some insights I have gained from my involvement with country communities. I welcome the opportunity to talk on an important bill for rural communities.

The bill extends the operation of sections 24 and 25 of the Hire-Purchase Act until 30 June 2003. The second-reading speech states:

> Section 24 of the act allows courts to vary or cancel hire-purchase agreements for farm machinery that are considered to be harsh and unconscionable.
>
> Section 25 of the act allows courts to grant a 12-month moratorium on the repossession of farm machinery, to allow farmers extra time to remedy breaches of hire-purchase agreements.

Most of the act was repealed by the Hire-Purchase (Further Amendment) Act 1997, and that was an excellent move by the Parliament. My own experience of the more vicious aspects of the former trade in hire-purchase relates to a number of finance companies that preyed on low-income earners, particularly in public housing estates. Financial companies behaved appallingly, with their representatives going door to door around public housing estates to flog hire-purchase packages to people clearly not in a position to be able to support the line of credit being offered at exorbitant rates.

In my view it was unconscionable behaviour by those financial institutions. Much work was done by important organisations such as the Consumer Credit Legal Service. The service was created to test some of the worst aspects of financial institutions' actions in the courts and was an important initiative by community legal services. The Attorney-General, who is in the chamber, has a long personal commitment to community legal centres. An important offshoot of community legal centres was the Consumer Credit Legal Service which, as I said, fought several cases against the financial institutions over a long time. Some important benchmarks were established for the behaviour of financial institutions. The repeal of many of the provisions in the Hire-Purchase (Further Amendment) Act was an important initiative.

My experience of rural communities was due to my wife, who enjoyed seven happy years as the director of the Benalla Art Gallery. As her partner I had the opportunity on weekends and holidays to enjoy some of the benefits of north-eastern Victoria and gain an understanding of some of the critical issues affecting farming communities. Many rural communities, one of which you, Madam Acting Speaker have the honour to represent, suffered an appalling drought in the 1980s. It was extraordinarily enlightening for me, as a city person, to witness the suffering of those communities. To understand the financial deprivations many families go through to maintain a bare quality of life is something that country communities should be applauded for.

I say to the Leader of the National Party that although I do not come from a rural community I have some insight into what they confront. I enjoyed the hospitality and warmth of the people of the north-east. The seven years spent in the area were a happy period in my family's life and my wife's career in fine arts.

I will return to the bill, which contains a couple of important elements. As a new member of Parliament I now understand more fully the importance of the Scrutiny of Acts and Regulations Committee. The December 1996 report of that committee indicates that sections 24 and 25 of the Hire-Purchase Act allow the courts to vary or cancel farm machinery hire-purchase agreements considered to be harsh or unconscionable. Section 25 allows courts to grant a 12-month moratorium on the repossession of farm machinery to allow farmers the opportunity of trading their way out over time.

As earlier speakers said, hire-purchase arrangements are no longer the preferred financing vehicle for farming communities. The general approach taken by most people is that leasing arrangements should be made on more acceptable terms than some of the more outrageous hire-purchase agreements that trapped people in both city and country environments through the 1980s.

Most of the act was repealed in 1997 by the enactment of the Hire-Purchase (Further Amendment) Act. However, as a saving for farmers that act retained the application of sections 24 and 25 to farm machinery hire-purchase agreements entered into within two years of the commencement of Part II of the act. That period expires on 1 April next.

At that time the savings provisions were considered necessary to protect farmers because of the erratic nature of farming incomes — a good year followed by a bust year. As I said, when I was spending time in the north-east the area experienced periods of sustained drought and farmers had no income.

The retention was expressed to be for only two years to allow time to conduct a review of appropriate statutory protection on farming finance generally. However, in the meantime the commonwealth government inserted section 51AC into the Trade Practices Act 1974, which was enacted on 1 July 1998.

Section 51AC prohibits unconscionable conduct in business transactions and would encompass credit dealings between farmers and financiers regarding farm machinery. It sets out wide criteria for assessing unconscionability and the courts have wide powers to

compensate small traders such as farmers for breaches of that provision. The extension will allow time for section 51AC to be tested in the courts and for an assessment of whether it or sections 24 and 25 of the Hire-Purchase Act or any other proposal provide the best protection for farmers in their business dealings with financiers.

Once the section is tested it will be clear whether sections 24 and 25 need to be retained for a longer period. It is an important safety net. Although it is likely to take several years for the section to be tested sufficiently in the courts and for a clear picture of its effectiveness to emerge, the period allowed for that to take place seems reasonable and the government might be in a position subsequently to repeal sections 24 and 25. Meanwhile the government will not allow the protective provisions of the Hire-Purchase Act to lapse without there being an adequate alternative for farmers.

The bill has bipartisan support. It is important to provide protection for farmers because some people may still have hire-purchase arrangements and be trapped in such financial packages. Although it is hard to judge the extent of that, those people deserve protection. The bill provides a level of protection and surety to the farming sector. I commend the bill to the house.

Mr PLOWMAN (Benambra) — I was pleased to hear the contribution of the honourable member for Richmond on two accounts. Firstly, he talked about the hospitality he received from the people in north-eastern Victoria during his recent visit to the district. I concur wholeheartedly with what he said; it is one of the loveliest regions of Australia and would welcome the honourable member back again any time to further enjoy that hospitality. Secondly, he discussed the actions of the Scrutiny of Acts and Regulations Committee (SARC).

Under the fine chairmanship of the honourable member for Gippsland South the SARC did a lot of the work that resulted in the introduction of the amendments and drew Parliament's attention to the situation of the Hire-Purchase Act. I was pleased to hear the honourable member for Richmond say he was not only aware of but also applauded the work of the committee and now better respected the reasons for its existence. I have been a member of the committee for some time and there is a tendency to think the work is never appreciated. It is nice to hear comments of praise.

I have pleasure in adding my comments in the debate on the bill. The Liberal Party does not oppose the legislation. The main part of the bill seeks to extend the operation of sections 24 and 25 of the principal act until 1 July 2003. Although most people would suggest the bill is relatively unimportant, it is important to those to whom it applies. No matter how small a percentage of country people that might be, it is important to those people that Parliament is looking after their interests. It is good to see total bipartisan support on such an issue.

The honourable member for Coburg was also a member of the SARC. He and I were also members of the redundant legislation subcommittee that conducted the 1996 review of the act. As a direct result of the committee's investigation the act was amended in 1997. Sections 24 and 25 allow courts to vary or cancel hire-purchase agreements and were determined to be important to the farming industry. Although to my knowledge that has not happened in the past 10 or 15 years it used to happen in situations where farmers were met with, say, three or four bad years in a row and their incomes were reduced to a negative figure because they still had to bear the annual costs of planting crops. If farmers were hit with such a bad run they were in the dreadful situation in which hire-purchase companies could take away their very means of existence.

Originally the act served to protect farmers, who could work their way out of bad situations provided they were given the chance to do so. The bill specifically allowed the opportunity for an extension of 12 months to allow farmers to trade out of difficult positions. The honourable member for Richmond said he was aware of the situation in the early 1980s when seasonal conditions were bad. I farmed throughout the early 1980s and I know how bad times were. Although I appreciate that the honourable member for Richmond was aware of it, only people who had watched their asset base diminish and knew that through no fault of their own seasonal conditions were leading to the demise of their farming activity could fully understand the justification for government intervention, which under normal trading circumstances would not be acceptable.

Under those circumstances it is correct for the government to adopt an interventionist role. The coverage of section 24 needed to be extended, and I am delighted that the amending bill extends its operation until 1 July 2003.

Section 25 allows a court to grant a 12-month moratorium on the repossession of farm machinery. In that case, as in exactly the same circumstances as I referred to earlier, the run of bad seasons with which a farmer may have to cope is, without doubt, something one would not wish on anybody. As a farmer I did not

reach a desperate situation, but I have seen it happen to others.

The government has a justifiable role in stopping the repossession of farm equipment. Although I know repossessions have occurred, in my farming experience I have not seen it happen because the act has prevented it. Any business that has held a hire-purchase arrangement has known that if it steps over the line the power of the act will be imposed.

The honourable member for Coburg suggested that the legislation was not required and that such circumstances could be covered by a code of practice. I respect the judgment of the honourable member because we were both on the SARC subcommittee investigation, but I suggest to him that a code of practice does not carry with it nearly as much weight as having a solicitor ring up a trader who is about to commit an unconscionable act by attempting to repossess machinery and saying, 'Have you read the act? Do you know what it means if you go onto the farmer's property and repossess his machinery?', or in sending a letter to the trader in which the solicitor points out the provisions of the act. Then the person who has conducted or is about to conduct an unconscionable deed can see it is not in his or her best interests, if for no other reason than that if the repossession were to occur, the adverse publicity would be so great as to make it not worth while. The appropriate provision in the act has been valuable.

The SARC subcommittee review chaired by the Honourable Maree Luckins in the other place followed a reference from the former Attorney-General in her position as Minister for Fair Trading after a request was made of her by the Australian Finance Conference (AFC). Its concern was that we were experiencing a deregulation of the finance industry, leading to what nobody would deny are enormous benefits to the community.

In that circumstance the subcommittee was asked to make the judgment: is the deregulation more important, is the protection afforded under the two sections of the act worth keeping or should the act be totally repealed?

The honourable member for Richmond referred to the federal government's July 1998 amendment to the Trades Practices Act that affected all areas covered by the act. The fact that the federal legislative amendment has not been tested, and it may well take several years for it to be tested, emphasises the importance of having an additional three years for the protective sections to remain in the state legislation, during which time the federal act can be tested.

The SARC review received about 38 submissions and about 12 witnesses, including representatives of the AFC, the Victorian Farmers Federation and the consumer committee of the Law Council of Australia, gave evidence during public hearings. The VFF submission stated that only about 3.6 per cent of farmers' debt was by way of hire-purchase agreements. That percentage sounds small but the future for those who had taken out and were bound for some years by hire-purchase agreements and were experiencing hard times was of vital interest not only to the VFF but also to all members of the subcommittee.

The subcommittee had to judge whether such a small percentage of the total farm debt being on hire-purchase justified keeping the prescriptive role set out in the act or whether the act should be totally repealed.

Mr Hulls interjected.

Mr PLOWMAN — I enjoyed the interjection of the Attorney-General because he obviously is livened up, but it is not to his credit. It is more important to speak your mind on an act and to say what you think is right than to be emotional, as the Attorney-General often is. I hear the interjection but I do not wish to respond to it.

The review by SARC looked at the availability of finance for the farming community. It fell into four categories: firstly, hire-purchase arrangements; and secondly, leasing of goods, which is undoubtedly the most popular option used by farmers because of the relevant tax advantages. The third source of finance is increased overdrafts using alternative security. The fourth is a chattel mortgage or a mortgage over the prescriptive farm or machinery. Initially hire-purchase arrangements were an attractive means of obtaining finance for farming operations and were taken up by farmers in the past.

In the past 10 or 15 years significant changes have occurred in the way people finance their operations. Most changes have been based on taxation law. When tax laws favour one or other financing methods farmers tend to use whatever method not only gives them the necessary funds but also provides taxation advantages. That is another reason why it is important to continue the operation of sections 24 and 25 for a further three years because nobody can predict the changes that are likely to occur to the taxation laws after the major tax change the country will experience at the turn of this financial year.

Honourable members cannot envisage how those changes might then relate to farmers wishing to purchase machinery, plant or other chattels to which the

Hire-Purchase (Amendment) Bill relates. On that basis it was decided that if it cannot be predicted how lending arrangements will change, it is best to have state or federal legislation in place offering some protection.

I will conclude by mentioning the points made by the honourable member for Murray Valley. He spoke of the difficulties currently faced by many country Victorians, particularly farming families. The real problem faced by those families and communities is the complete reversal of expendable income that I have witnessed in my lifetime.

Some 30 to 40 years ago the majority of expendable income in Australia was based in country Australia; now the situation is completely the reverse. Farming families 30 to 40 years ago had income to spare. They had income to spend, thereby supporting the development of country towns — of country machinery dealers and so on. That certainly does not apply now. Over 30 to 40 years a complete reversal has come about.

I applaud what the honourable member for Murray Valley said because that is the real reason country communities are doing it tough at the moment. It has little to do with government, but it is having a drastic effect on country families and communities in small towns. Provisions such as those in the Hire-Purchase Act are well worth continuing for three years to ensure that people who would otherwise be caught are protected by the act's continuation. I have pleasure in supporting the bill.

Mr ROBINSON (Mitcham) — I am pleased to make a few relatively brief comments in support of the Hire-Purchase (Amendment) Bill. Along with other speakers before me, I welcome the legislation. It will help ameliorate hire-purchase contracts relating to farm machinery and, by necessity, farming families until 2003.

The bill is intended to allow courts to reopen contracts and offer relief to farming families who have taken out those contracts when it would otherwise not be extended, and that is to be applauded. I cannot speak on the bill as someone with extensive experience as a primary producer. Let that be made clear. I suspect honourable members opposite would have deduced that anyway.

However, for the purpose of the record let it be recorded that I spent a brief period as a student doing some fruit picking. On that occasion many years ago I was assigned to pick peaches. That was fine. I fell out of the tree a few times but no permanent damage was done to the tree or to me, so peaches were fine. Then I volunteered for a day of picking strawberries. I wondered why I was working at a quicker pace than the fellow in the row next to me, only to be told that I had done an excellent job of picking strawberries that were only fit for jam. I had been working too diligently on that occasion.

There are a million and one reasons why people working in agriculture do an outstanding job, and there are a million and one reasons why the sector has enjoyed a renaissance in recent years. The value of exports is approaching $5 billion. I take credit in that my decision not to pursue a career in primary production has assisted in some way!

On a more serious note, it is true that farming families tolerate cash flows that are spasmodic by the standards of pay-as-you-earn employees and wage-earners in the city. That creates all sorts of pressure that people who live in my electorate would have difficulty comprehending. They are nonetheless real pressures.

The situation creates an environment in which it might suit farming families to take up hire-purchase contracts, even though the cost in real terms of those contracts is much higher than that of other forms of financing. It is understandable that in certain instances a resentment develops, and to some extent is fostered, in communities where by necessity a higher proportion of purchases are financed by such means. Those communities do a great deal more than their fair share in their contribution to state exports.

It is important that in institutions such as Parliament such sentiments are understood. Members of Parliament can do some things but not others, but at all times we need to try to do our best to understand the sentiments of people outside the metropolitan area.

One of the characteristics that has come to distinguish hire-purchase contracts is the higher interest rate that is payable. When hire-purchase contracts were the bread and butter of financing deals some time ago, it was not unusual for the interest rate to be several points higher than that paid on a home mortgage, for example.

The tactics used by hire-purchase companies in the past have come to the attention of this place on many occasions. A series of reports have been made by government agencies over the years into the activities of some of those firms. Avco Financial Services, the company that sponsored the Carlton Football Club for many years, came into the spotlight for practices that had been considered unreasonable. That is one of several firms that have been mentioned in that regard

over the past 15 years. It is appropriate that that relief from certain hire-purchase arrangements be extended. I am pleased to support the bill as a means of extending that relief.

