PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE ASSEMBLY

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

16 May 2001

(extract from Book 5)

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By authority of the Victorian Government Printer

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The Lieutenant-Governor

Lady SOUTHEY, AM

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FIFTY-FOURTH PARLIAMENT — FIRST SESSION

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The Hon. S. P. BRACKS

Deputy Leader of the Parliamentary Labor Party and Deputy Premier:
The Hon. J. W. THWAITES

Leader of the Parliamentary Liberal Party and Leader of the Opposition:
The Hon. D. V. NAPTHINE

Deputy Leader of the Parliamentary Liberal Party and Deputy Leader of the Opposition:
The Hon. LOUISE ASHER

Leader of the Parliamentary National Party:
Mr P. J. RYAN

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Carli, Mr Carlo	Coburg	ALP	Mildenhall, Mr Bruce Allan	Footscray	ALP
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Davies, Ms Susan Margaret	Gippsland West	Ind	Nardella, Mr Donato Antonio	Melton	ALP
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Dixon, Mr Martin Francis	Dromana	LP	Perton, Mr Victor John	Doncaster	LP
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Hardman, Mr Benedict Paul	Seymour	ALP	Savage, Mr Russell Irwin	Mildura	Ind
Helper, Mr Jochen	Ripon	ALP	Seitz, Mr George	Keilor	ALP
Holding, Mr Timothy James	Springvale	ALP	Shardey, Mrs Helen Jean	Caulfield	LP
Honeywood, Mr Phillip Neville	Warrandyte	LP	Smith, Mr Ernest Ross	Glen Waverley	LP
Howard, Mr Geoffrey Kemp	Ballarat East	ALP	Spry, Mr Garry Howard	Bellarine	LP
Hulls, Mr Rob Justin	Niddrie	ALP	Steggall, Mr Barry Edward Hector	Swan Hill	NP
Ingram, Mr Craig	Gippsland East	Ind	Stensholt, Mr Robert Einar [2]	Burwood	ALP
Jasper, Mr Kenneth Stephen	Murray Valley	NP	Thompson, Mr Murray Hamilton	Sandringham	LP
Kennett, Mr Jeffrey Gibb [1]	Burwood	LP	Thwaites, Mr Johnstone William	Albert Park	ALP
Kilgour, Mr Donald	Shepparton	NP	Trezise, Mr Ian Douglas	Geelong	ALP
Kosky, Ms Lynne Janice	Altona	ALP	Viney, Mr Matthew Shaw	Frankston East	ALP
Kotsiras, Mr Nicholas	Bulleen	LP	Vogels, Mr John Adrian	Warrnambool	LP
Langdon, Mr Craig Anthony Cuffe	Ivanhoe	ALP	Wells, Mr Kimberley Arthur	Wantirna	LP
Languiller, Mr Telmo	Sunshine	ALP	Wilson, Mr Ronald Charles	Bennettswood	LP
Leigh, Mr Geoffrey Graeme	Mordialloc	LP	Wynne, Mr Richard William	Richmond	ALP

[1] Resigned 3 November 1999
[2] Elected 11 December 1999
[3] Resigned 12 April 2000
[4] Elected 13 May 2000

CONTENTS

WEDNESDAY, 16 MAY 2001

Wednesday, 16 May 2001

The SPEAKER (Hon. Alex Andrianopoulos) took the chair at 9.37 a.m. and read the prayer.

PETITION

The Clerk — I have received the following petition for presentation to Parliament:

Rosebud youth hall

To the Honourable the Speaker and members of the Legislative Assembly in Parliament assembled:

The humble petition of the undersigned citizens in the Shire of Mornington Peninsula sheweth that, according to the Rosebud foreshore reserve landscape master plan project, Parks Victoria, on behalf of the Department of Natural Resources and Environment, plans to demolish the Rosebud youth hall.

Your petitioners therefore pray that this community hall be retained for the use and enjoyment of the Southern Peninsula Concert Band, Vinnies Kitchen, which provides meals to the disadvantaged, several other community groups and the wider Mornington Peninsula community.

And your petitioners, as in duty bound, will ever pray.

By Mr DIXON (Dromana) (882 signatures)

PAPERS

Laid on table by Clerk:

Adult Parole Board — Report for the year 1999–2000

Auditor-General — Performance Audit Report — Teaching equipment in the Technical and Further Education Sector — Ordered to be printed

Financial Management Act 1994 — Budget Paper No. 3 2001–02 Budget Estimates

MEMBERS STATEMENTS

Sandringham and Hampton lifesaving clubs: donations

Mr THOMPSON (Sandringham) — Much good work is performed in the Victorian community and specifically in the Sandringham community by volunteers and people of goodwill. Dr Jean Corbett and Pat Richards have undertaken some good work in recent years for Community Aid Abroad. However, I advise the house that yesterday when I arrived in my electorate office I saw the perplexed and troubled face of my electorate officer who advised me that an unusual item had been received in the mail. She went to the third drawer of the filing cabinet and pulled out two brown paper bags. There was no name on the bags but a note in the writing of a senior person indicating that the person wished to donate a sum of money to both the Sandringham Lifesaving Club and the Hampton Lifesaving Club. The envelopes contained two parcels of money, $3000 in one and the other parcel has yet to be counted.

I can assure the house that only two parcels were delivered to my office and it is the first time in my political career that I have received brown paper bags, although it might be commonplace for honourable members on the other side of the chamber!

On behalf of the Sandringham community I wish to acknowledge the generous donation of this person to the important work of lifesaving. In Victoria last year some 59 — —

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

Bridges: Murray River

Mr JASPER (Murray Valley) — I express my keen disappointment with the allocation of funds from the Victorian budget for 2001–02 presented yesterday by the Treasurer of only $700 000 for new bridges across the Murray River. Honourable members will be aware that over two years ago the federal government approved funding of $44 million for bridges over the Murray River at Corowa, Echuca and Robinvale with the New South Wales and Victorian governments to fund the balance of construction costs. Transport minister Batchelor has publicly confirmed that over $50 million will be required by the two state governments as a joint contribution. Amid fanfare Mr Batchelor visited the Cobram bridge two weeks ago and announced that early next year construction would start on a new $11 million bridge across the river between Cobram and Barooga, to be built over two years.

Members of Parliament representing Murray Valley electorates, including myself and the honourable members for Rodney and Swan Hill, see this lack of funds for new bridges across the Murray River being allocated in the next budget as an outrageous situation. This is a massive setback for Murray River bridges and it is imperative that the minister clarifies the position immediately and the meagre amount of money being allocated to bridges be changed. The people of north-eastern and northern Victoria can rightly feel betrayed by the Victorian government. It has an obligation to honour its share of funding for further

bridges, confirm higher funding for the bridge program in the budget and not four, five or six years — —

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

Anthony Burnell

Ms GARBUTT (Minister for Environment and Conservation) — I wish to place on the record my condolences to the family and friends of Anthony Burnell, who was tragically killed last week. Anthony spent eight of his nine years of service to the people of Victoria as an officer of the Environment Protection Authority. He provided me and the Bracks government with excellent support during the passage of two landmark pieces of environment protection legislation, including the Environment Protection (Liveable Neighbourhoods) Bill, which was passed only two weeks ago in the other place. I remain grateful to the chairman of the EPA that he had such a talented officer working on the government's reform agenda.

Anthony had a tremendous commitment to both environment protection and this Parliament. I have been asked by the shadow Minister for Environment and Conservation to place on the record the opposition's condolences as well as those of the government. There are many members in the house, in both the government and the opposition, who knew Anthony, and all our thoughts will be with his family and colleagues at the EPA and across the public service at this very sad and difficult time.

Multicultural affairs: funding

Mr KOTSIRAS (Bulleen) — Once again I wish to highlight the incompetence of the Premier's private office, the Victorian Office of Multicultural Affairs, and the Premier in his role as Minister for Multicultural Affairs. I recently put to the Premier a question on notice relating to the amount of funding provided to each ethnic organisation to enable them to develop their own web pages. The response was that the Victorian Multicultural Commission (VMC) does not provide funding directly to ethnic community organisations to develop web pages.

Unfortunately, the 2000–01 budget papers approved by the Premier state under the heading 'Ethnic web pages funding':

> This funding is to enable resources for the development of web pages for ethnic organisations.

The budget allocated $10 000 in 1999–2000 and $30 000 in 2000–01. Has the Premier been misled by his office? Has VOMA not advised him properly, or is the Premier not up to speed with what is happening in his own department?

I call on the Premier to take multicultural affairs more seriously and to ensure the Victorian Office of Multicultural Affairs begins to be relevant. It is not surprising that the Hogg report found there was an underlying need for house training and action in both the Office of the Premier and the Department of Premier and Cabinet to improve understanding, contact and communication between the two offices supporting the Premier. I wonder whether the Premier is still using the note pad placed next to his phone!

International Year of Volunteers

Mrs MADDIGAN (Essendon) — In this year, the International Year of Volunteers, particularly this week, Volunteers Week, I would like to pay tribute to some of the wonderful volunteers who work in the Essendon area, many of whom are women.

One of the organisations comprised entirely by volunteers is the University of the Third Age, which is run by Beth Wheeler and her committee. Over the past three years it has taken off in Essendon. It runs a wide variety of courses, including courses in Italian, magic, recorder and politics. So many people want to do the courses that U3A has had to limit the number of courses each person can take in one session.

Another organisation that has done a great deal to record the history of Essendon — and Moonee Valley, now that the city boundaries have changed — is the Essendon Historical Society. It is also run by women, such as Elaine Brogan, Lenore Frost and Eve Park. It has provided a valuable resource for the community by ensuring that historical records relating to the city are kept and are accessible not only to schoolchildren but also to other interested residents.

The Royal Women's Hospital auxiliary has been operating in Essendon for many years and is currently under the stewardship of Marlene Sutton. It is a small organisation but it provides a huge sum of money each year to support the Royal Women's Hospital. Prior to the demise of the Essendon hospital, which was closed by the previous Kennett government, the Essendon and District Memorial Hospital auxiliary raised a huge amount for health services in Victoria.

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

Members: CPA study tours

Mr INGRAM (Gippsland East) — I wish to speak on the use of taxpayer-funded Commonwealth Parliamentary Association overseas trips and the reports that members of Parliament are required to present to the parliamentary library. It is time those reports were printed, made publicly available and presented to Parliament to justify to members of the community the use of taxpayers' funds. It is also time members of Parliament advised the community of the purpose of their overseas journeys.

Currently the processes of the Commonwealth Parliamentary Association reinforce the public view that members of Parliament misuse taxpayers' money without justification.

Honourable members interjecting.

The SPEAKER — Order! I ask the opposition back benches to come to order.

Mr INGRAM — The issue is ongoing. Superannuation — —

Mr Mulder — On a point of order, Mr Speaker, I suggest the honourable member for Gippsland East should table all the costs to Victorian taxpayers of funding his office and his additional staff. What value are we getting from that!