A previous speaker spoke of having to endure on the land season after season of misfortune. Again, I have not found myself in the position where my income has suffered year after year in that way. I can only sympathise with people in that position. I am sure the Leader of the Opposition, who is at the table, would appreciate that we have both had to face season after season of despair, both being supporters of Melbourne Football Club.

Mr Lenders interjected.

Mr ROBINSON — That was an ungracious interjection by the honourable member for Dandenong North, suggesting the honourable member opposite is not of sufficient standing to be considered one of us.

It would be appalling to have to calculate how to keep a home together when the income available to a family is falling and cannot be calculated. How to cope in that situation defies imagination.

Thankfully hire-purchase contracts as a form of financing are diminishing as a proportion of lending instruments. It is fair to say that one of the advantages of the banking and finance system as it currently operates is the wider array of lending instruments. One of the most commonly used by families around town is a line of credit based on the home mortgage. Lines of credit are available at a lower interest rate compared to the higher rate paid when hire-purchase contracts were pretty much the only way to raise money in the short term.

I note the bill extends relief for three years — to 30 June 2003 — principally to allow time for the full weight of the amended Trade Practices Act to come into effect through the operation of the unconscionable conduct clause that was inserted into that act by the federal government some time ago, I think in 1998. That legislative change meant that money could be allocated by the federal government to the Australian Competition and Consumer Commission (ACCC) for the purpose of commissioning a case to establish unconscionable conduct as a precedent.

'Unconscionable conduct' is a legislative term coined in the 1999 act. The federal government resolved, quite rightly, that it was important that an action be taken by the ACCC against an unconscionable operator to establish a precedent and get a judgment to allow the commission and others to take further actions more easily. One of the problems of having unconscionable conduct enshrined in legislation is that until such time as it is actually proven in court and a judgment is made no-one is quite able to say what it is and what it is not. That three-year extension was to allow not only for the ACCC to take the necessary first action but also for a concise judgment to be delivered.

My recollection is that in late 1998 or early 1999 the ACCC was eagerly working on a case against a shopping centre owner, I think in Adelaide. Detailed preparation was going on and there was an expectation that in the foreseeable future a successful judgment would be arrived at using the unconscionable conduct provision. I do not know what stage that action has reached, but I know all honourable members will welcome a successful outcome and a judgment establishing precedent in that field.

Honourable members, on this side of the house at least, wish the bill well and hope it provides substantial relief to people, particularly those in rural communities who have been forced by circumstance and necessity to take out hire-purchase contracts.

Mr MULDER (Polwarth) — I thank honourable members who have contributed to the debate on this important bill, which is important to people in rural communities.

The bill has been given priority by the opposition because it has ramifications for farmers throughout Victoria. It extends the operation of sections 24 and 25 of the Hire-Purchase Act for a further three years so that hire-purchase contracts for farm machinery are managed in a way that ensures they do not have a negative impact on farming operations.

I have been fortunate enough to have had some extensive experience working on farms over the years. I started work on a farm in Birregurra when I was 12 years old. I was seconded by Miss Margaret Darcy, who owned a large sheep farm.

An honourable member interjected.

Mr MULDER — Yes, it was child labour. They used to call and pick me up at our housing ministry estate in Colac where I was part of a neighbourhood that included 23 children in three households. It was an enjoyable upbringing. We had an Irish family on one side of us; my family, being of Irish–Dutch–English descent, was in the middle; and the Robinsons, an Aboriginal family, lived on the other side of us. I was looked upon as blessed because I had a job and was picked up in Colac on Saturdays and Sundays and driven into the country to work.

That sense of privilege continued when I came to Melbourne to work. I used to hitchhike down from Colac with my suitcase and get dropped off at the Rising Sun Hotel in Footscray, then walk to Gammon Street in Seddon where I lived with the Maltese family of Mrs Abella. She looked after me very well and I got to spend quite a bit of time in the western suburbs. I was, however, always conscious of the hitchhiking trip back to Colac on Friday nights to work on the farming property and renew my ties with the rural community.

During that period the trips out into the country often involved that kind, generous lady, Miss Darcy, who was, however, not the best driver. She drove faster in the city than on the highway and only ever pulled out to pass a car on a bend or in deep fog. She also drove with two fingers on the wheel and ran rosary beads through her other hand. We had exciting times getting out to that property to work.

I became acutely conscious of the concept of being asset rich and cash poor. Once a piece of furniture arrived at the property in a furniture van and she turned it away at the front gate. She said she did not have the money to pay for it because the wool cheque had not arrived and she had other priorities. The piece of furniture was sent back. It is at times like that you learn that, even though a person may own a property of 700 or 800 acres, he or she may be really struggling.

The bill protects farmers operating in a market of continual uncertainty. One of the biggest issues faced by farmers and farming communities is cash flows; and cash flows are greatly affected by seasonal conditions.

In my area in the Western District a farmer may suddenly be faced with an unexpected cost that has come from left field. We are currently facing that problem as a result of water shortages; farmers have had to pay to have water carted to their properties. No-one in a high rainfall area would allow for that type of expenditure in a business plan. Unforeseen costs put a strain on a farmer's cash flow and create other hardships. That sort of thing creates a tough situation for farmers, given that they may have to meet payment schemes, hire-purchase arrangements and banking commitments.

Other unforseen circumstances, such as fires, also arise. A farmer's entire fencing may be wiped out in a fire. Fires can put a halt to a farmer's cash flow for a year or more, because he or she may be without fodder or fences to contain stock and may need to rebuild the farm from scratch. A complete rebuilding program may have to take place. Financial institutions must take into account the uncertainty people face in rural communities and ensure that financial arrangements do not make farmers feel threatened and that they are not dealt with in a harsh or unconscionable way, which has happened in the past.

Other speakers have spoken about low commodity prices. In one year a farmer may experience high returns and his cash flow may be running well. As a result he may commit himself to purchasing certain items of machinery. However, in the following year he may be hit by an insect plague, dry conditions or a fire, and as a result he is back to square 1 and struggling. The bill protects farmers in those situations and provides them with other options to protect their incomes and assets. The bill embodies a sense of fairness.

Many circumstances faced by farmers are outside their control. Other businesses are conducted in reasonably certain markets and follow prescribed processes. If farmers were not afforded some form of protection they could be preyed upon by financiers. That has happened in my community in the past. When financiers take action against farmers it not only puts the farmers under financial strain, it creates a social stigma. In rural communities people sometimes hear that someone down the road has hit hard times and the financiers have moved in and removed equipment.

If a farmer owns three or four pieces of equipment, one of which is repossessed, he may, for example, be able to cut, press and bale but be unable to load. In that example, although only one piece of equipment has been removed from a property, production on the property may be totally halted until arrangements can be made for the return of the piece of equipment. Another example is the removal of a milking plant from a dairy farmer's property. If 500 or 600 cows are standing at a gate and the farmer is unable to milk them, the farmer is placed under enormous stress.

The legislation ensures that a process of mediation between the parties to a contract takes place to resolve issues in the interests of both the financier and the farmer. In the world of finance, home loans, commercial loans and other types of financial arrangements are often refinanced. In the past if a borrower was unable to meet his or her obligations under a hire-purchase contract it was considered to be a breach of the contract and the lender had the opportunity of acting in a harsh or unconscionable manner to take advantage of the borrower. However, the legislation forces a financier and a lender to sit down and discuss the issues to work out other arrangements. The provision is yet to be tested — I assume because it is working extremely well.

The contract period may be extended or deferred payments may be arranged. For example, a farmer who is waiting for a large cheque in payment for wool, milk or a grain crop may, if the cheque has been lost in the mail but is due to arrive soon, be allowed to extend the period of the contract or defer a payment. Another example is a farmer who is facing prolonged periods of high commodity prices but whose level of income at the time may not enable him to meet his financial arrangements. Under the bill he has the option of sitting down with the financier and considering the possibility of smaller payments over a longer period or smaller payments with a larger balloon payment at the end.

The harsh and unconscionable conduct that previously plagued the hire-purchase industry has been removed. The legislation protects farmers and financiers and builds goodwill within the finance industry because all parties know that a matter can be resolved and that in the long run the financier will receive his due payments. A program can be put in place that will enable the farmer to reach the best possible outcome depending on his level of income and his ability to meet payments at certain times of the year.

Another issue in rural communities is the impact of this legislation on farm machinery sales operators. In my electorate of Polwarth, Colac is home to 5 or 6 farm machinery outlets and there are probably 3 or 4 in Camperdown. Even the little town of Winchelsea has a farm machinery outlet. Often, the operators of such outlets act as brokers for financiers — that is, they take on the role of the third party responsible for introducing financiers to borrowers. They feel a sense of responsibility to the success of any deals because they are looking for return business.

Operators of farm machinery outlets want to ensure that the farmers in their communities stay in operation. They also want to ensure that viable options exist for any finance company prepared to take on any business forwarded to it in their areas. They can sell with a sense of confidence and good conscience, knowing that good business is return business and that the particular client is a very important part in the cog of the rural community. Most farm machinery outlets are not just involved in sales but run extensive service operations that extend throughout rural Victoria. I am certain that if honourable members were to travel around my electorate they would often pass service vehicles from well-respected farm machinery outlets.

Another important factor is the flow-on effect of a successful, well-financed farming operation. The success of a farm machinery sales company flows through to other areas in rural communities. Every opportunity must be taken to ensure the success of rural communities. The organisations that provide finance to successful farming operations that have the ability to meet their commitments and to machinery dealers provide money which supports schools, hotels, shops, traders and service people.

I do not know where rural Victoria would be today without successful, well-financed agricultural operators. For example, the Polwarth electorate has everything from dairying through to wool, lamb and mutton production; it has an eel farm, fish farms and a variety of agricultural pursuits. People in those industries need to operate in an extremely flexible manner knowing, that should they face hard times at any given moment, they have the option to negotiate a more flexible and realistic deal without the fear of facing harsh or unconscionable conduct from finance companies.

I commend previous speakers on their contributions to the debate. The bill is about fairness to the industry; it is about an industry that is the backbone of the state. I wish the bill well on its passage through the house.

Mr VOGELS (Warrnambool) — It is with pleasure that I support the bill, which amends subsection 4B of section 1 of the act by extending the application of sections 24 and 25, which pertain to farm machinery and equipment, for three years. The provision allowing courts to vary or cancel farm machinery hire-purchase agreements that are considered unconscionable needs to be maintained, at least for the present. It is good to see the courts have wide powers to compensate small traders such as farmers for breaches of the provision.

Over the years I have dealt with many hire-purchase companies and have never had a bad experience. I stand to be corrected, but the existing legislation is probably working very well as a deterrent, because to my knowledge no-one has ever had to use its powers. It is obviously working.

Agriculture is a risky business. Not only do farmers have to contend with the seasons and variable weather patterns, they are also at the mercy of a corrupt world market. Subsidisation in other countries directly impacts on the prices farmers get for their produce. My experience is mainly in dairy farming, and I know that the price received for a litre of milk varies widely from one year to another. As exporters we are 80 per cent reliant on world prices. It is not unusual for Australian companies to spend many years and great sums of money finding overseas markets in Asia and the Middle East only to find that the European Union or the United States of America is dumping products on those markets.

Victoria is entering its fourth year of below-average rainfall, which adds to the cost of production because water, grain, hay and silage must be bought. I highlight these points merely to show that in agriculture commodity prices can vary and change extremely quickly. If you have in good faith just gone into a hire-purchase agreement to buy a tractor for more than $100 000, a milking machine for $250 000 or even a new baler or loader, with all the indicators and best advice available giving you the right vibes, it does not take much to find yourself in difficulty.

That is why the legislation is needed. It gives the parties time to seek advice and come up with alternative arrangements. It enables both parties to have some breathing space. The bill is practical and sensible, and I have much pleasure in supporting it.

I have listened for approximately 3 hours to others speaking on the bill, and I do not think there is anything more I can add to the debate.

Mr DELAHUNTY (Wimmera) — I am grateful for the opportunity to have some input into the debate on this important bill, particularly as it relates to farmers in the Wimmera.

The purpose of the bill is to extend until 30 June 2003 the operation of sections 24 and 25 of the act, which cover hire-purchase agreements for farm machinery and connected agreements. There is bipartisan support for the bill, and I was pleased to hear the honourable member for Richmond's contribution to the debate. I commend him for his true understanding of and empathy with rural Victorians.

Section 24 of the act allows the courts to vary or cancel hire-purchase agreements entered into by farmers that the courts consider to be harsh or unconscionable.

Other honourable members have referred to the 1997 recommendations of the Scrutiny of Acts and Regulations Committee. When I received the bill I sent it out to many people and asked for their comments and input. A rural councillor who played an important role in assisting farmers to get through downturns and to adjust to dramatic changes in agriculture across Australia made some comments. The rural councillor said the organisations he was involved with were in favour of the amendments and had been tossing the amendments around with governments for approximately 11 years. They also believed a parliamentary committee had investigated the issue, as has previously been referred to, and believed the act was prescriptive and hire-purchase agreements accounted for only a small percentage of total farm debt.

Although that might be true, individual farms have high hire-purchase debt because of increasing machinery and technology costs. The bill is important for people caught in that loop.

Section 25 of the act allows the courts to grant a further 12-month moratorium on the repossession of farm machinery to allow farmers extra time to remedy breaches of hire-purchase arrangements. Difficulties can arise through no fault of the farmers. For example, some years ago a frost hit the Wimmera region late in the season and took away the opportunity for farmers to have a good season and gain a good income. No doubt many farmers were caught by that unfortunate circumstance. The effect on the cash flow for those farms would have been so severe that many farmers would not have been able to meet their hire-purchase commitments. To lose equipment would have been a real blow to the farmers on top of the frosts taking away their income. The provision that allows that section to continue is to be supported.

I note that the honourable member for Richmond talked about the north-east of Victoria, but the Wimmera is quite different from the north-east. It is a dryland agricultural area. It is predominantly a grain-growing region, but wool is also produced. Life has been tough for farmers in the Wimmera. There were good years back in the 1950s, 1960s and 1970s when the margins were better. Terms of trade were excellent then and machinery was cheap compared to today's prices.

Large, expensive equipment is needed for efficient farming because an enormous area has to be covered and the farmer has to cater for the vagaries of the weather. A great amount of money is put on the line up front to purchase the necessary equipment for cropping, whether it be large tractors or broadacre cropping machinery that is needed to get the crops in at the peak time or during the window of opportunity that is open between periods of what we hope will be good rainfall. Large harvesting equipment is used to get the crops off at the right time before a storm takes away the opportunity for the farmer to get a good harvest. That means $300 000 to $400 000 worth of machinery is used for only five or six weeks of the year if it is used only on the farmer's own property. A great amount of finance is involved in meeting the harvesting needs.