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Doncaster! The Leader of the House! There is no point of order.

Mr INGRAM — The ongoing issues like superannuation, cars and collecting Fly Buys points on petrol.

Honourable members interjecting.

The SPEAKER — Order! I have already asked opposition back benches to come to order. The Chair is unable to hear what the honourable member for Gippsland East is saying.

Mr INGRAM — I raise the issue because I believe it is time members on both sides of Parliament justified the use of taxpayers' money. I understand why some honourable members are a bit sensitive.

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

Bev Baxter

Ms BARKER (Oakleigh) — On behalf of many residents of the Murrumbeena area of my electorate I thank Bev Baxter, who runs the pharmacy at 227A Murrumbeena Road, Murrumbeena. Bev is an absolute gem. She and her staff provide high quality and caring service to local residents.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Doncaster will cease interjecting!

Ms BARKER — Earlier this year I was pleased to be asked to present Bev and her staff with their accreditation under the Pharmacy Guild's quality care program — a professional accreditation program that strives to constantly improve the quality of services provided. Bev is also very active in promoting and encouraging other women in pharmacy.

In addition, Bev has shown an active interest in preserving the history of the area in which her pharmacy is located. This area is known as the Beauville estate and was the first housing estate designed and constructed by A. V. Jennings 65 years ago. The area is now listed as a heritage area in the Glen Eira planning scheme, and Bev led the drive to find and preserve its history.

Bev won the Glen Eira–Port Phillip Pulse Small Business Award 2000. She contributed the prize for that award towards the project to have the Beauville estate recognised as a significant heritage area in Murrumbeena. In March this year a community weekend to celebrate the recognition of the Beauville estate was held. A. V. Jennings attended, a plaque was unveiled and there were displays of the houses and features that make up this unique area of Murrumbeena. While many local residents assisted with the recognition of the Beauville estate, there is no doubt that Bev was the driving force behind it.

It is a great honour to have people like Bev Baxter in my electorate — someone who provides high quality care and service to local residents in the very important area of pharmacy.

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

AWU: funds

Mr SMITH (Glen Waverley) — I refer to a letter addressed to the joint national secretary of the AWU, Steve Harrison, which states:

Dear Steve,

Further to our telephone discussion this morning, I propose the following resolution to be put to national executive next month.

As we have discussed, you know as well as I do that if Cambridge is not stopped we are all history. I have spoken to Bill Kelty and Jennie George, and they are supportive of this course of action. Both you and I can work the phones before the national executive meeting to make sure we have the numbers before this motion is put. I have already spoken to a number of national executive and they are very nervous to say the least. Please ring when you have considered my proposal.

It goes on to a preamble:

1. That on 23 January 1996, joint national secretary Ian Cambridge wrote to the federal minister … calling for the establishment of a royal commission or judicial inquiry …

It further states that Cambridge wrote that letter without approval of senior officers, and the motion is that:

3. This national executive determines that the membership is entitled to have this matter dealt with expeditiously. Consequently, national executive requests the ACTU to appoint an independent person …

   (a) the … allegations raised by I. Cambridge

   (b) to investigate all allegations relating to any branch, activity …

   (c) to investigate any matters …

By the way, there was neither a judicial inquiry nor a royal commission. Cambridge was appointed to the New South Wales Industrial Relations Court. I call for a full, open judicial inquiry. The other addressees on the letter were Bill Shorten, Terry Muscat, Graham Ray and Frank Leo.

The letter was written by Robert F. Smith, branch secretary.

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

Sandhurst Farms dairy

Ms ALLAN (Bendigo East) — It is hard to believe that in this week there could be more good news for Bendigo, however, I was pleased to learn that with state government assistance the Sandhurst Farms dairy, now owned and operated by Parmalat, is undertaking a $24 million expansion of its North Bendigo site. In the short term this will create 40 new jobs, and over the next 10 years a further 70 jobs will be created, taking the work force at the North Bendigo plant to around 250.

The state government played an active role in attracting the expansion to Bendigo and was pleased to assist through the Regional Infrastructure Development Fund with $400 000 towards capital works, in particular for works to be undertaken on a rail siding and platform adjacent to the factory.

This is an important part of the expansion because it is opening up the company to the export market. Once the expansion is completed this site will be the most high-tech of all the Parmalat factories worldwide. With an eye to the export market this funding from the state government is crucial to the works that Sandhurst Farms will be undertaking at the site. When it is completed there will be a tanker leaving this factory every 20 minutes.

The SPEAKER — Order! The honourable member's time has expired. The time set down for members statements has also expired.

MAS: ROYAL COMMISSION

The SPEAKER — Order! I have accepted a statement from the honourable member for Malvern proposing the following matter for discussion:

That this house notes that the Metropolitan Ambulance Service Royal Commission is a wasteful and unnecessary diversion of funds away from the provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

Before calling the honourable member for Malvern I wish to make a statement. As honourable members now know, the matter of public importance for discussion today relates to the Metropolitan Ambulance Service Royal Commission. Honourable members will recall that at the time the report of the Auditor-General on test calls was tabled in April 2000 I gave guidance on the application of the sub judice convention. My ruling is summarised in *Rulings from the Chair* at page 144.

The issue again arises in relation to the matter before the house for discussion today, and to assist honourable members I now provide further guidance on this matter. Underlying my guidance is the distinction I draw between matters which affect specific persons and the issues of a broader principle. I advise accordingly:

1. I will permit discussion on the appropriateness of the terms of reference as these are broad policy issues.

2. It is in order to refer to issues contained in the recently tabled volume 1 report of the royal commission, albeit honourable members

should be careful not to cross into matters that are still before the commission.

3. It is inappropriate for there to be any criticism of the commissioner or his staff.

4. Under no circumstances should honourable members canvass evidence before the commission but broad issues may be discussed.

As I stated in my ruling in April last year, the overriding principle must be to ensure that the operations of the royal commission are not prejudiced. I ask all honourable members to follow the guidelines I have provided.

Mr DOYLE (Malvern) — Thank you, Mr Speaker, in particular for your guidance on the strictures of the sub judice convention. It is a very important convention. I wish to say at the outset that I do not believe any of what I have to say will breach that convention because I will be focusing only on the terms of reference which have been deleted from the royal commission and are therefore no longer before it.

Honourable members interjecting.

The SPEAKER — Order! I ask the house to come to order.

Mr DOYLE — I will also be focusing on the conduct and role of the now Minister for Health which is not a matter before the royal commission nor, as I understand it, a matter that the royal commission will investigate and therefore could not be caught by such a convention. However, I will be exercising the utmost care in ensuring we respect the sub judice convention.

In this contribution I will be relying not on the royal commission itself but on a freedom of information request that I have received from the police. It is some 250 pages concerning allegations of fraud involving outsourcing contracts entered into by the Metropolitan Ambulance Service (MAS). That was an investigation known by the police as Operation Caledon. I will base my remarks about the deleted terms of reference and the role and conduct of the now Minister for Health on these documents.

In question time in this Parliament on 20 May 1997 the now minister accused the then minister, Marie Tehan, of deliberately withholding freedom of information material in the form of an explanatory ministerial briefing note dated 19 February 1996 and four attached ministerial briefing notes.

The now Minister for Health's argument was essentially that the four attached ministerial briefing notes had been caught by three FOI applications dated 3 May 1994, 22 December 1994 and 26 June 1995, and following a decision of the Victorian Civil and Administrative Tribunal of 5 February 1996 should have been released by 5 March 1996.

Police investigations and documents show that those very documents were leaked to the now Minister for Health in two lots. The police documents show that the first four were leaked to the then shadow minister, followed some time later by the ministerial briefing note. It is now clear that the present Minister for Health had those documents by the end of March 1996.

Since 1997 the minister has continually raised the issue of those missing ministerial briefing notes: in Parliament from 20 May 1997, continually in the media from that time; to the police, first in an interview detailed in these documents on 26 May 1997 and subsequently in two letters to the Chief Commissioner of Police of 30 May 1997 and 18 August 1997; and subsequent to those letters, the now Minister for Health made a complaint to the Ombudsman in a letter of 28 September 1998.

I turn first to the letters to the police. The shadow minister wrote to the chief commissioner on 30 May and 18 August 1997 requesting a thorough investigation of a number of alleged offences. The police responded to the present minister on 24 June agreeing to investigate his claims. The minister's allegations, although evaluated by police as 'politically motivated', were regarded as sensitive at the highest levels, including attracting the concern of the chief commissioner.

The police explored the minister's allegations on 26 May during an interview where he promised that 'he had other sources of information, including informers, which he would make available'. That interview prompted those two letters dated 30 May and 18 August to the chief commissioner from the now Minister for Health. A central question that must be asked is: did the minister ever indicate he had held possession of those documents since March of 1996? That is a mystery. Why wait until 20 May 1997 to raise the issue in Parliament? The opposition will explore those matters further.

In his letter to the chief commissioner of 30 May 1997 the minister states:

> Not only were the four ministerial briefing notes not released to me, their existence was not disclosed. At the time I received the letter of 5 March 1996 I had no idea the

> documents even existed. It was only when they were subsequently leaked to me that I realised they existed.

Questions must now be asked. Given that the minister was asking the police to investigate those matters, did he give to the police all of the relevant facts or did he conceal that he had held the documents about which he was requiring investigation since March 1996?

A further complaint from the now Minister for Health to the Ombudsman of 23 September 1998 prompted an investigation entitled *Report of Investigation into Complaints Made by John Thwaites, MP*. In his report the Ombudsman, in a section entitled 'Background', states:

> The existence of the four ministerial briefing notes (MBNs) became public knowledge in May 1997 when copies of the ministerial briefing note of 19 February 1996 — —

Mr Batchelor — On a point of order, Mr Speaker, I have been listening to the contribution of the honourable member for Malvern, which relates to documents he has received under freedom of information. I am wondering what is the relevance of this matter to the topic before the Chair under matters of public importance? It bears no relevance to the assessment of the merits of the royal commission. I ask that you request him to make the relevance clear so that honourable members may understand and take further points of order if need be, or bring him back to the matter before the house.

The SPEAKER — Order! I do not uphold the point of order. However, I ask the honourable member for Malvern to relate his remarks to the context of the matter before the Chair.

Mr DOYLE — Thank you for your guidance, Mr Speaker. I appreciate your ruling. A speech may include relevance by making a complete argument, which is what I intend to do by focusing on that part of the matter of public importance which speaks about a wasteful and unnecessary diversion of funds. I assure the Minister for Transport that that will be a relevant part of my conclusion, if I am allowed to get to it.

In his conclusion, part 1, the Ombudsman states:

> It appears that Mr Thwaites remained unaware of the existence of the documents until he obtained a copy of them from an unknown source in May of 1997.

The Ombudsman's conclusions could only come from the minister's own information. The opposition now knows that the source was not unknown to the minister and he had held those four ministerial briefing notes from March 1996. When he was given or solicited the memo of 19 February he had no right to it. It was not part of the documents he claimed were due to him under FOI, and that point will be crucial later when I come to my conclusion.

Is it possible that the minister deliberately concealed to the police and the Ombudsman his knowledge and possession of documents while asking both organisations to investigate issues surrounding those documents? That was the subject of a question in the house yesterday.

Mr Batchelor — On a point of order, Mr Speaker, in relation to standing order 108 the honourable member for Malvern is casting an aspersion against the Minister for Health about the deliberate nature of his actions and I ask him to withdraw.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Narracan!

Mr DOYLE — I understand the point the minister raises, and I take it seriously. My phrasing was in no way an accusation but a question — 'is it possible' — followed by the matters under discussion. I do not believe my remarks breach standing order 108.

The SPEAKER — Order! Standing order 108 makes it clear that honourable members must not cast an aspersion on other honourable members. I ask the honourable member for Malvern to refrain from that.

Mr DOYLE — Thank you, Mr Speaker, I will. Omitting the fact of possessing these disputed documents from March 1996 raises the question of whether, if the information was concealed, it amounts to interfering with the course of justice, which would be a serious offence indeed.

I move to a separate argument. At a different time we will need to deal with evidence of two witnesses before the royal commission, Langridge and Fodero, even though the terms of reference under which they gave evidence have been deleted. They gave evidence that material was solicited from them by the secretary of the ambulance employees association and the honourable member for Albert Park, the then shadow Minister for Health — —

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Doncaster!

Mr Batchelor — On a point of order, Honourable Speaker, I refer you to your ruling this morning in

relation to canvassing evidence before the royal commission. The honourable member for Malvern has indicated that he is referring to evidence before the royal commission and related matters, which are not contained in volume 1. I ask you to remind the honourable member that he cannot refer to that in his contribution.

The SPEAKER — Order! I will not hear any more on that point. I do not uphold the point of order. The honourable member for Malvern indicated that it relates to terms of reference no longer before the commission.

Mr DOYLE — I move to the relevance of this matter to the wasteful and unnecessary diversion of funds, and I will talk about the original contractual terms of reference of the royal commission that were deleted in June and September 2000.

In March 1999 the acting chief commissioner of police wrote to the now Minister for Health to convey a decision of the police and the Director of Public Prosecutions (DPP) — a special decision by the DPP under the Public Prosecutions Act — following the operation Caledon investigation.

The Minister for Health was informed that briefs of evidence which covered the tendering of stage 2 of the commercial review of the MAS, the outsourcing of fleet maintenance contracts and the use of Griffiths Consulting to provide part-time MAS employees were forwarded to the DPP for advice on the laying of criminal charges.

The minister was advised that the DPP had decided that despite the professionalism, magnitude and thoroughness of the investigation the proposed charges would not offer reasonable prospects of conviction. The investigation task force did not disagree and no criminal charges were laid.

The allegations of alleged criminality regarding tendering and outsourcing were the subject of a special decision detailed by the DPP on 16 March 1999. This matter was considered by a number of senior Crown prosecutors, and it was the overwhelming view of the DPP that no possible charges should be laid.

In December, the newly commissioned Bracks government set up the terms of reference of the royal commission, a number of which related exactly to what the police had been investigating. After months of investigative hearings and the exhaustive analysis of evidence and documents, those terms of reference were dropped. The role of the Minister for Health in their construction is again a mystery. He should have made the Premier aware of that letter, which suggested that issues identical in scope to the deleted terms of reference had already been investigated and dismissed by police. It could be argued that the same offence of which the minister was prepared to accuse others — that is, misconduct in public office — may be applicable in this case.

I also point out in conclusion — it is a very important conclusion — that my question is about this waste and unnecessary diversion of funds, as is the matter of public importance. A number of questions need to be put about the minister's special involvement and knowledge and whether they may constitute the offence he was prepared to accuse others of committing.

On three separate grounds the minister must be accountable. First, did he mislead police and the Ombudsman by omitting relevant and crucial information in a complaint to the police and the Ombudsman? Second, as two witnesses have testified, did he, with the secretary of the ambulance employees association, solicit documents he knew to be improperly obtained — —

The SPEAKER — Order! The Chair is of the opinion that the honourable member for Malvern is infringing on standing order 108 in that he is reflecting on another member. I ask him to choose his words wisely.

Mr DOYLE — Without being asked, I withdraw any such imputation. What I am asking is whether these questions can be investigated. More importantly, why were millions of dollars wasted by the royal commission commencing to investigate terms of reference 1, 2, 3 and 4 when the issues raised in those terms of reference had been investigated, evaluated and dismissed by the DPP and the police? Why were those terms of reference cynically deleted by September last year?

All of this material and evidence must be investigated. I will provide it to the Ombudsman, the police and the Auditor-General and ask for a full investigation of these matters.

Mr RYAN (Leader of the National Party) — I support the honourable member for Malvern in proposing this matter of public importance — —

Government Members — What a surprise!

Mr RYAN — I hear the cries 'What a surprise!' from those occupying the high moral ground on the Treasury benches. I always intend never to be distracted from my own contribution, but you have to smile at the activities and the commentary of the members of this

open, honest and transparent government when issues are raised in this house that are sensitive to them. The fact is that they do not like it. When a few pertinent questions are asked — that is all that has happened here today — they do not like it!

Let us look at the issues pertinent to this matter of public importance. I am mindful of the rulings you, Sir, have made and the guiding principles that have been laid down not only by the standing orders but by you and your predecessors.

The focus of this matter of public importance is that the house is being asked to reflect on the fact that the Metropolitan Ambulance Service Royal Commission is a wasteful and unnecessary diversion of funds away from the provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

I will talk about ambulance services in rural and regional Victoria. Without for one moment anticipating debate on the budget, recent announcements have indicated that new ambulance stations will be built in regional Victoria over the next 12 months. What will the people of Victoria see by way of investment in this all-important ambulance service? What will they have by way of additional infrastructure in the form of ambulance stations across the state? What will they see for their money, Mr Speaker? I will tell you what they will see. They will see two new regional ambulance stations — one in Romsey and one in Barwon South. There will then be $35 million for improved ambulance services. Otherwise that is the end of the penny section!

It is important to make that point at the outset because it puts it all in context. The thrust of the point made in this matter of public importance is that money is being spent on the MAS royal commission in circumstances where it could and should be used in other ways. The royal commission has its genesis in the contract which was let on 7 June 1995. In the terms of reference which were ultimately provided to Mr Lasry, QC, there is within the preamble to those terms of reference commentary to the effect that pursuant to the contract dated 7 June 1995 between Intergraph BEST Victoria Pty Ltd, known as Intergraph, and the Honourable Patrick McNamara for the Victoria Police, the Victoria State Emergency Service, the Metropolitan Fire Brigade Board and the Country Fire Authority, Intergraph is obliged in managing the new computerised ambulance dispatch system, to which the contract relates, to meet certain customer-specified service standards, which in part concern the time within which calls to Intergraph are answered. That in essence, in summary form, is the form of the contract which was let on 7 June 1995.

There was a subsequent inquiry by the Auditor-General. In April 1997 the Auditor-General provided to the house special report 49 where the Auditor-General had consideration to various issues regarding the operation of that contract. There had been community discussion in various forums about the way in which the contract functioned and the way the parties to that contract were conducting themselves. The Auditor-General's report was mainly concerned with that.

There had been a series of FOI requests by the now Minister for Health. Again, they are referred to in detail in the terms of reference, most particularly within paragraph 7 where they are set out. There are others but they are the main ones.

The next significant point involving this matter relates to the state election in 1999. Honourable members will recall the negotiations between the Independents — the so-called independent members of Parliament — and the government of the day as we now have it. Interestingly, this issue made its way into the famous Independents charter, the document that has been regularly referred to in the house on numerous occasions.

Because he knew he was on the way, on 12 October 1999 the Honourable Steve Bracks signed his letter as Victorian Labor leader. He did not sign it as the Leader of the Opposition; he could not quite sign it as Premier; so he signed it as Victorian Labor leader. What he said in the course of the charter in paragraph 4 under the heading 'Establish a judicial inquiry into the ambulance contracts/Intergraph issue', was:

> I commit a Bracks Labor government to:
>
> Establishing —

interestingly enough —

> a judicial inquiry under the Evidence Act into the ambulance/Intergraph issue.

He set out in an annex to the document what were termed draft terms of reference for what he described as the ambulance royal commission — somewhat of a confusion in terminology, but there they were. Those terms referred to the Auditor-General's report 49 and to other aspects of performance standards; the Freedom of Information Act issue; importantly, the contracting and outsourcing and matters arising out of or related to the same; and whether there has been any failure to properly disclose or improper conduct involving

documents relating to the ambulance contract or outsourcing practices.

Then there was a catch-up provision. That set the course for the matter before the house today, because as part of the charter it signed with the three Independents the government was locked into a position from which it simply could not escape. And so it was that this royal commission was born. That is a pivotal point in this whole matter. It is even more important when one considers the history of royal commissions in the state of Victoria.

From 1856 until 1960 some 147 royal commissions were conducted in Victoria. From 1960 until 2001, the past 47 years, there have been 11 royal commissions in Victoria. I will refer to some of them: the Royal Commission into the Failure of Kings Bridge; the Royal Commission into the Sale, Supply, Disposal or Consumption of Liquor in the State of Victoria; the Royal Commission into the Failure of West Gate Bridge; and the Royal Commission into Certain Housing Commission Land Purchases and Other Matters. I am sure members of the government will remember that one. The Royal Commission into the Activities of the Federated Ship Painters and Dockers Union might strike a chord with a few over there, too. The Royal Commission into the Australian Meat Industry might also get a few ducks off the pond. Another was the Royal Commission into the Activities of the Australian Building Construction Employees and Builders Labourers Federation.

Honourable members interjecting.

Mr RYAN — By Jove, that might cause a bit of excitement on the other side of the house. There was the Royal Commission into Alleged Telephone Interceptions; the Royal Commission into the Tricontinental Group of Companies — another unmitigated disaster for the Labor Party; the Longford Royal Commission — a terrible tragedy; and finally, the Metropolitan Ambulance Service Royal Commission. One of the initial activities of the Bracks government was to issue letters of patent on 29 December 1999. When they were issued the intention was that the royal commission would conclude by the middle of the following year. Since then there have been four amendments. We have major amendments, not only to the dates but also to the terms of reference of the commission itself. We started off with nine terms of reference; there are now four, and we are still going, Mr Speaker.

I have no concern about the longevity of a royal commission because if it does its job properly — exactly what is happening here — the commission and barristers will ensure that everything is investigated. The tragedy is that, for all the reasons that have been expanded upon by the honourable member for Malvern, the chapter of events now unfolding before the royal commission will, with the greatest of respect to all concerned, limit the amount of money that should be available for ambulance services across Victoria. I would prefer that the money being devoted to this exercise be directed to Victorians who need the important ambulance services which are crucial to the function of its communities.