In the past couple of years times have been difficult in the Wimmera farming area because of low commodity prices, the vagaries of the weather and the consequent reduced cash flows. An honourable member in another

place spoke about the drought and referred to the committee chaired by Ian Hastings that developed the application in the Mallee that led to farmers in that area receiving commonwealth assistance. The Wimmera was not incorporated in that area so Wimmera farmers have received no government assistance. Farmers are resilient, and they realise they choose to live a certain lifestyle; but they would be very disappointed if they were given no protection by the government, particularly financial protection.

The honourable member for Polwarth talked about the high number of machinery companies and suppliers in towns. Most of them in the Wimmera are excellent and will adjust to cash flows and work with the farming community in difficult times, but in every industry someone goes for the throat. Retailers in many towns across the Wimmera are exceptionally good. Wimmera is 27 308 square kilometres in area — the largest lower house electorate in the state — so many opportunities exist there for business. As a result of the vagaries of weather and unfavourable terms of trade there have been some difficulties.

Like all other members in the house, I support the bill. It provides the opportunity to protect farmers who through no fault of their own could lose machinery vital to the ongoing profitability of their farms. The commonwealth has brought through legislation that has complicated the bill within the Parliament. Barristers have briefed members today. The legislation has not yet been tested so it is important for it to continue for another couple of years to provide an opportunity for either the state or federal legislation to be tested in court.

I thank the councillors for their advice. I am aware of the problems in relation to dryland farming in the Wimmera electorate. I receive good feedback from the Victorian Farmers Federation, rural councillors and farmers operating in the Wimmera region. Like the honourable member for Warrnambool and other members, I support the bill and hope it has a speedy passage through the Parliament.

Mr THOMPSON (Sandringham) — The legislation before the house today sensibly enacts recommendations by the Scrutiny of Acts and Regulations Committee adopted from a report of December 1996 by the redundant legislation subcommittee on the Hire-Purchase Act. The chair of the committee was the Leader of the National Party.

Australian history is filled with stories of the man on the land and in the bush and of the seasonal difficulties encountered. The original hire-purchase legislation had two important provisions: firstly, it provided a moratorium for the man on the land in the repayment of hire-purchase agreement obligations. Secondly, through the operation of a later section of the legislation it enabled a court to look into unconscionable terms within contracts, thereby protecting the man on the land. Farmers might need expensive agricultural equipment to undertake the primary goal of keeping the farm running but might not have the capacity to understand the implications of the contract.

Today the farming sector in Victoria is varied in its prosperity. The dairy industry draws on Victoria's capacity to be a food basket for the rest of the world and is supplying dairy products throughout the Asian region and into Europe. The wool price has dropped and is unlikely to recover as the Russian army no longer requires greatcoats and synthetic fibres are being utilised in the manufacture of clothing.

In western Victoria the average farmer may derive his income principally through the usual farm activities of sheep, cultivating a merino grade of wool for supply to international markets, the agistment of cattle for the Melbourne market and the cultivation of crops including wheat, barley and canola. Those three crops require expensive harvesting equipment.

The redundant legislation subcommittee considered a range of submissions from a number of organisations. Some of Melbourne's leading lawyers submitted that the legislation was redundant and recommended its repeal. As I recall, more stringent requirements were placed on an industry endeavouring to develop a national application. After carefully reviewing the act and consulting widely with consumer advisory services in the rural regions, the subcommittee was not persuaded to repeal two particular sections because their impact was unclear.

In more recent years lease agreements rather than hire-purchase agreements have been the principal form of financing the purchase of farm equipment or machinery. Nevertheless, in its all-party wisdom, the subcommittee elected to adopt recommendations preserving sections 24 and 25 of the Hire-Purchase Act. Section 24 provides for the reopening of hire-purchase transactions considered to be harsh and unconscionable and section 25 creates a moratorium on the repossession of farming equipment. The second-reading speech replicates the original recommendations of the Scrutiny of Acts and Regulations Committee (SARC) in its report, and the bill extends the operation of sections 24 and 25 of the Hire-Purchase Act until 30 June 2003.

The legislation gives people on the land some comfort should they be bound by hire-purchase agreements knowing they have the opportunity to set aside particular provisions or, if the season is bad, defer the repossession of farming machinery to allow them additional time to remedy breaches of hire-purchase agreements.

A leading luminary on the Melbourne speaker's circuit, Phil Ruthven, tells a story about a farmer from Western Australia who rang to attack him after he had described many farmers in less than complimentary terms in the *Weekly Times*. Mr Ruthven asked the farmer several questions, including the nature of his landholding, the loading of debt on his property and his farming practices. An amicable discussion then ensued, at the end of which Mr Ruthven advised the farmer to sell the family farm, discharge the debt on the property of some $300 000 to 600 000, find the best agricultural land he could in Western Australia, lease it and then apply his skills as a farmer to the cultivation of that land. In addition, he gave him the sage advice not to acquire any equipment but to hire it on an as-required basis to simplify his overheads and enable him to do what he did best — that is, cultivate the land and generate his livelihood on the land. Several years later he received a further call from the farmer thanking him for his advice. He told him that rather than a cash-flow problem he now had a problem of money owed to the tax office because of his prosperous farming operations.

The former government undertook many steps to assist people on the land, one being the minimisation of stamp duty on the transfer of property between family members. The reform's objectives were not to impede the management of the farm when it passed to the next generation. At times the younger generation may wish to vary older farming practices.

I am familiar with the Kirbys, fifth-generation farmers out of Harrow. Since the 1850s or 60s their prosperity has been built on the wool industry. There are some fine farming properties in the region that reflect the early days of Victorian farming, including Koutnorien, owned by the McGenniskens. In addition to the McGennisken and Kirby families the Grant family's livelihood comes from the land in that region. Farming activities extend to the cultivation of canola, barley, wheat and the rearing of sheep and cattle.

The Kirbys have evidence of four generations of family dwellings on the property — the remnant of a fireplace from the dwelling of the first people to apply for the Crown grant, a homestead built early in the 19th century, one built in the 1940s or 50s and today's modern homestead. There is great endeavour in that region to try and regain some of the prosperity of days gone by.

At times I have compared the struggle of farmers to the hardware store owner whose family has run the business in a local precinct for a long period. As markets have changed and the big conglomerates have established large warehouses in the town it has been quite a struggle to maintain the previous lifestyle, and in the case of farmers the on-farm income of earlier days.

In addition to there being a range of property types the agricultural equipment utilised on the farms ranges from horse-drawn implements, such as ploughs, to heavy-duty tractors and wide machinery. The legislation is designed to protect farming life. If a farmer acquires agricultural machinery under a hire-purchase arrangement he or she will be protected because the bill extends the operation of the law for a further period to ensure that protection is provided in respect of any new legal provisions.

The recommendation of the SARC in paragraph 6.11 of chapter 6 states:

> In addition, the committee noted the potential benefits of uniform laws relating to industry finance. The committee is of the view that section 24 provided relief in certain areas prior to the more recent development in the law of equity, in particular, the Amadio case. These developments may well provide adequate protection and have overtaken the need for specific regulations like section 24. In the absence of industry self-regulation providing suitable protection to commercial borrowers, the committee is of the opinion that the protections provided for in section 25 would best be considered as part of a national code covering various forms of commercial finance.

The implications of any national code have not yet been fully tested in the marketplace. The bill is intended to provide sound and adequate protection to the people on the land so they can go about their primary responsibilities of farming, cultivation and agistment and thereby contribute to and strengthen Victoria's agricultural base.

At the date of the last election Victoria had had record levels of employment, investment and export. One of the great developments in the past seven years or so in Victoria has been the focus on the food industry, encompassing the production of lentils and stone fruits, the dairy products that emanate from the cheese factories and the powdered milk that forms part of Victoria's growing export income. Bonlac and other dairy industry enterprises at Darnum in eastern Victoria have invested strongly in new plant and equipment and there has been extensive investment in food processing equipment and machinery at Echuca. That investment

has helped to sustain ongoing employment in regional Victoria.

Victoria has always been supported strongly by its agricultural base and pioneering developments. The electorate of Sunshine, held formerly by Mr Ian Baker, once had one of the state's largest employment bases in the International Harvester factory following the invention by Hugh Victor Mackay of a machine that could harvest, winnow and harrow concurrently. At one stage Hugh Mackay employed 3000 people in the western suburbs. One need only visit there today to see that the greater proportion of the former factory site is a barren wasteland. At a time when he was not able to sell his product into Australian markets Mackay put his brother on a ship and sent him to South America with a view to marketing his product there. He was one of the great Victorian pioneers who added value to the wealth base of the nation.

There have been other great Australian pioneers in agriculture. William Farrer was a scientist. He came to Australia from Britain as a failed medical student and later developed a strain of wheat that was resilient to Australian crop and soil conditions. His work helped underpin the development of the Australian wheat industry. Wheat is an important staple product that has been exported to many other places throughout the world.

There are other ongoing traditions in the cultivation of new industries. Tomato growers in the Shepparton region are taking advantage of the available supply of water and using hydroponics to develop products for the Australian marketplace. The grape industry is another example. A number of years ago people on fruit blocks in Mildura — soldier settlements or smaller blocks — were struggling and in many instances left the land because they were not able to eke out an income. They are now in a desirable position owing to the tremendous demand for grapes for the Australian wine industry. They also cater for export market demand. They have been able to develop good products and maintain a good standard of living.

Victoria's agricultural industry has underpinned the maintenance of an appropriate level of lifestyle for many people in the Australian community. The legislation before the house will continue to protect the rights and interests of people on the land so they will not be subjected to unconscionable conduct by financiers. Farmers will have the opportunity of entering into contracts and having payments on any hire-purchase agreements deferred in the event of the income from their land not being sufficient to meet their obligations under such contracts.

The legislation is excellent and has been underpinned by the outstanding work of the Leader of the National Party, who chaired the Scrutiny of Acts and Regulations Committee. The committee's work has ensured that the protections will remain on the statute books until other arrangements are tested. I commend the bill to the house.

Ms CAMPBELL (Minister for Community Services) — I wish to make only a couple of points in my contribution to debate on the Hire-Purchase (Amendment) Bill. Firstly, the town of Patchewollock has not been mentioned in debate; and secondly, no honourable member has mentioned the work of women. I congratulate the Minister for Consumer Affairs in the other place for introducing the legislation which, I note, is based upon a 1996 report of the Scrutiny of Acts and Regulations Committee.

It is fascinating to note that the Hire-Purchase (Amendment) Bill that will have such significant effects on the agriculture industry and on rural Victoria has been introduced by the Bracks Labor government. I congratulate the government for not sitting on a report that had been sat on by the former government for a number of years.

The house has heard much about farmers and the agriculture industry. As the Minister for Consumer Affairs would want it placed on record, farmers include men and women: both are involved in agriculture. I pay particular tribute to a woman of great standing, Roma Ingwerson, and her family, who did a magnificent job in keeping their Patchewollock farm operating.

Mr RYAN (Leader of the National Party) — The Hire-Purchase (Amendment) Bill arose from the work undertaken by the Scrutiny of Acts and Regulations Committee, which I had the pleasure and honour of chairing during the life of the last Parliament. The honourable member for Sandringham was a committee member and made an excellent contribution to the committee's work.

The contribution of the honourable member for Sandringham to the debate was no less excellent. He did a splendid job in his usual erudite way of outlining and fully explaining the legislation to the house. He placed the bill into its proper context. But I will let the contribution of the Minister for Community Services go through to the keeper!

The bill has been introduced now because there was no point in bringing it to the house previously. The fundamental intent behind the legislation is to extend the operation of sections 24 and 25 of the act for about

two years, from 1 April next until 30 June 2003. Until now there has been no test and it has been unnecessary to have the bill introduced.

The legislation is being debated this week rather than, as originally intended, next week because the government suddenly realised it was at risk of having the last day of March come and go, leaving the legislation redundant. Then the act would have had no practical effect.

In fairness I must say that in her brief contribution the Minister for Community Services accurately reflected the contribution made by women and men in our farming communities. The bill provides relief to those farming communities who from time to time may be in need of it as a result of what may otherwise have transpired under the terms of the Hire-Purchase Act had the amending bill not been introduced. Farmers will be protected from having their equipment seized under an agreement they entered into but with whose terms they cannot comply for various reasons. These days the various reasons potentially include financial issues.

Throughout Victoria many wonderful things are happening in a variety of agricultural forums. In the past few weeks I have toured the state extensively; I travelled about 18 000 kilometres in six weeks. I visited many towns and spoke to many organisations and forums. I had the opportunity to see communities living their lives and doing what they do not only for their support but to contribute to the welfare of Victoria. In a vast range of enterprises that contribution is enormous, whether in the dairying areas; in the wheat and general grain-growing areas in the west of the state; in horticulture in north-eastern and north-western Victoria, or in a variety of ways in many places. Great things are happening and wonderful stories are to be told.

However, immense pressures are being placed on Victorian farming communities. In my electorate of Gippsland South I see some of those pressures being played out, particularly in parts around where I live in Sale. Not only are pressures being placed on the dairy industry because of the drought the state has now endured for about four years, but the communities are looking to accommodate the various results that will flow from deregulation that, in the medium to long term, will be of tremendous benefit to Victoria but will nevertheless involve a period of adjustment in our communities. The communities are facing the issues squarely and will deal with them.

Other influences are more insidious. In the sheep-raising areas south of Sale, in the region leading towards Yarram and particularly around Woodside and Giffard many farmers are struggling to cope with the devastating effects of ovine Johne's disease on their sheep flocks. Thousands of sheep have been destroyed as farmers have battled the consequent pressures imposed on their farms. Although the government is looking to adopt a new approach to handling the disease, leaving aside the politics, an enormous amount of pressure is being imposed on the communities to cope with the problem.

In those communities problems are arising from the drought. It is more than four years since many properties have seen consistent and decent rain. Many stories come to my office about farmers who do not have stock and domestic water. In addition, problems are arising in the aquifer system around the parts of Gippsland I represent. Farmers who rely on that source of water are facing difficulties and their capacity to draw on that source is now limited. The situation has recently been represented in the moratorium placed on the sinking of bores in much of my electorate. Low commodity prices across Australia are presenting additional problems for farmers.

To illustrate the vagaries of agricultural life and how difficult it sometimes is to live in country communities I point out that straight out of left field in the past couple of years communities in the area around Sale going down to Yarram have had to accommodate the Basslink concept — the notion that many of their properties face having to have 45-metre pylons built across them to enable what is otherwise a terrific project to eventuate.

As honourable members would know, the project concerns the construction of a mechanism to convey power to and from Tasmania via the grid in Victoria and the east coast grid. A preferred tenderer has been selected for the project. The pressure is on and is greater than it has been over the past couple of years. Next Monday night a public meeting will be held at Woodside, and I will be there to speak to the people in attendance. The opposition has so far contested the issue vigorously and will continue to contest it in the period before final decisions are made by the Labor government regarding whether planning approvals will be given for the project in Victoria.

The vagaries of living in country communities know no end. The bill is a recognition of the fact that country communities need legitimate support in various ways. It is not a question of handouts or inappropriate allowances being granted, but rather that legislation of this ilk is able to be brought before the Parliament to provide relief where it is justifiably available to the communities that will be the beneficiaries of it.

I record my great pride in the work undertaken by the Scrutiny of Acts and Regulations Committee while I was chairman, making the proposed legislation possible. The former government is to be congratulated on being prepared to introduce legislation when appropriate. I congratulate the current government on bringing the bill before the house and giving effect to an important part of the law that is in the interests of country communities.

Mr HAERMEYER (Minister for Police and Emergency Services) — I thank the honourable members for Berwick, Coburg, Murray Valley, Melton, Shepparton, Richmond, Benambra, Mitcham, Polwarth, Warrnambool, Wimmera and Sandringham, the Minister for Community Services and the Leader of the National Party for their contributions to the debate. I thank all members for the bipartisan way in which the debate has been conducted. In particular I thank the opposition, the National Party and Independent members of the house for facilitating the speedy passage of the important Hire-Purchase (Amendment) Bill through the house.

Some contributions to the debate might not have been particularly germane to the bill. Some members mentioned virtually every farming activity that takes place in their electorates. As one of the few Labor members in the last Parliament who had farms in my electorate — that has now changed — I would also have liked to refer to the wineries, emu and ostrich farms, alpaca farms, orchards and so on within my electorate, but I will not do so.

Throughout the debate members have rightly recognised the importance of the legislation, attributable to the activities of the Scrutiny of Acts and Regulations Committee in 1996. I thank the opposition for allowing the expeditious consideration of the bill, which concerns hire-purchase agreements entered into by farmers. The debate has taken note of some of the vagaries and instabilities of farm income and how that relates to hire-purchase agreements. The bill basically extends the arrangements in place so that the provisions specified extend beyond April 2000 to 30 June 2003. I hope by that time some more permanent arrangement will have been established for hire-purchase contracts entered into in the purchase of farm machinery. Again I thank all honourable members for their contributions to debate.

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

Second reading

Debate resumed from earlier this day; motion of Mr BRACKS (Treasurer).

Mr MILDENHALL (Footscray) — I could not believe the lukewarm and insipid so-called support — 'We will not oppose' support — of the Deputy Leader of the Opposition in this place yesterday. The honourable member for Brighton — she's quick, she's slick, but on her understanding of the principles behind the bill she's thick. She made an appalling interpretation of the legislation yesterday. The opposition's so-called support of the bill was a pathetic, sensationalist and distorted view of the legislation and its significance.

It must be a hard call, knowing how to criticise a bill that is so breathtakingly bold and principled. It is one of the boldest and most principled bills I have seen in the chamber and is constructed in such a clear and principled way. The legislation is good and the honourable member for Brighton knows it but cannot say it, so she deliberately resorts to misreading it.

The main attack of the honourable member for Brighton was to suggest that the government did not think of the bill's provisions first. That begs the question: if the former government thought of them first, why did it not enact them? The honourable member tries to lampoon the second-reading speech, but the measures relating to the Auditor-General's signing off on budget financial statements are a world first. Nowhere else in the world do such provisions exist.

The honourable member claimed that most of the provisions are lifted from the commonwealth Charter of Budget Honesty of 1998. Again the question arises: if it is landmark legislation, why did the Kennett government not even consider introducing it? Many of the bill's provisions are derived from commonwealth and other legislation, but many appear in the bill for the first time in Australia. I will go through some of the provisions in detail.

Proposed new section 23D, entitled 'Principles of sound financial management', is new to Victoria but similar to the commonwealth Charter of Budget

Honesty. Proposed new section 23G, detailing the content of a financial policy objectives and strategies statement, is new to Victoria. The broad approach is similar to that of the commonwealth, but the requirement to nominate key financial measures and specify forward targets is new to Australia. It breaks ground in the Australian context.

Proposed new section 23J relates to the estimated financial statements that accompany the budget. Although governments have produced them in the past, their production has not been legally required.

Proposed new section 23K sets out what is required in the accompanying statements, which have also been produced previously although that has not been legally required. The publishing of an accompanying statement of tax expenditures is new to Victoria.

Proposed new section 23N relates to budget updates, which have previously been produced as a result of the commonwealth–state agreement, although that, too, has not been required by law.

Proposed new section 24 provides for preparation of the annual financial report, the details of the Treasurer's advance and the advance to the Minister for Finance and other guarantees, all of which have previously been published even though that has not been legally required.

Proposed new section 25, which requires the preparation of a mid-year report and whole-of-government reports every six months, is a first in any Australian jurisdiction, including the commonwealth.

Proposed new section 26, which requires the preparation of a quarterly budget sector report, is also a first for Australia. Proposed new section 27B, which requires the preparation of a pre-election budget update, is new to Victoria and is modelled on the commonwealth provisions. Proposed new section 27D, which provides for the release of documents when Parliament is not sitting, is also new to Victoria. As the house has been informed, the proposed new section adopts a recommendation made last year by the Public Accounts and Estimates Committee.

Finally, proposed new section 16B of the Audit Act, which requires the Auditor-General to review the estimated financial statements and report on them to Parliament on budget day, is unique to the world. This is landmark, groundbreaking legislation.

Given that the honourable member for Wantirna and other coalition speakers are so full of praise for the parts of the bill that mirror or draw on commonwealth provisions, I would be interested to know whether they could explain why the former Kennett government did not have a tilt at doing what this bill does. When in opposition members of the current government would have welcomed such a measure as a means of trying to keep track of the rubbery figures produced year after year by the former Kennett government. Regular reports of the type envisaged by the bill would have blown the whistle on such practices as the repeated overestimation of expenditure and underestimation of income.

The shadow Treasurer was also cynical in an unworthy way. In effect she said she does not trust the Clerks because she claims there are no disciplinary measures in the bill that necessitate their meeting the requirement to pass on to honourable members the reports and statements that cannot be tabled because Parliament is not sitting. It is extraordinary to suggest that the Clerks would not undertake the duties or requirements outlined in the bill.

The shadow Treasurer asked whether the government would transmit the financial statements by email. That is something the new government will certainly endeavour to undertake if it is technically feasible.

In her extraordinary attack the shadow Treasurer said she does not trust one of the former government's principal appointees — that is, the Secretary to the Department of Treasury and Finance, Mr Ian Little. Although the bill provides that he will sign off on the pre-election financial statements, that is not good enough for the Deputy Leader of the Opposition. She said she wants the ministers to sign off on those statements. Imagine if the ministers were to sign off on them. That is the very practice the bill is designed to avoid.

When government spokespeople make claims about the state of the budget and opposition spokespeople make alternative claims, the lack of an agreed position leads to a high level of cynicism and disenchantment with the political process among commentators and members of the community at large. The government is trying to avoid that sort of situation by requiring the Secretary to the Department of Treasury and Finance to sign off on pre-election budget statements.

The shadow Treasurer alleged that the bill deliberately leaves out a commitment to lower debt and surplus budgets. The shadow Treasurer does not seem to understand the difference between principles and objectives — that is, between a framework and its content. Proposed new section 27D sets out the

principles underlying the budget structure and the government's approach to accountability. Prudential management, stability, predictability, the integrity of the tax system, regard for future generations and transparency are matters of principle.

The objectives that relate to debt levels are targets, which flow from or are derived from the principles. Those objectives will be set out in proposed new division 3, which deals with financial policy objectives and strategy statements. Such a multilayered approach, with its overarching principles, objectives and strategies, is a bit too complicated and sophisticated for the shadow Treasurer to appreciate. If she cannot see that proposed new section 27D includes principles that relate to a regard for future generations and the implications of debt, she must be reading a different bill from the one we are debating.

The shadow Treasurer also worked herself up into a state over a claim that Labor would not adhere to its pledge of producing budget surpluses overseen by the Auditor-General. She seems to want the Auditor-General to guarantee budget surpluses. She also seems not to understand that producing surpluses is a government objective and that it is therefore the responsibility of the government, not the Auditor-General, to deliver them. The Auditor-General's role is to report on whether there is any reason to doubt the reliability of the budget statements. As such it is comparable to a private sector auditor's negative assurance, which is about whether there is any reason to doubt the accuracy and reasonableness of the predictions.

The Leader of the Opposition does not seem to understand that the budget is a prospective or forward looking document that sets targets. Whereas auditors audit real transactions that have occurred in accounting periods, the Auditor-General's role is to comment on whether the budget statements have been prepared in a way that is consistent with stated accounting principles, the government's key financial targets and the economic assumptions of risks and sensitivities outlined in proposed new section 23K — and whether the methodologies used to determine those assumptions are reasonable.

That is a groundbreaking, landmark, world-first provision. The shadow Treasurer, however, wants the Auditor-General to somehow guarantee a surplus and to guarantee the government's end-of-year outcomes 12 months ahead of time. What an extraordinary request!

In addition to the safeguards regarding the Auditor-General's statements, the bill requires the minister to give the Auditor-General access to documents in time for him to check the statement. The government will provide additional resources to the Auditor-General so that he can undertake those tasks.

The shadow Treasurer wanted the provisions of the commonwealth's charter legislation of 1998 — provisions covering prudent levels of debt — included in the bill. The simple answer to that request is that the government does not want to include provisions that refer to maintaining current levels of debt. The principles are covered in proposed new section 23D. What principles other than those would the shadow Treasurer want to include? Let us not have references to maintaining levels of debt; let us get ourselves out of that straitjacket.

The shadow Treasurer also held up the New Zealand emergency legislation of 1994, which became necessary because of unsustainable debt levels, as an example of desirable legislation requiring a sustained surplus. We do not need it. The principles outlined in proposed new section 23D are more than sufficient for the purpose.

Finally, the honourable member for Brighton claimed that the Bracks government does not have the capacity to meet financial reporting time lines and used as evidence the fact that the November annual financial statements for last year arrived in this house a week late. She said that was the Bracks government's fault. She is wrong again. The financial statements were a week late because former Kennett government ministers had been slow to get the material over to the Auditor-General and so delayed him in his efforts to have the statements signed off.

Mr Lenders — They did not like the Auditor-General.

Mr MILDENHALL — Indeed they did not like the Auditor-General.

Conversion to an accrual accounting framework was another major issue and another reasonable explanation, I would have thought, for the short delay. The shadow Treasurer's statement about delays is miserable and unworthy. It is a futile attempt to bring the Bracks government into disrepute.

I was amazed at the reaction of opposition members to the bill. It is their bill! Oh how we would have looked forward to provisions of this kind, this level of exposure and accountability, when we were in opposition and had to put up with Stockdale's rubbery figures and the

constant overestimation of expenditure and underestimation of income! I guess when you have taken such a pounding at the polls on the Auditor-General issue, terms and concepts relating to the Auditor-General's role must invoke such a strong sensory recollection of trauma that you are unable to see the legislative gem before you for what it is.

This bill is great, trailblazing legislation of which any government would be proud. I congratulate the government on this landmark addition to the Victorian statute book.

Mr WELLS (Wantirna) — It gives me pleasure to join the debate on the Financial Management (Financial Responsibility) Bill.

The opposition is disappointed in and appalled by the bill. So much was promised prior to the election, but what has come before the house is a disgrace. The honourable member for Footscray and some of his friends have been conned about this legislation. They think the principles of sound financial management in proposed new sections 23C and 23D will fix all the problems of future Labor budgets; but we saw in the years 1982 to 1992 what a Labor government can do with financial management and the running of budgets. We have long memories.

The Labor Party made a key election promise, one of six pledges, and published it on its web site under the heading *Labor — New Solutions*. The second item in the web site summary was 'Labor's early commitments for Victoria'. That item led to a section under that heading that said:

> At the February state conference Labor announced six fully costed pledges. These are our first six new solutions for the first term of government. They are financially responsible and fully costed.
>
> …
>
> Labor's early commitments for Victoria are:
>
> 1. Provide a budget surplus every year, overseen by an independent Auditor-General with new constitutional powers.

The government's no. 1 pledge! That is what members of the government said in black and white. Isn't it interesting that the bill contains not one word about a budget surplus!

I do not know whether the government forgot to do it, whether it squibbed out or whether the trade unions said, 'Look, you can't promise a budget surplus'. I ask the Minister for Police and Emergency Services to point to the clause in the bill that says the government will provide a budget surplus or an operating surplus each financial year. All the opposition wants is for the government to point to the provisions in the bill that guarantee an operating surplus. There is no guarantee in the bill. The government has conned the people of Victoria.

I ask the honourable member for Dandenong North, who will follow me in the debate, to point to the clause in the bill that states that the Labor Party will guarantee that Victoria will have an operating surplus or a budget surplus each year.

I visited the Premier's web site today to see why the government has changed its position on this issue. It states that the government will provide:

> Responsible financial management that delivers continued budget surpluses every year, overseen by an independent Auditor-General …

The government has again reinforced that promise, but it has forgotten to put it in black and white in the legislation. The government has given many promises and key pledges, but the promise to deliver a budget surplus each year does not appear in black and white in the bill. The government has not kept the first of its six key pledges — to deliver a budget surplus.

The web site states that the second key pledge is to:

> Cut class sizes for grades prep, 1 and 2 to 21 or less through annual savings of $40 million in cuts in government waste and advertising.

So the second pledge has not been delivered.

The third pledge is to:

> Make our hospitals cleaner and reduce emergency waiting times by redirecting $18 million from the health network bureaucracy.

During question time today we heard that most of the hospitals in Melbourne were on bypass yesterday, so I am not sure whether the third pledge has been delivered.

The fourth pledge is to:

> Guarantee reliable supplies of gas, water and electricity through an Essential Services Commission with tough new powers.

Tough new powers! When Victoria experienced the strike in the electricity industry the commission did nothing about it.

The first four pledges contained in the document *Labor — New Solutions* have been broken. That is the

greatest con any political party has tried to put over on the Victorian people.

To reinforce my point I will refer to the comments made by members of the Labor Party during the election campaign. After I looked at *Labor — New Solutions* I looked at what Labor promised as part of its policy on Treasury and finance. The title of the Labor Party document is 'Financial responsibility'. Under the heading 'Getting the budget basics right' it states:

> Labor will:
>
> Guarantee a substantial budget surplus every year, overseen by an Auditor-General with new constitutional powers.

Under the heading 'Our budget commitment' the document states:

> The Victorian budget is now in the black —

thanks to the coalition government —

> and Labor pledges to keep it that way. All of our policies are underpinned by our fundamental commitment to a substantial budget surplus.
>
> Labor will maintain a substantial operating surplus for every state budget.

It all sounds too good to be true. At page 4 the document states that one of the new powers of the independent Auditor-General will be to:

> Concurrently report to Parliament on state budget day as to whether Labor has met its commitment to maintain an operating surplus.

There is much rhetoric in Labor's promises, paperwork, web sites and election commitments, but the Labor Party has failed to put those commitments and promises in black and white in the legislation. That is extremely disappointing.