Mr VINEY (Frankston East) — What an absolute disgrace! If you people have matters to bring up, you should take them to the royal commission and while you are there — —

The SPEAKER — Order! The honourable member for Frankston East will address his remarks to the Chair.

Mr VINEY — If they have matters of propriety they wish to bring up, let them take them to the royal commission. Let the honourable member for Malvern go to the royal commission and present his evidence there. Let him also take the opportunity to explain his own actions while he was parliamentary secretary presiding over the most disgraceful decline in ambulance service provision. It was those members on that side of the house who ripped the heart out of our ambulance system. They caused the need for a royal commission in the first place. There was a call for a royal commission — —

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Malvern!

Mr VINEY — That was universal across the community. It is an absolute disgrace and a misuse of this Parliament to bring those matters here when they could easily be taken to the royal commission. It is absolutely inappropriate for the honourable member for Malvern to come in here and present a matter of public importance (MPI) that is completely misleading. He then spent 15 minutes of his contribution barely discussing a single line item or word from the MPI; instead he raised other matters under the protection of parliamentary privilege, under the coward's castle act.

He should explain his case to the royal commission and present it under questioning. He can also take the opportunity to talk about what the Kennett government did in ripping the heart out of our ambulance service! Now the Tories are at it again. They stand for nothing;

they do nothing; they have no policy. When in government their policy was to privatise the ambulance service, ripping the guts out of it, pulling the heart out of it and crushing it.

On coming to government we found morale levels in the ambulance service were appallingly low. Part of my job in implementing Labor's policy commitments was to rejuvenate the service, put ambulances back on the roads. Our government put 10 more ambulance stations across Victoria and provided 164 more paramedics — a net gain of 120. Those are the things we on this side of politics have done. We have built the state's services and infrastructure, and that is continuing. Yesterday's budget provides a further $42 million for ambulances over time. In the 2000–01 budget $19.9 million went towards our ambulances, with an extra $7 million to fill the operations black hole left by the former Kennett government.

On coming to government we found a system in disrepair and one that had been devoid of any support from the previous government or the former parliamentary secretary, who now sits on the other side. He had the responsibility of overseeing the ambulance service under the previous health minister, the Honourable Rob Knowles, who delegated his responsibilities in that area. He presided over a complete failure of the system.

Honourable members interjecting.

Mr VINEY — My first task on becoming parliamentary secretary was to bring people together. I had in the one room people who, under the previous government, did not talk to one another. The task was to get them working together to build a partnership between the government, the departments, the unions and the work force to provide a better service for Victorians.

Honourable members interjecting.

Mr VINEY — You people stood for nothing! Your solution to everything is to privatise it, flog it off, sell it. What on earth were you on about in your period in government? What is your record on ambulances?

The SPEAKER — Order! The honourable member should address his remarks through the Chair, not across the table.

Mr VINEY — What is their record in government? What did they build for the benefit of our ambulance service? They did nothing. They ripped the guts out of the service. Their policy was to cut; our policy is to put money back in and to build the service back up.

An honourable member interjected.

Mr VINEY — It was the Cranbourne service they privatised; that was the start. They privatised patient transport, taking away ambulances that were otherwise available to transport patients and meet emergency demands.

Under the Kennett government we saw headline after headline on the complete mess Victoria's ambulance system was in — 'A service or a lottery?' from the *Herald Sun* of 20 June 1994; and 'Back-up systems fail in dispute blackout' from the *Sunday Age* of 3 August 1997. Under the heading 'Ambulance facts needed' the *Age* editorial of 26 June 1995 asked:

> Just what is going on in Melbourne's ambulances?

At that stage there was time for the previous government to heed the warnings, listen to the concerns and start putting some resources back into the system. But it did absolutely nothing! Worse still, it started privatising, cutting resources even further. When dealing with crises the Tories cut, because they do not care about providing the basic social infrastructure that our community needs. This government was elected because the Kennett government was not listening. The *Age* editorial continued:

> Since we pay for them and use them, we should be told …

These are the facts.

> The ambulance story as it has unravelled thus far has a certain familiar ring. In the name of efficiency, lower costs and better service, the Kennett government cut ambulance numbers and staff, introduced computerisation and made noises about possible future privatisation.

More than making noises, the Kennett government started it! What has happened under this government?

Honourable members interjecting.

Mr VINEY — You want to me to keep going? Another headline said, 'MAS priority care patients "dumped"'. The next one is interesting. The *Sunday Age* of 18 June 1995 had the headline 'The state warned on ambulances'. That was not a warning from the union, nor was it a warning from the opposition spokesperson at the time. It was a warning attributed to Mr Grant Griffiths, who had been appointed by the then government to run Intergraph. He said:

> We won't take the blame for delays because of a lack of resources.

There were plenty of warnings. That was a warning from the former government's own contractor — and that is what was happening.

Other headlines include 'Ambulance service is $18 million in red', in 1994; 'Ambulance responses "blow-out"'; 'Ambulance union lashes out at Tehan over delays'; 'Ambulance cuts hit the west hard'; and 'Casualties mount in a war of words', another *Sunday Age* editorial, which states:

> There is no denying that all is not well with the ambulance service and that the community is worried about it …

The other side had plenty of time to do something. On 11 November 1997, while the honourable member for Malvern was parliamentary secretary, an article in the *Age* under the heading 'Knowles pledge on ambulance money' said that the then health minister was considering putting more money into ambulances. Why did he do that? The article states:

> The health minister, Mr Rob Knowles, conceded that the government had never analysed the cost of running an ambulance service but said it was talking to the MAS about resources.

After years of cuts and years of ripping the heart out of our ambulance system, the minister of the day said his government had never done an analysis of what it cost to run an ambulance service in the first place. Those cuts were about an ideological, Tory-driven approach to government. They were not about what was required but about reducing the number of paramedics and reducing the number of ambulances.

An Opposition Member — What have you done?

Mr VINEY — To date this government has provided for the construction of 8 new stations and upgraded 13 others. There are new stations at Dromana, Deer Park, Bright, Lorne, Kew, Langwarrin, Hoppers Crossing and Carnegie. The 2001–02 budget provides funding for new stations at Romsey and at Barwon South.

Mr Doyle interjected.

Mr VINEY — The honourable member for Malvern said by interjection, 'We planned it'. We know what they planned. These were all the things they said they intended to do in the eighth, ninth and tenth year of government. But in the first seven years you cut them!

Mr Doyle — On a point of order, Mr Speaker, I draw your attention to the importance of the accuracy of statements. The honourable member for Frankston East has said that in our last seven years we cut the ambulance budget. I would like him to identify in which year that happened, because he has just claimed it happened in all seven.

The SPEAKER — Order! I do not uphold the point of order, and I will not allow the honourable member for Malvern to raise a point of order just to make a point in debate.

Mr VINEY — We have also not only built eight new ambulance stations and put in two new ones, we are upgrading stations at Clayton, Geelong, Bendigo, Latrobe, Beaconsfield, Diamond Creek, Craigieburn, Moe, Warragul, Colac, Lakes Entrance, Bairnsdale and at Cowes. All of them are being upgraded in this budget.

Mr Mulder — On a point of order, Mr Speaker, it is on record not only that the government has removed an ambulance from Colac but that it was the previous Kennett government that announced the upgrade.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Malvern! The honourable member for Polwarth is clearly not raising a point of order.

Mr VINEY — In addition to those ambulance services throughout Victoria that we are expanding and improving, we have recruited 160 new paramedics, which even after attrition means we will have employed an extra 120 paramedics since coming to government.

The MPI refers to resources being needed for our ambulance service. We agree, and we are providing them. The previous government did not agree and cut them. That is the difference between the two sides. We have also upgraded and expanded the ambulance fleet. Over the past two financial years we have purchased or planned for the purchase of 145 new vehicles and a substantial upgrade in air ambulance services through the introduction of four new pressurised twin-engine, turbo-prop King aeroplanes to replace the old Cessna aircraft. We have upgraded the Essendon and Morwell helicopters to state-of-the-art category A. We have replaced the existing helicopters and are about to launch a brand-new helicopter service in Bendigo.

The government has commenced planning the establishment of 24-hour mobile intensive care ambulances (MICAs) in some rural areas. The previous government moved to have each MICA manned by a single officer, but the government has ensured that each has two officers. MICAs have been established in a number of country areas that had no MICA coverage under the former government. The government has placed a MICA unit at Shepparton, and new units will be based at Mildura, Warrnambool, Wodonga and Wangaratta.

Dr Dean — On a point of order, Mr Speaker, it is clear that the matter of public importance is directed entirely at whether the royal commission is a waste of money. The house is now hearing from the honourable member for Frankston East nothing more than a commentary on government policy. Consequently, the honourable member is avoiding the matter. I ask you, Mr Speaker, to bring him back to the topic, which is the royal commission.

The SPEAKER — Order! I am not prepared to uphold the point of order. The honourable member for Frankston East was addressing the latter part of the matter of public importance proposed by the honourable member for Malvern.

Mr VINEY — In summing up, the government is putting money and resources into the ambulance service. The previous government ripped the heart out of the service because it stood for nothing and simply followed the normal Tory practice of conservative privatisation — it cut and reduced expenditure. It is disgraceful that the opposition should lodge this matter of public importance under the cover of wanting to inappropriately dump on a minister who has put resources into the ambulance service.

This MPI is being debated only one day after the budget has put about $1 billion back into Victoria's health system — and I have yet to touch on that! The opposition has acted hypocritically and has shamefully misused Parliament by proposing this MPI. Instead of taking any concerns it may have before the royal commission, it has chosen to use coward's castle to try to misrepresent what has occurred in the past.

The opposition has presented the house with a misleading MPI because its wording has nothing to do with what the honourable member for Malvern spoke about. No wonder! His record as a parliamentary secretary in the former government in dealing with ambulance services was a disgrace. He presided over service cuts, the privatisation of the system and removing the heart from the ambulance service. The honourable member presided over a system in which morale had collapsed. That is his record!

The Bracks government has a proud record of putting resources back into ambulances, building stations, employing paramedics, buying ambulances and medical helicopters, and renewing Victoria's ambulance system.

Dr DEAN (Berwick) — It is clear why the government wishes to talk only about ambulance services and not about the substance of this matter of public importance, which is that the royal commission is a wasteful and unnecessary diversion of funds.

I can understand why the house has heard nothing about the royal commission: the government is totally ashamed. Were we looking for an example of the government's unprofessionalism, it would be harder to find a better example than the way it has conducted and promoted the royal commission.

The royal commission stands as a beacon of the government's inability to govern and its incompetence. Government members may laugh, but I hope they will listen while I explain. So far the government has made a series of decisions on the royal commission that have put it in an impossible position and have led to the loss of millions of dollars of taxpayers' money.