The honourable member for Footscray referred to division 2 in proposed new part 5 of the bill, which is headed 'Principles of sound financial management'. That is the division where one might expect to find a guarantee of a budget surplus. It states that the government will be required to operate in accordance with the principles of sound financial management. That sounds fantastic. The bill also says the government will manage financial risk. The opposition applauds that also. It goes on to say that the government will:

> … pursue spending and taxing policies that are consistent with a reasonable degree of stability and predictability in the level of tax burden …

The opposition has no problem with that. The bill says the government will:

> … maintain the integrity of the Victorian tax system …

Wonderful! It says the government will:

> … ensure that its policy decisions have regard to their financial effects on future generations …

Again, the opposition has no problem with that. The bill also says the government will:

> … provide full, accurate and timely disclosure of financial information relating to the activities of the government and its agencies.

That sounds fantastic.

The opposition would applaud all those measures, but the provision goes no further than paragraph (e). There is no paragraph (f). Why does the proposed new section not include a paragraph (f) stating that the government will ensure that there will be an operating surplus. The Victorian public is being conned.

The government has said this legislation is based on the New Zealand model, and the opposition has no problem with the fact that the government has based the bill on Reserve Bank principles and the New Zealand model. As that is the case, I decided to refer to the New Zealand Fiscal Responsibility Act 1994 — the New Zealand model. Blow me down, what did I find:

> 4 Principles of responsible fiscal management are —
>
> (1) Subject to subsection (3) of this section, the government shall pursue its policy objectives in accordance with the principles of responsible fiscal management specified in subsection (2) of this section.
>
> (2) The principles of responsible fiscal management are —
>
> (a) Reducing total Crown debt to prudent levels so as to provide a buffer against factors that may impact adversely on the level of total Crown debt in the future, by ensuring that, until such levels have been achieved, the total operating expenses of the crown in each financial year are less than its total operating revenues in the same financial year …

For the information of government members, that actually means that they want an operating surplus. The act continues setting out the principles of responsible fiscal management:

> (b) Once prudent levels of total Crown debt have been achieved, maintaining these levels by ensuring that, on average, over a reasonable period of time, the total operating expenses of the crown do not exceed its total operating revenues …

Once again, the New Zealanders have put in legislation, in black and white, that one must have an operating surplus — in other words, expenses must be less than operating revenues.

Why did the government use the New Zealand model but forget to include that clause? It is using the New Zealand legislation as a model and a blueprint; it is praising the New Zealand model for what it has done — and I applaud that — but the government had the chance to enshrine in legislation in black and white an election promise and commitment and has not included it. I do not know whether the government has forgotten; I have no idea why the government is following this path. It would have been easy to include that provision and fulfil the government's commitments.

The second-reading speech states:

> This vision is founded on a platform of sound economic management. The government's agenda is unashamedly pro-growth, pro-business and pro-jobs.
>
> The government's key priority is to maintain a substantial budget surplus. We aim to be socially progressive but financially conservative.

The government included that statement in the second-reading speech but has not included a corresponding provision in the legislation. That is a very important point.

I repeat that the government claims its agenda is unashamedly pro-growth, pro-business and pro-jobs. I wonder whether the Minister for Health and Deputy Premier was consulted about the government being pro-jobs? I do not think so because when speaking on radio in his capacity as the Acting Premier about the 36-hour week he said:

> In some cases if you have a 36-hour week proposal it may not cost employers any more at all. It may in fact be a way to spread the workload. So in fact you have more workers working less hours, and that may not be a bad thing at all.

The opposition is not sure which planet the Minister for Health is from because he went on to say:

> My understanding is what a lot of workers are saying, is that it would be reasonable to work less hours, maybe get a bit less but spread the load, spread the benefit, if you like, of employment.

I wonder how many phone calls the Acting Premier at the time got from the likes of Martin Kingham and Dean Mighell about employers working less hours for less pay. It is okay to have more leisure time, but I am not sure that it is supposed to mean a worker has less money in his pay packet. I am sure that if working hours in the building industry were reduced to 36 hours a week the workers would get more money because they want a 24 per cent pay increase.

As well as that, the workers must work the additional 4 hours of overtime to make up for the fewer hours. It was an interesting comment from the Acting Premier. I am not sure whether the Deputy Premier will be Acting Premier when the Premier next leaves the state.

I turn to the role of the Auditor-General. As pointed out on the Labor Party web site, a clear election promise of the Labor Party was that the Auditor-General will be empowered to:

> Report to Parliament on state budget day as to whether Labor has met its commitment to maintain an operating surplus …

That was the Labor Party promise stated in all its documentation. What do we have today? The second-reading speech states:

> The Auditor-General's principal role will be to review the integrity of the economic assumptions and estimated financial statements incorporated in the budget … and he will do that on budget day.

Suddenly we have gone a further step to where the Auditor-General will report to the state Parliament on the day the budget is brought down to ensure the Labor government is committed to maintaining an operating surplus.

The reality is a pathetic watering-down of the promise, and government members should hang their heads in shame when they pathetically state that the Auditor-General's principal role will be to review the integrity of the economic assumptions and estimated financial statements incorporated in the budget. Where does it state that the Auditor-General will maintain or make comment on the operating surplus?

In my former life as an accountant I found that auditors always worked on historical figures, so I am interested in the role the Auditor-General will take. In the past the Auditor-General worked on historical figures, and when he looked at the historical figures there were accounting standards that had to be adhered to. That is the role of an auditor. In this role the Auditor-General will comment on budgeted figures, so what will he compare them with? An accounting policy? That is fine. He may simply add up the figures and make sure the Labor government has added up its figures. I do not understand the role of the Auditor-General in working with budgeted figures or estimated forecasts. Perhaps when the minister concludes the debate he can tell us what standards the Auditor-General will be working to on the budgeted figures.

The documentation also says that the Auditor-General cannot make any criticism about the economic or accounting policies utilised in drawing up the budget. I

wonder how the Auditor-General can give an opinion without fear or favour when part of his responsibilities cannot be fulfilled?

The documentation does not refer to the accounting policies the Auditor-General will use for his analysis. Are the accounting policies left to the discretion of the Auditor-General? Wayne Cameron, the Victorian Auditor-General, is from New Zealand, and I understand in New Zealand there is something that can be related back to. Is the Labor government relying solely on the Auditor-General to ring up some of his friends in New Zealand and have them fax over some accounting policies because he needs something he can relate the figures to? I would be interested to know the Labor government's position on that issue.

I make the point that the motherhood statements in proposed new section 23D are vague and subjective. Proposed new section 23D(1)(a) states that the government must:

> manage financial risks faced by the State prudently, having regard to economic circumstances …

That is the widest economic statement one could find.

In concluding I make the point that under the constitutional changes the Labor government wishes to make it will not allow the budget to go through the upper house, whereas in this legislation it is keen to lay all economic forecasts before both houses of Parliament. I suggest to the Labor government that this legislation contradicts some of the constitutional arrangements the government is hoping to make. Perhaps the Premier can address that inconsistency.

Sitting suspended 6.26 p.m. until 8.04 p.m.

Mr LENDERS (Dandenong North) — The honourable member for Bendigo East asked me to make my contribution scintillating, sensational and sexy — difficult on the Financial Management (Financial Responsibility) Management Bill! I will rise to the challenge, Mr Acting Speaker, as this is a pretty sensational bill coming from the Bracks Labor government.

The ACTING SPEAKER (Mr Kilgour) — Order! I will keep an eye on the sexy part, if you don't mind.

Mr LENDERS — As a member of the Bracks Labor government I take pride in supporting the bill. It is historical, it sets new parameters and is an exciting part of the evolving Westminster system of government.

I speak after its introduction by the Treasurer two weeks ago and follow contributions from the honourable members for Footscray, Brighton, and Wantirna.

Speakers opposite seem not to have read the explanatory memorandum. The note on clause 1 states that one of the purposes of the bill is to enhance the disclosure of financial and budget information by the Victorian government. The note on clause 4 describes the government's intention to budget and report within a framework of sound financial management principles.

My introductory comments refer to those two provisions. The members for Brighton and Wantirna seem not to understand the Westminster system: it is the role of government to initiate budgets and legislation, to set priorities and to make political and economic decisions. The provisions of the current bill will ensure those decisions are made and reported on within a sound framework. It has never been the intention of the legislation for the Auditor-General to be the Treasurer of the state and to provide a policy framework. It has always been the intention for the Auditor-General to report and to keep the government honest. That important principle appears to have been missed by honourable members on the other side.

When dealing with the evolving Westminster system of government a few issues should be examined. The role of the legislature vis-a-vis the executive is important. Over time the executive's role has become more powerful at the expense of the legislature. No checks and balances were applied by the legislature to the executive during the seven years the previous government was in power. The bill proposes accountability, transparency and checks and balances to ensure that the executive operates as a key part of the legislature but is still autonomous. I am proud to be a member of a government that addresses those issues.

I was disappointed with the introductory remarks of the honourable member for Brighton, who commenced with a reference to the Premier as a former staffer in the Cain and Kirner governments. As Victoria enters the new millennium it has a new government that sat on the opposition benches for seven years. It saw what was wrong with having a dominant executive government acting without checks and balances. The Labor Party went to the electorate with a policy of making government accountable.

As the honourable members for Brighton and Wantirna said, the legislation contains some parallels with New Zealand and commonwealth legislation. The government is happy to examine good things in other

jurisdictions and adapt them. From the Victorian perspective that process is new and radical. The bill goes beyond the commonwealth and New Zealand legislation and deals with a particular Victorian phenomenon.

Without wishing to be churlish or dwell on a divisive past, the government inherited a secret state where it was not unusual for the government to quietly and stealthily shove $2.4 billion of taxpayers' money into a superannuation fund without any transparency or accountability. What the former Kennett government did with the proceeds of the sale of the gas industry was discovered only months later when the state accounts were released. I do not criticise the clearing of state superannuation debt; the action is noble. However, had the current legislation been in place earlier the transparency element would have made it more obvious to Victorians and enabled them to judge the actions of the former government.

Going further into the evolution of the Westminster system of government, I remind honourable members opposite that the Parliament must be paramount. Victoria should not go down the path of American jurisdictions, where various constitutional clauses come into play in deciding the bottom line of the budget. The bill ensures a transparent process so that members of Parliament and the people who elected them have a good and clear understanding of what is happening.

Mr Steggall interjected.

Mr LENDERS — The honourable member for Swan Hill is particularly excited about those matters. He obviously suffers from amnesia about what happened over the past seven years. Although he was not sitting at the cabinet table he was certainly close to the procedures.

Mr Steggall interjected.

The ACTING SPEAKER (Mr Kilgour) — Order! The honourable member for Swan Hill knows full well that interjections across the table are disorderly. The honourable member for Dandenong North should not listen to him.

Mr LENDERS — That is sound advice, Mr Acting Speaker. I will be delighted not to listen to the honourable member for Swan Hill.

I now address the clauses of the bill. The house is dealing with a series of reporting mechanisms to better inform the Victorian public. They will certainly be more informed than the Australian public is by the Howard legislation. The act establishes a series of five principles: prudent management of financial risks; spending and taxing policies consistent with stability of the tax burden; integrity of the Victorian tax system; policy decisions that have regard to future generations; and full, accurate and timely disclosure of financial information.

I will address the last principle first. As honourable members will be aware, quarterly reports are released from the Department of Treasury and Finance on the state of the Victorian budget sector. Those reports have occurred during a series of governments. I give credit to the former government for pursuing the process of accurate reporting. The difference between the Bracks government and the former Kennett government is that the Bracks government believes it should report to both the government and the general community rather than the government only. The former government may have moved to that eventually once it overcame its hang-ups with its dictatorial leader. Quarterly reporting is a positive thing and no logical reason exists why in a free and democratic state the whole community cannot know the contents of the report.

I realise a further 12 speakers wish to speak before 9.45 p.m. so I will curtail my remarks on some details. The honourable member for Footscray succinctly analysed the act clause by clause. He is an admirable member of the government who understands the legislation from cover to cover. He has studied both the bill and what is happening in the commonwealth, New Zealand and several jurisdictions the honourable members for Brighton and Wantirna have never heard of. He has evaluated what is new in Victoria and what has been done in other jurisdictions. I concur with the honourable member for Footscray that the Financial Management (Financial Responsibility) Bill is one to be proud of. I am delighted that the opposition does not oppose the bill but I hope it will embrace it with some enthusiasm.

As the honourable member for Footscray said, this sort of legislation is an opposition's dream. It provides information to the alternative government and the community. If this sort of legislation had been in place for the past seven years Victoria would be a much better state.

For the benefit of the honourable member for Doncaster, if nobody else — I hope that he is listening or is tapped in on his laptop — the honourable member for Brighton challenged the government to make these issues available on the Internet. The government is delighted to do anything practical it can because the Internet is a new form of technology that is accessed by many people. The government's using the Internet

saves trees and is a sign of a modern government in a modern era presenting modern information to make Victoria a better and more transparent state. I commend the bill to the house.

Mr CLARK (Box Hill) — I am pleased to follow the honourable member for Dandenong North. He made a number of sensible observations, but he could not resist putting in the occasional political twist. That is probably one of the main complaints that members on this side of the house have about how this debate is running.

The bill is relatively unexceptional and contains a number of useful measures. Ironically, I recall that back in March 1994, some year and a half after it took office, the previous government came to Parliament with a new financial management bill that made dramatic changes to the system of public accounting that prevailed at that time. The bill was introduced with a considerable degree of pride because it was a significant step forward. I can understand the sense of pride that the honourable member for Dandenong North and some of his colleagues have in various elements of the bill.

When I spoke in support of the Financial Management Bill in 1994 I could not quite muster the same eloquence, passion and enthusiasm of language as was used tonight by the honourable member for Dandenong North. It is instructive to look back over time and step back a bit from day to day political issues and realise there has been a steady progress in developing and enhancing the quality of financial accountability in Victoria. The trend has generally been in the right direction and the bill is no exception to that.

When this side of politics was last in opposition one of the key issues was accrual accounting. Victoria still used the old cash-based consolidated fund basis of accounting, which was a highly artificial construct. When the Labor Party was last in office it promised to introduce accrual accounting on several occasions. It did not get around to implementing the system before it lost office and the previous coalition parties were pleased to do so when they gained office. A number of other anomalies were corrected and some valuable initiatives were introduced. It is pleasing that there is nothing in the bill that detracts from those initiatives. These days many things are taken for granted, such as the ability of departments to carry forward unspent appropriations from one year to another, thereby avoiding the crazy notion of rushing to spend up big before the end of a financial year in case the department lost funds that had been appropriated to it.

Shifting the concentration away from what was exclusively a cash-and-cost-based focus to look at the question of outputs, and thereby to answer the basic and important question of exactly what the public is going to get for the money that is being spent, is not an easy task. It is relatively straightforward to measure the dollars that are outlaid on a particular area of expenditure, but how does one specify accurately what one is getting for one's money? A great deal of work has gone into addressing that issue. It is reflected in part in the output measures that have traditionally been included in budget paper no. 3, and many capable and diligent officers in Treasury have worked very hard on trying to make that system increasingly effective. They are making headway with it despite the criticism that this side of politics suffered from time to time as the system evolved.

Everyone now also takes for granted things such as systemic annual reporting of balance sheets, which was unheard of seven or eight years ago. It is welcome to see that over time there has been a steady improvement in the standard of financial accountability in Victoria.

As I mentioned earlier, the main grievance of the opposition parties in relation to the bill is the gap that exists between the rhetoric of government members when they were in opposition and pitching for the votes of Victorians and what they have delivered on. The honourable member for Dandenong North referred with great fervour to clauses 1 and 4 of the bill and argued that it was not the role of the Auditor-General to ensure that the government of the day ran a surplus, and that it was a policy matter for governments to decide whether they ran a surplus or a deficit. He said all the bill did and could be expected to do was to put in place mechanisms to have, in effect, the accuracy of the budget forecasts and the reporting tested and verified.

That is a fine and respectable theory to advocate. The only trouble with it is that it does not gel with what the Labor Party said before the election. In its literature Labor put forward a number of statements that gave the average reader the impression that the Auditor-General would be signing off on the fact that in government Labor was delivering substantial operating surpluses on every budget.

I refer to a number of indicators that put that proposition. One of the six key pledges was to provide a budget surplus every year overseen by an independent Auditor-General with new constitutional powers. It was also said in Labor's election policy that as part of its financial responsibility for getting the budget basics right the government would guarantee a substantial

budget surplus every year overseen by an independent Auditor-General with new constitutional powers.

The party also referred to its fundamental commitment to a substantial budget surplus and said it would maintain a substantial operating surplus for every state budget. Labor's commitment to a budget surplus was said to be a firm guarantee to all Victorians that would be secured by giving to an independent Auditor-General strong new powers of scrutiny over the budget outcomes in adherence to its financial management commitments.

The Labor Party said that in particular the Auditor-General would be empowered to report to Parliament on state budget day as to whether Labor has met its commitment to maintain an operating surplus and to recommend to Parliament additional action required to ensure consistency with Labor's core financial principles. A core financial principle of the Labor Party was to maintain a substantial budget operating surplus every year.

The key Labor policy statement I refer to is the promise that the Auditor-General would be empowered to report to Parliament on budget day on whether Labor had met its commitment to maintain an operating surplus. If an ordinary lay member of the public were reading the wonderful assurances given by the Labor Party in campaigning for office, what conclusion would he or she reach? Any reasonable citizen, presented with all the promises, would conclude that the Auditor-General would be vetting, ensuring and certifying to Parliament and the people that in the relevant budget year Labor was providing a substantial operating surplus as reflected in the state budget.

The honourable member for Dandenong North and other government members can duck, twist and apply a grammatical analysis to the phrases in an attempt to get out of that interpretation, but in other contexts, particularly in the context of consumer protection and trade practices law, the use of such words as are contained in Labor's promises with a meaning designed to deliberately give one impression to the public while reserving another secret meaning to a literal meaning of words is regarded as deceptive and misleading conduct. That is not regarded highly by the courts or the public. The Labor Party deserves to be censured on its use of language in a misleading and deceptive manner during its election campaign.

Now when it now comes to the house with its legislation it is discovered that the government has not delivered on the promises it implanted into the minds of the electors at election time in this instance as we see in so many others.

In conclusion, although many of the provisions in the bill are welcome, it has been grossly oversold by the government. The bill does not live up to the promises made by the Labor Party to the electorate before coming to office. The government's conduct in that regard deserves to be judged accordingly.

Ms DAVIES (Gippsland West) — I am pleased and relieved that the Financial Management (Financial Responsibility) Bill has been introduced into Parliament. I am proud of the role the Independents, including me, have played in ensuring that government does become more financially responsible, accountable and honest in its reporting.

I am convinced that had Victorians been inflicted with a Kennett government for another full-bore term, a bill such as this would never have seen the light of day. The opposition supports the bill as it has supported other long overdue reforms brought forward by the government.

I continually wonder about the fact that experienced members of the Liberal and National parties sat dumb for seven years unable to assert the need for the type of scrutiny built into the bill. Had they insisted on proper accountability they would probably have still been in government.

Point 1.3 of the Independents charter requested that the government should:

> Ensure that budget documents are properly comparable from one year to the next …

The Independents included that measure because of their experience in dealing with previous Kennett government budgets that included lots of items on estimates but far less substantial information on actual performance. One budget was impossible to compare with another because the measures and the indicators seem to change every year. That was not a superficial problem of then inexperienced members of Parliament.

Kenneth Davidson of the *Age* was continually reviled and abused by the previous government. His article in the *Age* of 30 April 1997 states:

> Governments that get rid of auditors-general have something to hide. Governments that produce budgets with figures that can't be compared year to year have something to hide also.
>
> The budget brought down yesterday by Mr Alan Stockdale is almost as impenetrable as any brought down during the Bolte era.

I congratulate Kenneth Davidson on his persistence, accuracy and sheer bloody-mindedness in continuing to pursue the subject of financial accountability in the face of enormous pressure.

Mr Wells interjected.

Ms DAVIES — I note the interjection from the honourable member for Wantirna when he said Kenneth Davidson has no credibility. I have been reading Kenneth Davidson's articles: he is astoundingly accurate in many of his predictions. In my view he has a lot of credibility.

It was not just inexperienced members of Parliament and an *Age* writer who talked about the impenetrable Stockdale budget. The now finally tabled Public Accounts and Estimates Committee (PAEC) report on the budget estimates refers at page 26 to exactly the same problem. It states:

> … constant and significant changes to the type and quantity of performance information produced from year to year reduce the accountability value of the resulting documents.

As a new member of the PAEC I am aghast that any member of Parliament who knew what members of that committee discovered could have continued to support the former government and its leaders.

In responding to the Independents charter on points relating to financial accountability the Bracks government committed itself to:

> Ensure that budget information is consistent with previous formats to allow full and transparent comparison …
>
> Empowering the Auditor-General to report and comment on the information provided in the budget papers …
>
> Providing regular budget updates to ensure that the budget papers remain contemporary and accurate.

The Bracks government responded to the Independents' wish for financial accountability.

The bill addresses each commitment, and more. I particularly appreciate the importance of the Auditor-General's scrutiny and reporting on the budgets. Proposed section 16B of part 3A inserted by clause 6 states:

> The Auditor-General must review each set of estimated financial statements … and make a report to the Parliament —

and, through Parliament, to Victorians. It will be vital to review how that works in practice. However, it is inevitably an absolutely vast improvement on the previous government's practice, which was not to enhance the role of the Auditor-General but to continually attempt to nobble him.

The bill also provides for substantial and frequent updates to be tabled in Parliament. Proposed new section 25 of the bill requires mid-year reports. Proposed new section 26 requires quarterly financial reports. Proposed new section 27 requires pre-election budget updates. The pre-election budget updates are an excellent idea and should make it much more difficult for governments and oppositions to fudge the figures during election campaigns.

I am not at all surprised the opposition has agreed to the bill. It must believe all its Christmases have come at once, given the extra number of opportunities it has been given to scrutinise government. Scrutinising government is now the role in life of the opposition, which is very different from the previous life of opposition members, when their main job was sitting on their consciences and allowing a dictatorial leader to do whatever he wanted.

Honourable members interjecting.

Ms DAVIES — Responding to the interjections of opposition members, I point out that it is your job to scrutinise government, just as it is my job to scrutinise government.

Honourable members interjecting.

The ACTING SPEAKER (Mr Kilgour) — Order! I point out that the honourable members for Polwarth and Warrnambool are interjecting out of their places.

Ms DAVIES — The bill in significant part provides for the Labor government to move on from its past. Labor has set a high bar for itself, and its challenge will be to rise to that bar. I congratulate the government on its attempt. The job of the opposition and the Independents is to keep the government reaching to the heights of that bar, which is a vast improvement on the situation that existed previously. The bar was then used to lash out furiously at anybody who dared question anything the government wanted to do. I commend the bill to the house.

Mr STENSHOLT (Burwood) — I rise tonight to speak in support of the Financial Management (Financial Responsibility) Bill. It gives me great pleasure to speak on the bill, as one of the foundations of the Bracks Labor government is open and accountable government and another is fiscal responsibility. The bill brings those two foundations together in one document, and that is particularly pleasing to me. Having been recently elected in the seat

of Burwood, I went to the voters on the platform of bringing democracy back to Burwood with an emphasis on good governance, which included openness and accountability, governing for all Victorians and providing services for all Victorians.

That is in stark contrast to the actions of the previous government, with its lack of openness; lack of accountability; rule by a CEO — unfortunately the previous honourable member for Burwood, also known as Jeff Kennett — and his eight faceless secretaries, who served to disempower ministers; secret contracts; privatisation agenda, which served its mates at the big end of town; and lack of transparency in budget documents, with missing millions going to superannuation funds, which only economic journalists such as Ken Davidson were able to find out about. The lack of governance by the previous government has been extensively documented by many people.

Interestingly, in October 1992 Jeff Kennett promised open, honest and accountable government, and what did we get? Precisely the opposite. In contrast the bill before the house emphasises openness and financial accountability. It serves to fulfil the electoral commitments of the Bracks Labor government on financial management and fiscal responsibility. In spite of what the honourable member for Brighton and others might think, it represents world best practice in the area.

In looking at the intention of the bill I did a little research on world benchmark standards for fiscal responsibility and accountability. It is important that that be considered because there has been much talk about what constitutes best practice in the area. I note that Transparency International, in its *National Integrity Systems — The TI Source Book*, gives high priority to mechanisms supporting accountability and transparency in the democratic process such as parliamentary processes. The bill is a fine example of that.

I turn to the International Monetary Fund (IMF), which I am sure opposition members would totally endorse and support, and to its document entitled *Code of Good Practices on Fiscal Transparency — Declaration on Principles*. I am sure honourable members would agree that code represents world best practice. It states:

> Fiscal transparency would make a major contribution to the cause of good governance. It should lead to better informed public debate about the design and results of fiscal policy, make governments more accountable for the implementation of fiscal policy, and thereby strengthen credibility and public understanding of macro-economic policies and choices.

That is the introduction to the code. It then details principles of good practice. I will mention a few of those to point out the contrast between what the bill brings about and what happened under the previous government.

The first principle is clarity of roles and responsibilities. The code states:

> The government sector should be clearly distinguished from the rest of the economy, and policy and management roles within government should be well defined.

Those roles were becoming blurred under the previous government because the boundaries between government and the rest of the economy were no longer clear. The IMF document continues:

> The boundary between the government sector and the rest of the economy should be clearly defined …
>
> Government involvement in the rest of the economy (e.g., through regulation and equity ownership) should be conducted in an open and public manner, and on the basis of clear rules and procedures that are applied in a non-discriminatory way.

That is what the bill seeks to do — set down the ground rules and ensure openness and public accountability rather than the secret state under which FOI provisions and other aspects of good governance were destroyed by the previous government. A further principle of good practice is as follows:

> There should be a clear legal and administrative framework for fiscal management.

That is precisely what the bill before the house tonight sets out to do. Proposed new sections 23C and 23D set out the principles of sound financial management, including a listing of the financial risks that need to be managed. That is very much in line with what the IMF was saying — that physical management should be governed by comprehensive laws and rules applying to budgetary activities.

The second principle is public availability of information. The code states:

> The public should be provided with full information on the past, current and projected fiscal activity of government.

That is what Victoria is going to get this time instead of the opaque budgets of the previous government.

Honourable members interjecting.

Mr STENSHOLT — Instead of the rubbery figures of the previous Treasurer. Proposed new sections 23E, 23F and 23G detail the annual budget, providing information on all central government operations and details.

Interestingly enough, the IMF further states:

> Information comparable to that in the annual budget should be provided for the outturns of the two preceding financial years, together with forecasts of key budget aggregates for the two years following the budget.

That is the standard set by the IMF. The bill talks about three outturn years — in other words, the three following years. So Victoria is ahead of what is set out as best practice in international benchmarks. The IMF code continues:

> A public commitment should be made to the timely publication of fiscal information.

Proposed new sections 23, 24, 25 and 26 provide for that, setting out that financial statements, annual reports, mid-year reports and quarterly reports must be made available. Furthermore, the International Monetary Fund code on fiscal transparency states:

> Budget documentation should specify fiscal policy objectives, the macro-economic framework, the policy basis for the budget and identifiable major fiscal risks.

That is covered in proposed new section 23G. It is all there to be read and understood — or perhaps misunderstood, unfortunately, in the case of opposition members. The IMF code also states:

> Budget data should be classified and presented in a way that facilitates policy analysis and promotes accountability.

That is provided for in proposed new section 24. The IMF code of practice further states:

> Fiscal reporting should be timely, comprehensive and reliable and identify deviations from the budget.

Proposed new section 26 calls for quarterly reports — that is, extraordinarily intensive and extensive reporting on budget outcomes throughout the year. That provision will cause a quiet revolution in the public sector. From my own experience of more than 20 years in the federal public service and trying to look after commitments, expenditures and programs worth many hundreds of millions of dollars, I understand that provisions such as those really make for transparent financial management. Public servants will have to report on a regular basis and ensure that expenditure patterns and responsibilities are clearly set out and clearly undertaken. Proposed new section 26 will be crucial to the completion of the reforms to public sector accountability and fiscal transparency that have been going on for the past 20 years.

There are similar provisions offering more transparency — this time regarding pre-election updates — in division 6 of the bill.

The final guideline of the IMF document outlines independent assurances of integrity. That is an area where we can truly claim a first, as has been pointed out by previous speakers, including the honourable member for Dandenong North. The integrity of fiscal information should be subject to public and independent scrutiny, and in Australia that means subject to the scrutiny of the Auditor-General. The former Kennett government muzzled its Auditor-General.

The IMF guidelines indicate that a national audit body, or in this case a state audit body, should be appointed to provide timely reports. The Parliament will get those timely reports, and not after the event, as the honourable member for Wantirna — who seems to be living in the past — recommends. The Auditor-General will look at the macro-economics and the budget forecasts, including the underlying assumptions, and will be scrutinised by independent experts. Just as Access Economics did it during the last budget period, the Auditor-General will do it for future budgets. That is what makes this legislation a world benchmark, very much in line with the world standard the IMF sets.

The bill offers open and accountable government. Opposition members might not enjoy that phrase, but they will hear it again and again. Unlike the previous government the Bracks government is delivering it and will continue to deliver it. I commend the bill to the house.

Mr SPRY (Bellarine) — I rise to speak on the Financial Management (Financial Responsibility) Bill. The opposition, as has been said previously, will not oppose the bill. It is interesting, however, to consider the background to the proposed legislation and the motivation for its introduction.

The bill is designed to pacify the electorate and reassure Victorians that this government is not the Labor government of old. It creates a smokescreen to camouflage Labor's traditional spendthrift reputation. It will take a lot more than that, however, to convince Victorians that the leopard has changed its spots.

Victorians have long memories. The electorate can well remember the shame and financial chaos, not to mention the outright subterfuge, that characterised the dying days of the Cain–Kirner years.