The previous government made it clear that the subject had been referred to the Director of Public Prosecutions after three investigations. The DPP found from the facts put before him that no criminal offence could possibly be laid. He said, 'It would be inappropriate to hold a royal commission because royal commissions are long and expensive and that if you do not have a strong case to start with, you will end up in a witch-hunt that will cost everybody a great deal of money'. How prophetic were those words! That is exactly what has happened.

But in an endeavour to ensure it was re-elected the government said it would proceed with the royal commission. Its press releases said the most important thing was to try to discover what happened with the contracts. It said it believed there were problems with the contracts and that there may have been some illegal conduct. Through their press releases the Premier and the Minister for Health said that matter was at the heart of the commission.

In an agreement with the Independents the government said it would include the opposition in the determination of the commission's terms of reference — which, incidentally, history shows it did not. Had it done so, perhaps the government would not now be in such a mess.

Instead of the six terms of reference having a narrow focus by which the royal commission could be kept on the rails and not do the very things the previous government said it might, it is clear that the government adopted scatter-gun terms of references that have the scent of a witch-hunt about them. I remind the house that if a government wants to conduct a witch-hunt, it should not do so through a royal commission because such a witch-hunt will waste millions of dollars

searching. Lawyers are good at searching and asking questions over days, weeks and months, at a high cost.

It is instructive to examine the Premier's words when he announced the royal commission. In his press release of 21 December 1999 he proudly announced that he would proceed with his scatter-gun royal commission. The release shows the Premier as saying:

> The government is committed to a full and open inquiry into these matters of important public interest …

Later I will tell the house how the open inquiry was closed down when term after term of reference was removed. He further stated:

> The commission has been requested to report back to the government expeditiously and no later than 5 July next …

How prophetic were his words! The press release further states:

> The Premier also announced that leading Queen's Counsel, Mr Tony Howard, would be counsel assisting the commission and would be assisted by Mr Duncan Allen and Dr Kris Hanscombe.

Tony Howard is no longer there; he has gone. Duncan Allen is no longer there; he, too, has gone. Kris Hanscombe has also gone. Why? Because the royal commission is out of control and they have gone off to do better and more important things.

If the witch-hunt could have been narrowed, surely the government could have given instructions so the royal commission could have focused on the terms of reference and got on with the job as quickly as possible.

What happened? The royal commission did not start sitting until about the middle of March. In the meantime it employed 120 staff, who set about subpoenaing everything that moved. Departments throughout government and private individuals received subpoenas in the mail to provide the royal commission with documents in relation to its wide terms of reference. How unprofessional was it to force a commission to adopt such terms that it had to search so widely for documents?

It then had to establish a special computerised document search process, whose staff were additional to the 120 already appointed. Throughout every government department staff were sent scurrying through files. They had to get legal advice on whether documents met the subpoenas and then try to get the documents to the commission.

The commission equipped itself with all the trappings of modern courtroom technology — real-time transcript, amplification, document computer databases — at enormous public expense. The databases of documents gathered by the commission have been undergoing imaging, collation, indexing and the like, again at enormous expense.

Finally it kicked off, still with 120 people working in the background trying to handle all the documents that arrived, and started to have its hearings. The first hurdle it came to was that the government, very early in the piece, had probably already started to sense that this thing was getting out of control and said it would not allow representation for the Metropolitan Ambulance Service (MAS) because it believed the whole of government should have the one person sitting at the back of the court noticing what was going on. What an extraordinary decision that was! Even the royal commission said, 'This is an extraordinary decision'. Isn't that an example of total incompetence, that a government would suggest that one of the major parties to a royal commission should not have legal representation!

Minister Thwaites appeared on Jon Faine's radio program to explain it all. Jon Faine said to the minister:

> If they have a separate interest to protect, shouldn't they be separately represented?

Minister Thwaites said:

> Well, they don't have a separate interest to protect …

Faine goes on:

> Are you saying being legally represented hinders the finding of the truth?

The minister responded:

> Well, that's not the point. The point is that they don't have a separate interest. All government departments are of the one government, and we have an aim, to get to the truth …

In other words, there should be no separate representation for the MAS. Faine then asked:

> One of the things you're hoping to achieve from the royal commission, undoubtedly, is to restore public confidence in the ambulance service. Wouldn't it help if they were there, represented, and making sure that anything said about them was put to its proof?

Minister Thwaites said:

> Well, I think the purpose of the commission is to get to the truth. It is not to have a lawyers' picnic.

Boy, what a prophetic statement that was! The minister went on:

> But if you called this royal commission, which you did as a government, that's part and parcel of the deal, to make sure everyone gets fair representation …

And on he goes. What does the government decide after a while? It decides it had better give the MAS separate representation. So there we go, weeks and weeks wasted on an issue that should never have been an issue at all.

As the thing unfolded we suddenly found in May that the commission had screamed to a halt because it found itself being faced by a Supreme Court injunction about whether it could continue. Even at that early stage the Supreme Court was critical of the way things were unfolding. Again, it was not the fault of the commission, it was due to the fact that the commission had been given an impossible task from the start. There was no real substance to the allegations, and the scatter-gun terms of reference left it with no alternative other than to continue in that broad way.

On 16 May the government suddenly realised that it was unnecessary to proceed with some of its own terms of reference. Having announced the commission in December, the government declared on 16 May that terms of reference 3, 5 and 8 should be removed. Then on 30 May it dropped terms of reference 3 and 7. Later on it dropped reference 3.

What was the excuse for dropping reference 3? From a government media release we learnt that it was because those things had already been dealt with by previous inquiries — that is, the very thing the previous government had said was a reason why the commission should not proceed. The government spent six months on a reference that it then pulled for the very reason it was told not to do it in the first place.

Ms DUNCAN (Gisborne) — It is curious that the opposition should raise this issue as a matter of public importance today of all days. Not that I do not think, or that the government does not think, it is a matter of public importance. The question is why the opposition would raise it at this time. For one thing, the commission is still proceeding, so it is difficult to ascertain what we can or cannot say. The parameters of the debate, as you, Mr Speaker, have already outlined, make it difficult to say everything that may need to be said on the matter. Why then, if the opposition is truly interested in raising all the issues that may or may not surround the outcome of the commission, did it not wait until the completion of the royal commission? To attempt to start a debate at this time when we are gagged by the sub judice rule is simply wasteful of the Parliament's time. I believe it has been done deliberately so that the government is not able to say things it would otherwise say.

The way the matter is worded is total hypocrisy. From criticisms the honourable member for Berwick made about statements made by the honourable member for Frankston East, I suspect he did not read the terms of reference of the royal commission until just before he rose to speak today. The wording of today's matter of public importance clearly refers to the diverting of funds from other budgetary items to the royal commission, meaning that the government, instead of spending money on ambulance services as it should, according to the opposition, is spending it in a wasteful manner on the royal commission.

When the honourable member for Frankston East made a statement about the amounts the government had actually spent on ambulance services, the honourable member for Berwick said that was not the point. Can anyone possibly explain that remark to me? Is the explanation that members of the opposition do not want to hear concerns other honourable members might have about the matter they have raised for debate, or do they not want to hear evidence to show that there has been no diversion of funds from government programs but rather enormous increases in funding for ambulance services? That is another reason I find it extraordinary that the opposition should raise the issue at all.

It is also extraordinary that the day after the state budget is brought down the opposition does not dare to speak about the budget. It is mute on the matter. The opposition might reasonably attempt to say, 'Look at the state budget, it is evidence that the government is not spending money on health services'. It could not do so, however.

Mr Leigh interjected.

Ms DUNCAN — Even the honourable member for Mordialloc, who loves to interject and mislead the house, cannot argue that an injection of more than $1 billion for health services is not a good thing, and he is generally pretty good at trying to refute facts.

When the honourable member for Frankston East listed some of the ambulance stations funded by the Labor government, the honourable member for Malvern responded by yelling that it was the previous government that had planned them. The previous government should be characterised, at least in relation to innovation in ambulance services, as a 'gunna' government. It was gunna do this and gunna do that, and now it proclaims, 'We were gunna build some new ambulance stations'.

Allow me to give you a little story about how the former government, in its last year of office — —

Mr Leigh interjected.

Ms DUNCAN — You were broke in 1998, and you were broke again in 1999.

Mr Leigh interjected.

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

Ms DUNCAN — It is the issue of the previous 'gunna' government and what it was 'gunna' do. I recall Mr Knowles, the then Minister for Health, coming to a meeting in Romsey about six or seven days before the calling of the last state election. Of course, not many people in Victoria knew six or seven days out when the Kennett government was going to call an election but I would have imagined that the Minister for Health would have known its timing. He stood up in all his glory in front of a town full of Romsey people and said that the government would build an ambulance station in Romsey. He said it was in the planning and the government was 'gunna' do it. When members of the public asked him on that evening whether it was pork-barrelling just prior to the calling of an election, Mr Knowles responded that the government was not in election mode; it was an undertaking that had nothing to do with elections. Funnily enough, six or seven days later an election was called. Mr Knowles must have been extremely surprised by that in light of his responses in Romsey!

When the Labor Party came to office and went through the books it found nothing in the forward estimates for the Romsey ambulance station. If any planning was going on, it was completely unknown to the Metropolitan Ambulance Service.

Mr Leigh — On a point of order, Mr Speaker, my understanding is that the matter before the house is to do with the Metropolitan Ambulance Service Royal Commission and its consequences. She seems to be talking about an ambulance in her electorate and not the royal commission. I ask you, Mr Speaker, to bring her back to the matter.

The SPEAKER — Order! I ask the honourable member for Mordialloc to read the totality of the matter of public importance. I do not uphold the point of order.

Ms DUNCAN — Mr Speaker, I ask that the honourable member for Mordialloc not refer to me as 'she', and I ask him to withdraw his comment.

Mr Leigh — What did you say? Do you want to repeat it?

Mrs Fyffe (to Mr Leigh) — You referred to her as 'she'.

The SPEAKER — Order! The Chair did not hear the precise remark, but the advice it has received makes it of the opinion that the remark was not unparliamentary.

Ms DUNCAN — I suggest that the honourable member for Mordialloc read the matter of public importance; I think there is a sheet right in front of him. He may see that it was the opposition who put forward the matter which refers to:

> … a wasteful and unnecessary diversion of funds away from provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria'.

I am pointing out that the opposite is true. I wonder whether people listening to this debate would have any understanding that the royal commission was called for by all sides of politics. Both the government at the time and the Labor Party in opposition called for a royal commission. For those who need their memories twigged, following discussions with the Independents and the release of the Independents charter the then Premier, Mr Kennett, was seen ready to overthrow every single policy commitment the then government had ever made in order to canvass the support of the Independents. He was ready to offer them anything. The fact that the opposition is raising this as a matter of public importance now suggests that it had no intention of fulfilling its commitments to the Independents to call for a royal commission.