I quote from an article in the *Australian* of 13 November 1992 by economics editor Alan Wood entitled 'Borrowing big trouble in Victoria' in which Mr Wood states:

> Correspondence between the federal Treasurer, John Dawkins, and his Victorian counterpart, Tony Sheehan, and between their respective Treasury officials, as well as some internal Treasury minutes to Mr Dawkins.
>
> A paradox here is that for much of the 1980s Victoria was a leader in the reform of the presentation of public sector financial information.
>
> Yet the documents show it became a conniving and culpable presenter of dishonest public accounts, flouting the letter and the spirit of its own and loan council accounting requirements.
>
> Victoria's Labor government used a variety of devices to understate its deficits and debt, such as the Victorian Equity Trust, leases, deferral of interest and short-term financing ploys.

Victorians are not going to forget that subterfuge in a hurry.

Recently fresh faces have joined the ranks of the parliamentary Labor Party. Even more recently, however, the Labor Party has begun to trot out some old faces once again, this time as advisers, heads of committees, summit heads and so on ad infinitum. Jobs for the boys, or just an admission — to put a better light on it — of a lack of experience and a feeling of insecurity? Probably all of the above.

We are observing the reincarnation of such shadowy Labor Party figures as Tom Roper, advising on parliamentary tactics; Evan Walker, involved in the planning department at the moment; Neil Pope, industrial relations expediter par excellence, or so they say; Rob Jolly, in recycling — recycling in the sense of pulling the old faces back from the old brigade; and finally Joan Kirner herself, now in charge of the education portfolio — or at least assisting. I might well be right about 'in charge', because there is a big question mark hanging over the current administration of that portfolio.

In the second-reading speech Labor declared its vision. The ideals to which it aspires are pro-growth, pro-business and pro-jobs for the prosperity of the whole state. They are fine sentiments, but Victorians are justifiably sceptical because Labor shows signs of buckling under union demands, given the power crisis in Yallourn and the ongoing building industry dispute, which has still not reached a resolution and is having a fundamental effect on Victoria's economy. It could also justifiably be said that the teachers' union is running education in Victoria. The fine sentiments of Labor's vision are designed to shroud Labor's subservience to the unions.

In his second-reading speech the Premier said that the government will maintain Victoria's strong financial position. Is it any wonder? The government was left with a fantastic legacy — $1.76 billion was left in the cookie jar for Labor to drool over and salivate about as it contemplates spending it. What a gift! It is manna from heaven. The Labor Party was left that outstanding legacy by the former government and it cannot believe its luck.

Mr Nardella interjected.

Mr SPRY — The honourable member for Melton sits on the other side of the house bellowing inanities across the chamber, but he knows the fortunate position he is in.

The government says it will develop the whole state, yet all it has done for country Victoria is allocate a piddling $170 million from the state infrastructure fund. Furthermore, that funding will be allocated over three years — just in time for the next election. It is the Labor slush fund. What a convenient allocation that is. Most honourable members understand what I am talking about when I refer to the build-up to the next election. A piddling $170 million! More than $2 billion was allocated by the coalition government to address the water and sewerage problems in country Victoria, but that is conveniently ignored by the Labor Party. The coalition funding was intended to bring water quality in country Victoria up to world health standards. Compare the $2 billion allocated by the coalition government to the $170 million allocated over three years by this government, which tries to pretend it is pro-country Victoria.

Have we seen a demonstrable change in transparency since the last election? As a member of this side of the house I must say that trying to get accountability from the government is like trying to get blood from a stone. On the several occasions that I have approached ministers to try to resolve local issues concerning my electorate of Bellarine I have had difficulty getting the message through. That is frustrating for the people of my electorate. Eventually Labor will pay the price of that. We will see what transpires in the future.

The Labor Party talks about improved services. In his second-reading speech the Premier referred to improvements to health, education and law and order, but we are yet to see the manifestations of those improvements. We heard the honourable member for Malvern today ask a number of questions about the lack of hospital emergency facilities. When the Labor Party was in opposition it had the gall to heap scorn on the former coalition government for far fewer transgressions.

The second-reading speech from which I am drawing inspiration shows the Labor government is busting to expose its financial operations to scrutiny. That is the thrust of the bill. The government even tries to get runs on the board by referring to its pre-election commitments being scrutinised by Access Economics. As I said before, the Labor Party got lucky with the unexpected $1.76 billion surplus — the manna from heaven.

Election promises were given all over the place; it was extravagance gone mad. I am able to refer to many instances of extravagant promises being made in the Bellarine electorate. The government may be able to deliver on those promises — even if it requires an extended period to do that — thanks to the former coalition government's capacity to deliver on time and above all on budget.

As I said before, the opposition does not oppose the bill. It supports most of the objectives of the legislation, but it has some misgivings about some of the shortcomings that have been addressed in detail by the honourable member for Wantirna. I fully endorse the remarks of the honourable member for Wantirna.

Mr SAVAGE (Mildura) — I support the Financial Management (Financial Responsibility) Bill. The key words in the bill are 'financial responsibility', something the Independents very strongly advocate.

I take the point of the previous speaker who talked about the Agenda 21 money which amounted to over $800 million, of which only $17 million came to country Victoria. I would hardly call that a significant payback for country Victoria. That is why members of the former government are sitting on the opposition side of the house.

Honourable members interjecting.

Mr SAVAGE — If the people of Victoria had voted you back in number you would still be there!

The intent of the bill certainly addresses in some way the commitment in the Independents charter to open and accountable government and transparent — —

Honourable members interjecting.

The ACTING SPEAKER (Mr Kilgour) — Order! The honourable member for Knox is out of his position, and is disorderly.

Mr SAVAGE — This is a key reform for the people of Victoria and the government. My colleague the honourable member for Gippsland West mentioned it, but it is worth repeating that the Premier's response to the Independents charter states:

> I commit a Bracks Labor government to the following:
>
> Ensure that budget information is consistent with previous formats to allow for full and transparent comparison by including parallel information in both formats where a format change is deemed desirable.

It then refers to the Auditor-General being part of the process.

The bill emphasises sustainable social and economic services being provided by government. It is based on principles of sound financial management. The bill goes much further than the coalition's response to the Independents charter, which I shall refer to because it is relevant. The response states:

> 1.3 The coalition agrees to ensure that state budget documents are properly comparable from one year to the next —

that is good —

> by including parallel information in both formats where a formal change is deemed desirable.
>
> This issue has arisen recently with the transition from cash to accrual accounting which necessitated a major shift in the format of budget documents and it is not possible to make a backdated comparison with the previous system.

We know why that cannot be done. An article by Mr Kenneth Davidson in the *Age* of 5 May last year — —

Honourable members interjecting.

Mr SAVAGE — I know why members of the opposition are shaking their heads; they hate having this brought before them because they know it is true. They know that what those budget documents produce — —

Honourable members interjecting.

Mr SAVAGE — You know exactly what I am talking about!

Mr Davidson observed that:

> Checking with treasury officials produced the explanation that $2.5 billion was added to the outlays side of the budget because this was the amount left over from $6.8 billion privatisation sales after repayment of state debt and '$105 million used to offset privatisation and reform expenses'.

He goes on to state:

> So what happened to the $2.5 billion residual? Believe it or not, it shows up in the accounts as 'final consumption

> expenditure'. Was the money consumed; was it spent? No. The money was 'allocated to reducing state unfunded superannuation liabilities'.

Honourable members interjecting.

Mr SAVAGE — Yes, like the local government superannuation fund that the former government left unfunded. Like that one — a very credible outcome! The article continues:

> Unfunded superannuation liabilities are not debts. They are estimates of money that the Victorian Government will pay out to retirees at some stage in the future, which might be 10 or 20 years hence.
>
> So what happened to the money? The money is parked in a bank on deposit, or used to buy the debt of some bank or some other government.

Mr Lupton interjected.

Mr SAVAGE — The honourable member for Knox is still walking with dinosaurs!

Other tax revenue in 1998–99 was estimated at $142 million, while the actual revenue was $1.7 billion. Those items are picked up in the budget. How on earth can an amount of over $1.5 billion be unforseen?

I wish my bank account could have an unforeseen amount to the tune of $1.5 billion in it. My income has certainly never been that high. It seems that the additional amount was the return from the sale of bits of the Gas and Fuel. Asset sales such as that do not realise tax revenue; therefore the former government's last budget documents were deceptive and misleading. That is exactly why the Independents strongly support the bill.

Kenneth Davidson, a man who is obviously very unpopular in some political circles, said — I wish I could put it as well:

> An accountable government would produce budget papers that not only showed the receipts from asset sales but also to what use the money had been put. An informed democracy requires that the voters, as well as the financial markets, get the full picture when assets are sold.

The legislation is good. The principles of proposed new section 23D are paramount and they ensure that the concealment of vital information, as occurred during the Kennett years, will not take place again. Treasury will also be required to demonstrate some of the workings underlying assumptions and estimates to verify conclusions.

I have heard negative comments from opposition members, and I can understand their disquiet because it is visionary legislation that puts the government under notice. It is ironic that a group of people who in government hated any scrutiny have changed sides and suddenly want more scrutiny.

Where is the acknowledgment that this is groundbreaking legislation that is good for the Parliament and for Victoria? That is a complaint that could be directed at both sides of politics: when you get it wrong at some stage you must say, 'I think we got it wrong'. This is good legislation that enhances the situation for the people of Victoria. I commend the bill to the house.

Mr DIXON (Dromana) — It gives me great pleasure to contribute to the debate. I firstly address a couple of premises on which the second-reading speech was based that lack grace and do not reflect the wonderful financial situation Victoria is now in.

In his second-reading speech the Premier said:

> This government was elected with a vision for a prosperous Victoria …

There are a number of points I want to deal with in just that one statement. Firstly, the Labor Party was not elected to government — government was gifted to the Labor Party by the Independents. Government members were certainly not elected with a vision in any economic sense, or any sense at all. Many round-table conferences will take place to establish the vision, and they will be chaired by that great visionary, Mr Bob Hawke.

The people of Victoria were not confronted with a vision, and they did not make a clear choice. It is quite preposterous to say that the government was elected with a vision; the government is looking for a vision.

The final point of the Premier's statement is that the government was elected with a vision 'for a prosperous Victoria'. Well, the government certainly inherited a prosperous Victoria. The Premier went on to say:

> The government's key priority is to maintain a substantial budget surplus.

The key word is 'maintain'. The government inherited a substantial budget surplus. Where did that surplus come from? It came from the prudent economic and financially responsible management of the previous government. What did the former government inherit? It inherited an economy that was totally out of control. There was substantial debt and substantial deficits in the recurrent budget year by year. Who was knocking every effort the former government made to reduce that debt and return the budget to surplus? The answer is the current government.

When the former government had to make the hard decisions about budget cuts, the sale of assets, improving accountability and improving productivity, the negative former opposition knocked every effort the government made to better Victoria's financial situation. Now this second-reading speech almost makes one think the current government is totally responsible for the marvellous Victoria we have today. The Premier continued:

> Only three jurisdictions have ever regained a lost AAA rating from Moody's — Ontario in the 1970s and, more recently, Western Australia and Norway.

The second-reading speech does not indicate that not only did Victoria regain its AAA rating from two agencies, but our rating did not drop by one notch like the three examples cited, it dropped three notches. No other place in the Western world has slipped to such an extent from a AAA rating and then been built back to a AAA rating. Who is responsible for 99 per cent of that achievement? The former Kennett government.

There is no reference to that fact in this second-reading speech. One would almost think this government was totally responsible for fixing the budget deficit and getting the state out of the debt it was in. The government should have had the good grace to at least acknowledge where the sound financial situation came from. Who constantly knocked every effort the former government made to put the budget into the black? The current government. The former advisers to the Cain and Kirner governments, who are now in government, are the ones who consistently knocked the former government's efforts to get the state into fair financial shape.

The current advisers to the government, who were the ministers in the former Labor government, are now saying — and we must believe their airy-fairy statements because there is no detail in the bill — they will be responsible managers of Victoria's economy.

The Labor government said it 'was elected with a vision for a prosperous Victoria', and that its 'agenda is unashamedly pro-growth, pro-business and pro-jobs'. The contribution to this morning's grievance debate made by the honourable member for Brighton and her earlier contribution to this debate makes it clear that the reality is not matched by the rhetoric. I skimmed through the second-reading speech looking for some rhetoric, and, boy, did I find some! The Premier referred in beautiful flowery terms to:

> … managing financial risks, including the levels of debt and other liabilities, in a prudent manner;
>
> pursuing tax and spending policies that are consistent with stability and predictability in the level of the tax burden;
>
> maintaining the integrity of the tax system;
>
> considering the financial effects of today's decisions on future generations; and
>
> providing full, accurate and timely disclosure of financial information.

That is wonderful stuff — nobody can argue with that; they are beautiful motherhood statements. But they lack detail. It is easy to say those things, but it remains to be seen whether the rhetoric in the bill will be followed by some reality.

A great deal has been made in the second-reading speech and the bill of the similarities to New Zealand legislation. The honourable member for Wantirna made the point that the similarity is very limited. I believe the two words 'New Zealand' are in some cases the only words that are close to the provisions of the New Zealand act. It makes great commitments to and recognises the importance of debt reduction. There is little mention in this bill of debt reduction, which was the hallmark of the previous government. Why is there no mention of debt reduction in the bill? That is a good question.

Why is there no commitment to the reduction of debt? Is it because promises have been made that we are not aware of, or has it just been forgotten? Did the Premier forget and happen to leave it out of this important bill, which after all is about responsible financial management? Debt reduction must continue even though the previous government brought the level of debt under control. There is not even a commitment to maintain a prudent level. Even if there is no commitment to reducing debt, which is reasonably sustainable at the moment, there should be some reference to maintaining a prudent level of debt.

The opposition provided the magnificent government surplus which offers an opportunity to further reduce some of the debt. That means the less debt, the less interest and therefore the more money to spend on services in an ongoing fashion.

Speakers commented on the Labor Party's first priority in its pre-election commitments to the people of Victoria — to guarantee a substantial budget surplus overseen by the Auditor-General. There is no mention of that guarantee, and the role and powers given to the Auditor-General are limited.

The bill presented a great opportunity to be specific. When the honourable member for Footscray was tackled by the honourable member for Wantirna saying,

'Where is the detail in the bill, Bruce?', he replied that it is not about detail but about an overall picture and philosophy. We should be further advanced than that at this stage. The financial management bill is about specifics, not generalities.

Reporting aspects of the bill — especially the quarterly reporting to Parliament — are supported by the opposition. The Clerks do a fantastic job getting information to us if they are provided with it. It is important for politicians in general, no matter on what side or at what level, to have insight into the state of the budget. When any government is going into an election campaign it is important for the current financial situation to be well understood by all sides. It is not good for the profession of politics that the first year of a new government is spent on saying that promises cannot be delivered because the financial position was not known.

It is important for that to be cleared up, and I welcome the provisions in the bill. There is a lot of rhetoric in the bill. I look forward to seeing the reality.