The Independents are to be congratulated for making the right decision and supporting the Bracks government; I am sure they see evidence of that every single day. This morning's matter is evidence that the previous government had no intention of calling for a royal commission had it been given office. There was a suggestion that the Liberal and National parties had agreed to hold a royal commission, but their intent can only be questioned. The opposition parties are now going on about cuts to ambulance services when they know the Labor government has increased ambulance services across the state. As at May 2001 the Minister for Health, who provides such a contrast to the previous one, received a $42 million boost over four years with two new ambulance stations, 24 new ambulances, an expanded and upgraded air wing and more paramedics in the health system. It goes against the grain to hear the opposition talking about cuts to ambulance services

when evidence to the contrary is so plainly before the house.

Mr McINTOSH (Kew) — Any form of government activity, whether it be spending on health resources, education, transport or legal services such as legal aid, the courts or indeed a royal commission, needs to be measured. It is other people's money. The taxpayers of Victoria pay for the government's budget. It is not the government's money: it is managing the money on behalf of other people and there has to be some test to ensure that government is held accountable for the expenditure of that money. The expenditure must provide some degree of social utility.

The honourable member for Gisborne asked why we are talking about the royal commission at this time. It is because the royal commission has released its first report in relation to the second area of its terms of reference, if I can describe it as such. When the commission was set up at the end of 1999 it was to look into three areas. It was to look at the contractual arrangements between the previous government, the Metropolitan Ambulance Service and Intergraph to provide an emergency dispatch system. On top of that, it was to look into the Intergraph test calls and allegations that those test calls somehow increased Intergraph's compliance with its contractual requirements. Finally, there is the freedom of information (FOI) inquiry — I will not touch on that because it is currently before the commission.

In the eyes of the public, the taxpayers footing the bill, the principal reason for the royal commission being set up was to consider the allegation relating to the previous government contracting out the emergency dispatch service to Intergraph through the Metropolitan Ambulance Service. Prior to the last election the matter went on and on — it is mentioned in the Independents charter. It ran for almost nine months until September 1999, when overnight the government dropped the principal reason — the raison d'être — for setting up the royal commission. Cathy Freeman was running at the Sydney Olympic Games on the night it was dropped — it was dropped on the night of the most watched event in Australian television history!

The government had already spent taxpayers' money on funding nine months of the royal commission — money that could have been dedicated to education, health services, transport, other legal services or ambulance services in metropolitan Melbourne or rural and regional Victoria. It spent other people's money. Event at that point — in September last year — the question of what use it was to fund nine months of the hearing had to be asked. All I can come up with is that a number of my former colleagues at the bar must have had a lovely time making a lot of money in undertaking a number of inquiries, but that is about it.

By September 1999 the guts of the royal commission had been ripped away and it was left with just two remaining issues relating to test calls and FOI. Importantly, at that time real concerns were being raised by such people as Jack Firman and Mr Griffiths about allegations of impropriety, if not illegal behaviour. Those concerns were untested, but they were sprayed about in many different directions. Mr Firman took the royal commissioner to the Supreme Court on an allegation of bias, and although the ruling made by the royal commissioner was upheld in the Supreme Court it was only just upheld. On my reading of the decision of Justice Ashley of the Supreme Court it was a close call.

What was the use of making those allegations without the capacity to test them? It was worthless. It had no utility at all, because the terms of reference were taken away from the royal commissioner by the previous government. It was a complete waste of money — money that could have been spent properly on behalf of the taxpayers of Victoria. That is why we are now debating this issue. No-one is saying governments cannot spend money on various activities they believe they should be spending money on, but this government is diverting funds away from areas that could benefit the taxpayers of Victoria.

There is another reason for this debate being timely. It is always within the purview of this place to criticise governments that set up royal commissions. Royal commissions are set up by an act of executive government, and they are not true courts. However, taking away the royal commission's terms of reference resulted in an extension of time from July 2000 to December 2000, then to April this year, and it has recently been extended further. Given that a report on the second terms of reference — if I can put it that way — has now been published, it is timely to debate the expenditure by this government of millions of dollars on a wasteful and fruitless exercise.

In his report the royal commissioner found — I will paraphrase; they are my words, so they may have a different complexion, but I will try not to create any doubt about what the royal commissioner found — that essentially Intergraph experienced significant cash flow problems between February 1997 and December 1997. In about June 1997 Mr Williams was appointed as the manager of the emergency call centre at Tally Ho. The commissioner found that Mr Williams was trying to commercialise the arrangement to make it more

effective. One of the significant benchmarks identified by Mr Williams concerned compliance levels — the standard that should be achieved by Intergraph — and 90 cent of non-emergency calls being answered within 30 seconds.

There is no doubt that until December 1997 Intergraph did not comply with those standards, and it was searching for solutions to the problems. Importantly, the test calls were made without approval by the senior management of Intergraph — it appears Mr Williams gave directives to his subordinate, but he certainly did not involve the management of Intergraph. Using my own terms and not those of the commissioner, he was engaging in an individual frolic of his own. Most importantly, the commissioner also found that Intergraph did not derive any financial advantage whatsoever from the test calls.

Secondly, by December 1997 the test calls that were made amounted to about 6 per cent of all the calls. Most importantly at no stage did those calls actually impact on whether Intergraph met the standard. By January 1998 the problem had been exhausted. Somebody made a submission to the royal commission and said the total loss may have been $4000. The royal commissioner discounted that and said there were no costs. He said that there was virtually no illegality on the part of Mr Williams apart from trade practices or fair trading, but most importantly you are left with a situation where millions and millions of dollars — it could be estimated to be as much as $40 million or $50 million, and we will still wait to see what it has cost — has been spent and there has been no utility. There has to be some balance in that. What you are left with is the diverting of funds to a royal commission that has become a sick joke.

Mr MILDENHALL (Footscray) — I was a bit puzzled by the matter of public importance that has been raised today. I wondered why the opposition would want to move such an obviously inaccurate, pointless and peremptory motion to undermine the momentum of a royal commission. Why would it seek to argue that a royal commission was not as important as it had previously agreed it was? Why would it argue that a royal commission was unnecessary when already the royal commission has found that there was illegal activity? What is a royal commission meant to do? How do you judge a royal commission? Surely one of the ways a community would judge a royal commission would be based on whether it finds illegal activity or whether it finds deliberate, illegal and improper conduct that was not properly investigated by a previous government. Surely that justifies a royal commission. Surely that means the opposition's assertion that the royal commission is unnecessary is absolute garbage. It is hogwash. How can the opposition argue that a royal commission is unnecessary when it has already dug up deliberate illegal activity?

The opposition says the royal commission is wasteful. The implication of the opposition motion is that the money being used to pay for the royal commission is money out of the ambulance budget. The economic illiteracy of opposition members is already apparent in their comments on the budget thus far, but somebody ought to explain to them the structure of the budget and show them that there are different departments. The royal commission is being paid for out of the funds of the Premier's department — the Premier established the royal commission. The ambulance budget has not been affected; it continues to grow, services and technology continue to expand to country areas and the reach of services in the metropolitan area continues to grow.

So here is an issue being debated as a matter of public importance that is hogwash. The royal commission is necessary. It has already found illegal activity. The royal commission has not taken money from the ambulance budget. That is clear from last year's budget and this year's budget. The matter being put forward by the opposition is rubbish, so why does it come up today?

It could be said that in the face of a brilliant budget yesterday, any diversion will do. The real answer is that the stench that enveloped the issue in the mid-1990s is still there. The royal commission is still uncovering it. It is still pointing the nostrils toward the stench of the allegations that permeated the ambulance service and the cuts to the ambulance service — 20 per cent in my suburbs. These are life and death issues, but the services were cut by a fifth. That was all right for Mr Kennett — that was the way he treated my community — but the royal commission has already found that there have been illegal activities and improper contracting out. There have been allegations of personal and other corruption. Those allegations persist as the royal commission continues.

If I were a member of the opposition, thinking back to the nostalgic days when I was in government, I would want to bury that stench and get that dead cat off the road and bury it. I would want to cover it up as quickly as I could. So how are they doing it? With these spurious arguments that try to undermine the rationale for the royal commission and try to undermine its credibility by calling it a waste of money and an unnecessary diversion.

The opposition has also launched an extraordinary personal attack on the Minister for Health. I can understand that. The credibility of Minister Tehan was destroyed by the stench of the ambulance scandal of the mid-1990s. The portfolio was lost. The stench around the ambulance scandal became an enduring signature of the Kennett government and left the *Age* calling for an independent inquiry because of the crisis in confidence. There were calls from the law institute, the workers involved and a range of other bodies. The ambulance crisis had so much permeated the reputation of the previous government that by the caretaker period of 1999 not only did the Labor Party pursue a royal commission, the former government, in the person of Mr Kennett, conceded: we will have a royal commission.

Mr Kennett said the then coalition committed itself to having a royal commission. He said that were the coalition to be elected, were it to hang on to government, it would agree to launch a royal commission into its government activities. That was the level of scar tissue and trauma that surrounded the previous government on this issue.

I can understand why the now opposition, the previous government, wants to continue its well-established tactic of dealing with this issue — that is, obfuscate, cover up, hide documents, rip things up, and do everything but be open and accountable. Now members opposite are not in government they backtrack on their commitment to an open and accountable royal commission. What is it with this memory failure? Do members opposite not recall that they committed themselves to this royal commission? They criticised the level of resourcing of it. Being conscious of the cost and duration of the inquiry the government wound back the scale of the commission. It responded to some of those criticisms and wound back the scope of the commission, but still members opposite argue that it is a waste of money.

This is an extraordinary matter of public importance. It ill behoves the opposition to revert to its old ways and attack the credibility of the royal commission and of the minister and seek to bury the issue when we are getting onto the band wagon of a new ethic and decency in government. The opposition wants to detract from the royal commission's continuation. If this matter were carried today and the Parliament resolved that the royal commission was unnecessary and wasteful, would not members feel that that would have an impact on the conduct of the royal commission? If the Parliament found that the royal commission was an unnecessary waste of money that would impact on the conduct of the royal commission. This is an attempt to undermine the royal commission.

Let us not beat around the bush. This is a counterattack by members of the Liberal and National parties, who have blood on their hands on this issue, in an attempt to continue the cover-up and the obfuscation. There is mud and a stench everywhere, given the cutbacks to the service, the hundreds of staff who were cut from it and the ambulances that went nowhere.

Mr WILSON (Bennettswood) — I am pleased to join the debate on the matter of public importance before the house. It is important to read to the house the wording of the matter:

> That this house notes that the Metropolitan Ambulance Service Royal Commission is a wasteful and unnecessary diversion of funds away from provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

I find it very hard to know where to begin and to finish in the debate before the house. A starting point could be the Premier's announcement on 9 December 1999 of a royal commission essentially to investigate the awarding of ambulance dispatch contracts. It is important to point out that the royal commission is no longer investigating those matters. At that stage the Premier made no mention of the cost and no-one could have envisaged that the royal commission would have blown out so much in both time and costs.

On 23 December 1999 the government announced the terms of reference for the royal commission. I reflect here on the earlier contribution of the member for Malvern. Not surprisingly, the announcement was made by the Minister for Health rather than the Premier or the Attorney-General. The terms of reference were not discussed with the opposition or the Independents as per the government's undertaking. In early 2000 we witnessed the farce of whether the Metropolitan Ambulance Service would be allowed to have legal representation at the commission. We were amazed at the argy-bargy that took place between the Premier and the Minister for Health and the actions of the Minister for Health when he was the Acting Premier. It was quite bizarre to say the least.

That was the first sign that the government was not going to approach this royal commission with due integrity. We have heard this morning about how many times the terms of reference have been changed, how many terms of reference have been deleted and how many times the reporting time has been extended. In his contribution the member for Frankston East quoted from the *Herald Sun*. I would like to go a step further

and quote from a *Herald Sun* editorial of 17 February 2001 which states:

> As one member of the inquiry team of 29 lawyers recently told the probe: 'Lengthy proceedings, such as those continuing before the royal commissioner, develop a character and momentum of their own'.
>
> Evidence of this has emerged from the cynical means by which the government earlier changed the terms of reference.
>
> By announcing the change on the same day that Cathy Freeman challenged for the 400 metre gold medal at the Sydney Olympic Games it was able to avoid major headlines.
>
> Premier Bracks must pull the plug on these proceedings now. Bob Hawke set the precedent during his term as Prime Minister when he abruptly ordered a halt to the similarly costly Costigan royal commission.

The conclusion to this editorial tells us a very real story:

> The ambulance inquiry will not put one extra vehicle on the road, pay a doctor or nurse, or in any way better fund our cash-strapped hospitals. It is simply lining the pockets of lawyers.

The cost of the royal commission remains a mystery to us all. At first there was no estimate, and then on 24 February 2000 the government announced that the cost would be $5 million. On 3 August 2000 the cost was estimated in a newspaper story to be $20 million followed by another newspaper report on 30 November suggesting a cost of $40 million. By 1 December 2000 the Premier was admitting that the cost would be at least $15 million based on the commission concluding its hearings and reporting by the end of 2000.

In his contribution the member for Frankston East took us on a journey of how ambulance administration has improved under the Bracks government. I would like to do the same and refer to the 1999–2000 report of the Metropolitan Ambulance Service and some of its highlights. It states:

> the biggest upgrade in air ambulance services in more than a decade with four new twin-engine King Air turbine pressurised aircraft;
>
> two new mobile intensive care ambulance units were established at Dromana and Clayton, the first new units since 1995;
>
> demand for emergency ambulances increased by 11 per cent from 189 200 cases in 1998–99 to 209 700 in 1999–00 and demand for non-emergency ambulances increased by 16 per cent;
>
> 90 extra operational staff were recruited and 13 emergency stretcher ambulances; and
>
> 15 stations had major rebuilding works.

Those highlights come from a media release of Minister Thwaites dated 23 November 2000. The only problem for Minister Thwaites is the highlights and successes which he applauds are due solely to the hard work and budgetary commitments of the Kennett government. So much for the parlous state of Victoria's ambulance services so often referred to by the honourable member for Frankston East in his contribution today and on other occasions.

The tragedy is that the money spent on the royal commission would have been far better spent delivering health services to Victorians. While the royal commission has been conducted, Victoria's health services have gone backwards. I will give some examples because they go to the core of the matter before the house. The most recent *Hospital Services Report* published by the Department of Human Services under the management of the Minister for Health quotes various statistics.

Firstly, under the heading 'How often are metropolitan hospital emergency departments too busy and consequently go on bypass', the figure provided as at December 1999 was 588, blowing out to 843 by December 2000. That increase occurred while the royal commission was in operation and consuming so much money. Secondly, under the heading 'How many people are on hospital waiting lists for elective surgery', the number as at December 1999 was 40 301, ballooning out to 43 410 by December 2000, again during the time the royal commission was consuming taxpayers' money. Thirdly, under the heading 'How many people are on semi-urgent waiting lists for longer than the ideal time', the number as at 31 December 1999 was 4765, increasing to 7903 by 31 December 2000. Finally, under the heading 'How many patients stayed for an extended period in an emergency department' — that is, how many patients spent time on a trolley — the figure as at 31 December 1999 was 1220, increasing to 1860 by December 2000.

Those figures highlight that the money currently being spent on the royal commission would have been better utilised delivering services to Victorians. If the figure of $40 million that has been bandied around in newspapers is correct, the opposition estimates that 160 additional ambulances could have been put on Victorian roads. That number is more than needed.

I will give further examples of how the money could have been better spent. The government could have commissioned or redeveloped 400 aged care beds. How many times have people read in the media or heard the Minister for Health lamenting the lack of aged care beds and blaming that for the problems in Victorian

hospitals? Rather than lining lawyers' pockets, money spent on the royal commission could have delivered good, long-term accommodation solutions for many elderly Victorians. Alternatively, some 40 intensive care beds could have been established across Victoria.

Those figures and examples tell a sad tale that the priorities of the Bracks government are wrong. By conducting a witch-hunt, trying to dig up dirt, trying to find a political solution and trying to justify all the actions of the now Minister for Health, the government has wasted a great deal of taxpayers' money, and Victoria is worse off for that.

Mr MAXFIELD (Narracan) — I am sad that honourable members are today wasting the time of the house. It was interesting to hear the honourable member for Bennettswood tell the house that money would be better spent on hospital beds. The matter before the house states:

> That this house notes that the Metropolitan Ambulance Service Royal Commission is a wasteful and unnecessary diversion of funds away from provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

That is what the opposition says and the honourable member for Bennettswood acknowledges that much money is going to the ambulance service that could be better spent elsewhere. That is contradictory to what the opposition has put up and what the house is debating. The matter is not about getting down to the truth but about paying petty party politics. The opposition is hoping for a cheap headline and that the *Herald Sun* might run the story somewhere before page 10, despite knowing that many of the issues cannot be spoken about because they are before the royal commission. The hands of honourable members are tied.

The opposition stands condemned for speaking to this rubbish. It is attempting to score cheap points knowing that the issues cannot be debated fully. It has made a joke of its own comments. The shadow Minister for Health stands condemned for wasting the time of the house rather than debating issues important to Victoria.

I turn to some of the important issues, one of which is ambulance resources. The opposition pretends that resources have been diverted. I assure the house that my electorate of Narracan has gained additional resources, including additional ambulance officers and the upgrading of ambulances. The air wing of the ambulance service has been upgraded. Some weeks ago I had pleasure and pride in announcing the upgrading of Gippsland's Helimed 1 helicopter service. I pay tribute to the Helimed 1 auxiliary that has raised funds over many years to assist with the establishment of the helicopter service. Much of the equipment was bought with funds provided by the local community. Last year I was involved in fundraising where more than $80 000 was raised for the air ambulance. The government is committed to a new category A air ambulance which will be safer, take off more quickly, and provide a better standard of service.

For example, if the motor were to fail when the ambulance took off, because there are now two engines with the new helicopter it would mean there would not be a tragedy. We have seen situations where some air ambulances have had accidents. Improving the safety not only of those who are being rescued but of the crew is an example of the Bracks government putting large resources into ambulance services.

Some speakers on the other side have hinted that because money is being spent on a royal commission we have somehow not been spending money on and have been getting rid of ambulance officers and ambulances, which is just bizarre and ridiculous.

I need only go through the list of funding issues — not only in my electorate, where it is clear, but overall — to see government achievements such as the provision of new and upgraded MICA units and stations right across the state. Moe and Warragul ambulance stations have had upgraded units, as have those in many other country areas.

It is wonderful to see our ambulance services being upgraded for the first time in many years by a government that is committed to providing the best possible standard of service to those in our community who from time to time unfortunately find themselves in need of an ambulance. That mantle of safety, which has been placed over rural Victoria by the Bracks government, is in complete and utter contrast to the privatisation experiment of the Kennett government, which stands condemned.

Because of the ongoing royal commission I cannot detail the terrible things the Kennett government did, including a lot of bizarre, dishonest and deceitful activities. It is sad that we cannot have that debate because it could interfere in the commission's investigations. The opposition has probably raised this issue because it does not want a free and open debate. It cannot stand the truth. The opposition knows that when the truth fully comes out it will stand totally and utterly condemned.

I express my disappointment at the behaviour of opposition members. You would have thought they

would have wanted to put this issue behind them and get on with supporting the delivery of decent ambulance services. However, now they are asking why we needed to have a royal commission. The fact is that the Victorian people wanted it. The establishment of the royal commission was well supported.

After the election the Bracks government agreed to the Independents charter. All sides of politics said they supported the charter, which called for a royal commission. As well as the Liberal and National parties and the Independent members of this house a range of community organisations and groups also called for a royal commission — namely, the *Age*, the Law Institute of Victoria and the ambulance union. Why did they all call for a royal commission? The answer is that the Victorian public had lost confidence in the ambulance system because of the Kennett government's cutbacks and its privatisation program, which went badly and sadly wrong.

Privatisation mania infected the Kennett government. It did not care how many ambulances did not turn up or whether people died because they did not get an ambulance on time, so long as it pursued its Holy Grail of privatisation.

A Government Member — Seven dark years.

Mr MAXFIELD — Seven dark years of privatisation! The Kennett government was content to see people's houses plunged into darkness because it would not invest in infrastructure to provide power to country areas. It allowed private companies to buy the power — —

Mr Wilson — You hate privatisation, don't you?

Mr MAXFIELD — I hate privatisation when it means people in the community cannot get an ambulance. I hate privatisation when people are plunged into darkness because a private company is not maintaining power supply.

Mrs Fyffe — Put some passion into it!

Mr MAXFIELD — I am passionate about this, because in rural and regional Victoria we have suffered the brunt of the Kennett government's privatisation process. The contracting out of our ambulance dispatch system to Intergraph resulted in ambulances not turning up — and in even more bizarre events. For example, as previous government speakers pointed out, when the private company could not deliver on its contract it made phantom telephone calls to boost the numbers. A thousand phantom calls were made!

Whereas the Bracks government is on about delivering ambulances to the community, the Kennett government was on about 1000 phantom telephone calls. That was its notion of delivering services to the community. Who needs an ambulance when you can have 1000 phantom telephone calls? At least it was keeping the telecommunications industry in business. Imagine the money Telstra could have made from 1000 phantom calls! Perhaps the strategy of those involved was to up their shareholdings in the partially privatised Telstra.

Opposition members interjecting.

Mr MAXFIELD — I do not hate shareholders, but I do not believe their needs should take precedence over the needs of the community. Why should shareholders receive the benefit of funds being raised for profit when other members of the community have their basic services removed?

It is a sad day when we waste our time instead of debating real issues. The house has been merely playing around the edges in debating an issue that the opposition knows we cannot talk much about because it is the subject of a royal commission.