Mr VINEY (Frankston East) — I have listened to the honourable member for Dromana talking about lack of vision in his criticisms of the bill. I reflect on his initial election campaign literature in which he described to the electorate his enjoyment in learning about the electorate in the previous three years. It was bad enough that the people of Dromana had to have a local member with the L-plates on for three years, let alone one without any vision for the community!

In the short time I have been in this place I have realised that much of the legislation is technical in nature and often a revision or an updating of previous legislation. Now and again, legislation breaks new ground, is visionary and sets a new way of doing business in the public service, the public sector and in the name of the public good. This is such a bill.

For the first time an opportunity is provided for the people of Victoria and the Parliament to have confidence in the financial state, not only on the advice of politicians and bureaucrats but on the advice of an independent assessment through the Auditor-General. This is why it is a breakthrough.

The members opposite are terribly unhappy with the bill coming to the house because it reminds them of their spineless failure to stand up to the previous Premier — the failed Premier — and to say the decision to nobble the Auditor-General was against the interests of all Victorians.

I congratulate the Independents on their open and active support of the legislation and on standing up for Victorians on financial management matters. The legislation delivers on the Bracks Labor government's commitments to the people of Victoria to provide sound financial management; to restore services; to ensure open, accountable and democratic government; and to grow the whole state rather than only part of it.

It delivering those commitments it is vital that the government is sure of its financial position. I commend the government for introducing the legislation, proposed new section 23C of which states that it is the intention of the Parliament that the government establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management. Importantly, the words 'so as to form a basis for the provision of sustainable social and economic services and infrastructure fairly to all Victorians' are added.

More than anything else those words highlight the failure of the former government to deliver for all Victorians by failing to properly manage public assets for the social good. The bill delivers for all by ensuring that the state's finances are not only sound but seen to be sound.

Proposed new section 23D outlines in more detail the principles of sound financial management, which include the management of financial risks, including government sector debt, commercial risks and risks arising from changes in the structure of the tax base and the management of the state's assets and liabilities. It sets out the need to pursue spending and taxing policies that are consistent with a reasonable degree of stability and predictability.

I find it difficult to understand why opposition members cannot bring themselves to say they support the bill. The best they can say is that they will not oppose it. Their approach is the usual weak-kneed, jelly-back approach we have come to expect from opposition members. They are unable to say what they stand for and unable to define their policies — and they are unable to say they support this breakthrough legislation that is finally delivering for all Victorians.

My constituents strongly support the bill. The elections in the seats of Frankston East and Mitcham probably focused more than any of the others on the nobbling of the Auditor-General. The seat of Mitcham was affected because of the resignation of the former member, Mr Roger Pescott. The subsequent landslide victory by Labor was the precursor to the election of the Victorian Labor government. The seat of Frankston East was

affected because of the resignation from the Liberal Party of my predecessor the late Peter McLellan. The people of Frankston East were concerned about the nobbling of the Attorney-General. They welcome the government's commitment to ensuring that he has responsibility for seeing that the commitments on financial responsibility are adhered to openly and publicly and are reported on to the house in the many ways earlier speakers have referred to.

The decision of the former Kennett government to destroy the powers of the Auditor-General was instrumental in the Labor Party winning government. The Labor Party's policy development was brave and groundbreaking. It was brave in that its members had the courage not only to say that a substantial government surplus will be delivered each year but also to be prepared to give the accounts to the Auditor-General to oversee, examine and report on independently to the Parliament. By implementing those provisions the government will deliver on its social programs and commitment to growing the whole of the state.

In a previous debate I said that the difference between honourable members on this side of the house and those on the other side is that this side believes in managing public assets for the public good rather than solving problems by deregulation and privatisation. The former government solved debt problems by privatisation. If a difficulty was encountered, the solution was to deregulate and sell.

The bill ensures that the government has the resources to deliver on its commitment to meet the community's expectation that public assets are managed for the social good. When in government the opposition left an enormous social black hole in education, health, the industrial relations system, the police force and Workcover. Almost everywhere one looks one can find a massive social black hole left by our predecessors.

The bill aims to ensure proper management of the state's finances, and more importantly the open and accountable delivery of the government's commitment to social programs to remedy the effects of the terrible and tragic social black hole that was left in the service areas I mentioned a moment ago. I commend the bill to the house.

Mr McARTHUR (Monbulk) — It is regrettable that the honourable member for Frankston East reflected adversely on the Auditor-General. For the benefit of the five government members who are interested in the bill and are in the chamber at the moment, the honourable member for Frankston East stated clearly that the former government had nobbled the Auditor-General and that that was a strong negative in the community's view of the office.

The current Auditor-General, Mr Wayne Cameron, who came a considerable distance from New Zealand to apply for the job of Auditor-General in Victoria, did so under the previous legislation. He was happy to lodge his application for the job and be interviewed and appointed under the legislation that existed at the time. If the honourable member for Frankston East is accurate in his view that the previous legislation nobbled the Auditor-General then he is asserting that Mr Cameron was happy to be nobbled. The current government agreed with Mr Cameron's expertise and qualifications for the job and has seen fit to continue his position. I welcome that decision. I think he will be an excellent Auditor-General.

The Auditor-General was happy with the rules that applied when he applied for the job and did not think his powers were nobbled in any way. To say so reflects on the professionalism of a man who has a very proud record in his profession and who has no reason to make apologies for the work he has done. The only man who needs to make an apology on this issue is the honourable member for Frankston East because he has reflected adversely on the motives and professionalism of the Auditor-General.

Mr Trezise interjected.

Mr McARTHUR — I am happy to claim credit for the seven years of that government. I will plead guilty to reversing the Labor Party's deficit — to reducing the Labor Party's debt of $32 billion to $6 billion. I will plead guilty to rebuilding all the schools, the hospitals and — —

The ACTING SPEAKER (Mr Jasper) — Order! The honourable member for Monbulk will address the Chair. I ask government members not to provoke the honourable member for Monbulk to respond to interjections.

Mr McARTHUR — I value your wisdom, Mr Acting Speaker. If I were to respond to the interjections of honourable members opposite I would be happy to say that those achievements of the Kennett government will be well recorded in history. I am happy to say that I took a small part in those achievements and I am proud of it.

I turn to what the bill attempts to do. The Premier proudly proclaimed throughout the length and breadth of Victoria in many pre-election commitments that the Labor Party would give the Auditor-General the power

to report to Parliament on the sustainable operating surplus in the budget. He said it on radio, on television, in the house, in Mildura, in Moe, in Warragul — every place he appeared. He repeated it again and again. It became a mantra for the Premier when he was the Leader of the Opposition. Sadly it has disappeared from his mantra since gaining office. If honourable members look at the bill they will see it gives the Auditor-General the opportunity only to review the integrity of the economic assumptions underpinning the budget. He is not allowed to report on the figures; he can only review the assumptions underpinning the budget.

Mr Mildenhall interjected.

Mr McARTHUR — I was not the silly person who made the promise. I would never have made that promise because I would argue, as the honourable member for Wantirna has argued on many occasions, that a prediction cannot be professionally audited.

The bill provides the opportunity for the Auditor-General to review the integrity of the assumptions, and the Premier promised to allow the Auditor-General to do that.

That puts me in mind of the words of George Bernard Shaw who, about 80 years ago, said that if all the world's economists were laid end to end they would not reach a conclusion. There is nothing more arguable than economic assumptions. There is nothing more difficult to measure than the assumptions that underpin economic predictions — accounting matters may be somewhat different — and it is absurd to rationally attempt to measure the respectability of an economic assumption.

As I said, George Bernard Shaw put it better than any honourable member could have put it: he said you could have all the economists of the world arguing about assumptions but together they would not reach a conclusion.

There are always different views about assumptions. All the forecasting organisations of the world make their professional livings out of operating on the measurement techniques of their assumptions. In the long term the success of those assumptions is measured by the market, but in measuring the effectiveness of the bill, where the Auditor-General must report year after year on the economic assumptions underpinning a budget, there can be no such market test.

It is a logical absurdity; it is not possible for a reliable check of the assumptions. The Auditor-General can venture an opinion but it will be merely that — an opinion, not an objective test. It is not, as in the form of an audit of financial operations. after the fact; it is simply an opinion on whether the assumptions are reasonable or unreasonable. Victorians should place no great faith in a measurement of assumption because assumptions can change at a whim. The Premier's assumptions have changed time and again.

I turn to a couple of other matters referred to by the Premier in his second-reading speech. He placed great emphasis and reliance on the costings by Access Economics of the Labor Party's election promises. Many of those costings were inaccurate, and many of the promises made by the Labor Party since the election were never considered or costed by Access Economics.

For example, Access Economics looked at the catchment management authorities (CMA) levy compensation package offered by the government; it said it would pay $5.35 million this financial year as compensation for the abolition of the CMA levy. However, the government's mid-year budget review discloses that the payment was actually $14.3 million — that is, an increase of about 170 per cent on the Access Economics figure. The mid-year budget also provides no forward estimates of the CMA levy compensation program. It has no guarantee that the funds will be provided in the future.

Given that we have agreed to limit time for the debate I will not go further into that matter. The Access Economics documents contain large holes. A significantly large number of promises made by the government since it came to power were never costed by Access Economics and could not fit within its promised financial responsibilities. I am pleased that the Premier espouses a fiscal and financial responsibility. But he is not capable of delivering that promise or his union masters will never let him achieve his stated aim.

Mrs MADDIGAN (Essendon) — I happily join my colleagues in supporting the Financial Management (Financial Responsibility) Bill. I am proud to be part of a government that dares to be open in financial reporting. Having heard some of the opposition speakers I am reminded of the words of J. K. Galbraith, who said that in politics nothing is so admirable as a short memory. Opposition members have met his prediction to an absolute tee.

Ms Asher interjected.

Mrs MADDIGAN — The honourable member for Brighton chooses to interject, but she is one member who, along with the honourable member for Wantirna,

sat in financial darkness for the whole of the Kennett government's time in office without a whimper.

The present government is making available to the opposition far more information than the former Kennett government ever made available to the then opposition. The government is also making available to the present opposition more information than the previous Premier and Treasurer made available to their own backbenchers. It is obvious from statements of opposition members that they had little involvement in the budgetary process during the Kennett years and little knowledge about what was happening in Victoria. I would have thought the opposition would welcome the legislation because for the first time Victorians now can expect open and transparent government, to have figures that they can understand that are audited regularly and a process of reporting to the community on a far more regular basis than has ever been seen.

It is not surprising that the opposition finds itself in an unfortunate position because it is more comfortable with a closed position, but now it is forced to adopt a position on the legislation. The honourable member for Brighton took me aback when I heard her contribution to the bill. She mainly covered issues not covered by the bill. She talked at length about a commitment to debt reduction. I do not know whether the shadow Treasurer was at the budget briefing in about May last year; if she was present she has forgotten what she was told.

I thought it fascinating that the previous Kennett government, which congratulated itself on its financial management — although perhaps few others have congratulated it — was shown up so clearly when Department of Treasury and Finance officials clearly said that one cannot expect to reduce the debt much further in Victoria because there was nothing left to sell. At the briefing the Department of Treasury and Finance officials compared the increase in state debt with income: they are almost the same figures. There was no indication of sound financial management. The former government simply sold the state's assets.

Furthermore, the Department of Treasury and Finance officials said, 'You can't reduce the debt more because the only thing left to sell is the loss-making Public Transport Corporation' — which the government promptly sold!

Mr Holding interjected.

Mrs MADDIGAN — I take up the interjection of the honourable member for Springvale.

The SPEAKER — Order! The honourable member for Essendon should ignore interjections.

Mrs MADDIGAN — I stand corrected. It was amazing to hear the words coming from opposition members, who showed that they had no understanding of the financial management system that was operating in Victoria during the Kennett government years.

Opposition members are lucky now that in future, because of the Labor government, that will change. They will have the opportunity to have those figures presented to them, and we hope they will understand what the figures mean.

The bill provides a far greater scrutiny of government financial management than has been seen since I have been in the house. Like my colleagues, I am proud to be a part of that change. The main section mentioned is proposed new section 23D. It provides for a sound scrutiny-of-government policy and the principles of sound financial management, which the Labor government had as part of its election policy. The bill directly mirrors the undertakings the Labor Party in opposition gave. People in Victoria will be pleased to see that. The government is delighted by the support of the Independents.

Ms Asher interjected.

Mrs MADDIGAN — I can still hear the honourable member for Brighton complaining and whingeing, but I know she is delighted because she will have wonderful access to information with which to scrutinise how Labor is operating in government. I am sure the honourable member for Footscray and other members present agree that we would have been delighted to have that same capacity when in opposition. It is a real gift to the opposition that opposition members now will be able to have a greater understanding of how the financial management of the state is being operated. The honourable member for Brighton will have greater access to documents than she has ever had before, even when she was a cabinet minister under the previous government.

The principles of sound financial management include the management of financial risks faced by the state. Spending and taxing policies that are consistent with a reasonable degree of stability and predictability in the level of the tax burden should be pursued. The integrity of the tax system should be maintained. Policy decisions should have regard to the financial effect on future generations. It would have been nice if the Kennett government had taken that into account! I am sure those people who have to use City Link and the

tollway would have been fascinated if that provision had been incorporated into statements from the previous government. Financial management provisions also entail the full, accurate and timely disclosure of the activities of government agencies. They are laudable objectives. It is a brave government that is prepared to take that action for the good of the community.

The other provisions I strongly support are those in division 6 of the bill, which provide for a pre-election budget update. If there had been a pre-election update before the change of government, would Labor have found out about the deficit in Workcover funding or the overrun on costings for Federation Square, matters the previous government was able to not disclose because of the financial secrecy with which it governed Victoria for so many years?

The bill is a great relief to the people of Victoria. Many people have spoken to me since Labor was elected to office. They know they have an excellent opportunity to understand how the government works and that the Auditor-General will have a far greater role than he has ever had before. The people of Victoria will now have a real opportunity to be part of an open and transparent government.

Mr PLOWMAN (Benambra) — I want to speak briefly on the bill and make clear that the opposition supports many parts of it. Under the provisions of the bill, the financial statement will outline the government's financial objectives for the current year and the following three years. The opposition fully supports that premise. The problem with that is that at the same time the Audit Act is to be amended to require the Auditor-General to review the estimated financial statements and report to Parliament. That sounds wonderful, but what does that mean?

The Auditor-General is being asked to do the impossible. He is being asked to assess whether the statements are consistent with accounting policies. There is nothing wrong with that. But he is also being asked to say whether that assumption provides the basis for the financial management of the government for the next financial year. Harking back to the words of the honourable member for Wantirna, I say it is an impossibility for the Auditor-General to meet that objective.

Debate interrupted pursuant to sessional orders.

The SPEAKER — Order! The honourable member will take his seat. The completion time ordered by the house has arrived, and I am required under sessional order 6 to put the question.

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

Remaining business postponed on motion of Mr BATCHELOR (Minister for Transport).

House adjourned 9.46 p.m. until Tuesday, 4 April.

MEMBERS INDEX