Mr Holding — It is a shame.

Mr MAXFIELD — It is a shameful day. It is typical of an opposition that has totally and utterly lost its way. It stands for nothing and it means nothing.

Mrs FYFFE (Evelyn) — I am pleased to support the matter of public of importance on the wasteful and unnecessary diversion of funds to the ambulance commission. It always pleases me to follow the honourable member for Narracan — although today, he sadly lacked passion. I wonder whether that was because he was trying to defend the indefensible?

My colleague the honourable member for Kew put it extremely well when he said that any money provided for any royal commission is someone else's money — that is, it is taxpayers' money. This inquiry has been an appalling waste of taxpayers' funds, whether you are talking about the original quote of $5 million or the revised estimate of $10 million, reference to which appeared in the *Herald Sun* editorial on 27 September 2000 under the heading 'The scandal that wasn't':

> Victorians are more than $10 million out of pocket today because the government sought to discredit former political enemies …

What a cynical exercise!

Or is it $15 million, as stated by the Premier in the *Australian* of 1 December? Mr Bracks is quoted as saying:

> So I wouldn't go by that. The gazetted amount is $15 million and that's what we expect it to be.

The article further says:

> Health minister John Thwaites, who in opposition campaigned strongly for an investigation into how Intergraph won its contract to supply and run the ambulance dispatch service, said the government had underestimated the cost of the commission.

Or is it $40 million? An article headed 'Joke' in the *Herald Sun* of 30 November states:

> The cost of the ambulance royal commission is climbing towards $40 million — enough to put 130 lifesaving ambulances on the road.

The article further states:

> Commission sources say the inquiry's ultimate cost will be up to $40 million …
>
> … the government admitted its estimate did not include its share of legal bills run up by ex-ministers, serving MPs and public servants.

I can quote from many others, but an editorial in the *Herald Sun* of 27 September talks about a costly Bracks fishing trip. What a fishing trip it is. It is a sick joke for the residents of the Shire of Yarra Ranges who are being virtually ignored; their needs are not being met by this health minister.

Other articles have been written about the government's irresponsible waste of taxpayers' money. The $40 million estimate is conservative. The costs are soaring. The honourable member for Frankston East commenced his contribution by using words such as 'shameless' and 'appalling' — and it is shameless and appalling. He said the previous government cut ambulance services, but we have heard about the things that were done, and the reasons for them. Why did we have to cut costs? Because of the indiscriminate, irresponsible financial management of previous Labor governments.

In this house on 22 March I raised issues facing Upper Yarra health services — the fact that the only private hospital had closed, that we have no emergency after-care, no needle exchange and many other things. It is a very important issue and I raised it seriously. What did I get from the Minister for Health? It was a very cynical response. I have here a press release issued by the minister which on an initial reading people thought was great. They thought this minister had listened and was going to respond. The minister announced funding of $100 000. He states:

> The funding will enhance ambulance coverage of the town, continue to provide physiotherapy services and ensure residents still have access to a needle and syringe program.

But it is not new money. He has not answered the call. The amount of $60 100, which was already allocated to the area, has now been redirected to ambulance services. There is no extra money for ambulances in the Upper Yarra. People at Upper Yarra have to wait for ambulances. There is one ambulance to cover 15 000 people. The further $28 000 for physiotherapy was existing funding transferred from one agency to the other. It is the same with the needle exchange — a totally cynical exercise.

The minister's knowledge of Upper Yarra and its needs is as bad as that of the Labor candidate for McEwen, Andrew MacLeod, who is quoted in the newspaper of 16 May as saying:

> … the funding may not be as good as having a hospital but it would fill a need.

And he blames the federal government. It was a private hospital that closed — a church-run hospital — that provided after-hours emergency care to anyone who arrived on their doorstep and then worried about collecting money. It is not about the federal government; it is about a private hospital that closed. This government is not answering the needs of the residents of Upper Yarra.

In an article in the *Lillydale and Yarra Valley Express* of 25 March, Sandra McKay, a spokesperson for the Minister for Health, said the review of health services would take place as soon as possible and that the government's action was following on from my raising it in the house. What review? The minister has not done any review. All he has done is divert funds from one agency to the other. I reiterate: it is a cynical exercise. If this money had not been wasted on the ambulance royal commission, there would have been funds to provide proper ambulance services and facilities for the 15 000 people of Upper Yarra who now have to wait so long.

I believe 120 people are employed to service the royal commission. The people of Upper Yarra are asking for one person — one medical registrar to come out from a public hospital to Upper Yarra.

The DEPUTY SPEAKER — Order! I remind honourable member that the matter before the house relates to ambulance services, not general health services.

Mrs FYFFE — With due respect, Deputy Speaker, I have been referring to the lack of ambulance services in Upper Yarra.

The DEPUTY SPEAKER — Order! The Chair has heard what the honourable member has said. She has referred quite widely to health services. I ask that she relate her comments to the matter that has been put forward by the shadow minister, which is not about a general review of health services in the honourable member's electorate, or indeed in this state.

Mrs FYFFE — The ambulance service in Upper Yarra is less than what is required: one ambulance services 15 000 people. I will paint a picture for honourable members. You are a single mother living in East Warburton. You are on your own with four children, two of whom have chronic asthma. One of them is sick. You have called the ambulance. You have to wait 1½ hours because that single ambulance has taken a patient to a hospital for emergency treatment. Maroondah Hospital is on bypass and Box Hill Hospital is on bypass. That ambulance can be away for 3½ to 4 hours. Another ambulance is called from Lilydale, Croydon or Ringwood. You can wait 1½ to 2 hours for an ambulance in East Warburton. This is why this waste of money on the ambulance royal commission could be much better spent on servicing the people of Upper Yarra. They are out there with no after-hours emergency care — nothing! They have just been left. They need more funding than the reallocation of pre-existing funding in Upper Yarra.

I was not in this Parliament when allegations about the ambulance service were being made, but like many other Victorians I read the numerous allegations about things that were supposed to have been wrong and things that were supposed to have been illegal. Allegations were also made about the casino operation. The proposed inquiry into the casino was dropped. Is the ambulance royal commission purely for this government to save face? Is that the reason we have a commission that has allegedly spent $40 million? It may be $50 million. We will not know until it is finished completely.

Mr Holding interjected.

Mrs FYFFE — The Yarra Ranges has the highest road toll for a shire in the state and one of the longest distances for ambulances to travel from accidents at Woods Point, Reefton or Healesville to a public hospital. The ambulance service for that area is completely inadequate. The money wasted on this royal commission should have been spent in the Upper Yarra.

Mr HOLDING (Springvale) — I listened with great interest to the contribution of the honourable member for Evelyn. In essence she seemed to be saying two things. She said that the cuts to the ambulance service that occurred under the Kennett government — and by implication she acknowledged that there had been significant cuts — were necessary. She said they had to cut costs. That was one of her comments. So the honourable member for Evelyn has acknowledged that under the Kennett administration there were significant cuts made to the delivery of ambulance services in Victoria. She said that those cuts were necessary probably because, as the opposition is always wont to tell us, of the budgetary situation it inherited when it took office.

The second point that seemed to be implicit in the honourable member's contribution is this notion that somehow the ambulance royal commission was unnecessary, that it is a waste of money, that it is a diversion of funds from areas in which those funds could be better spent. That goes to the heart of the matter that the honourable member for Malvern has presented to the house today. It has at its core this notion that somehow funds have been diverted from other aspects of the core services that we expect from the Metropolitan Ambulance Service and Rural Ambulance Victoria to finance this royal commission. That is simply not the case. It is a false assertion that underscores the matter of public importance presented by the honourable member for Malvern.

I turn to the question of whether resources have been diverted from ambulance services in Victoria to finance the royal commission. The truth is that the Bracks government has invested considerable resources in improving and enhancing ambulances services in Victoria. In the 2000–01 budget the Bracks government committed $19.9 million to improving ambulance services as well as an extra $7 million to fill an operations black hole because of mismanagement and underfunding by the former Kennett administration. It is important to acknowledge that.

Members of the opposition say that funds have been diverted, that somehow we are running down the ambulance service. They say funding has been diverted from the provision of ambulance services to the royal commission. In fact the Bracks government has enhanced the delivery of ambulance services. It has increased resources for ambulance services and covered the black hole left by the former Kennett administration. It has opened new ambulance stations — so far 8 new ambulance stations have been opened and 13 units have been upgraded. In his budget presentation yesterday the Treasurer announced

funding for two new stations, one in Romsey and another in Barwon South, so the notion that funding is somehow being diverted from ambulance services is clearly nonsense. The Bracks government is investing in ambulance services and infrastructure and making sure we have the services required to meet the demands of the next century.

The Bracks government has expanded ambulance services not only through investment in capital infrastructure but also through the recruitment of 160 new paramedics, which means that even after the natural attrition rates to be expected in any service, 120 extra paramedics will have been employed since the Bracks government came to power in October 1999. It has upgraded the air ambulance service through the introduction of four new pressurised twin-engine turbo-prop King aeroplanes to replace the old Cessna aircraft. Not only has it expanded the station infrastructure, it has invested in both the road and air fleets.

The government has also commenced planning for the establishment of 24-hour mobile intensive care ambulance (MICA) coverage for Shepparton, Mildura, Warrnambool, Wodonga and Wangaratta. When we hear National Party members complaining about the budget and its impact on regional Victoria we should not forget that we are investing in new infrastructure not only in the metropolitan area, which was the obsession and focus of the former Kennett administration, but also in rural and regional Victoria, making sure that the whole state, not just one part of it, benefits from the growth of resources.

Another matter the honourable member for Evelyn raised in her contribution is the notion that somehow the royal commission is not necessary. She made completely inappropriate comparisons with the casino. The Labor Party did not go to the last election with a commitment to have a royal commission into the casino tendering process, despite its significant concerns about the probity of the circumstances surrounding the awarding of that contract and its management. But it did go to the election with a specific commitment to establish a royal commission into the tendering for despatch services for the Metropolitan Ambulance Service and the circumstances surrounding the management of that contract after it was awarded. It was a commitment the Labor Party intended to honour when elected to government, and I might add it was a commitment taken up by the former Kennett government during its negotiations with the Independents in its desperate attempt to cling to power.

Mr Kennett also acknowledged the need for a royal commission into his own government's administrative arrangements surrounding the awarding of the tender and the contract to Intergraph. The notion that a royal commission is not necessary or in some way is not justified is not only not borne out by the facts, it is not borne out by the former government's own conduct when faced with the reality of the situation prior to its fall. If the decision to hold a royal commission somehow caused an outrageous diversion of funds to something that is not in the interest of Victorians, why was the former Kennett government willing to sign up to a royal commission during its desperate negotiations with the Independents in September 1999? The truth is that the establishment of the royal commission was supported by all sides in this chamber.

It was supported by the Labor Party when in opposition, it was advocated by us and it formed part of our policy prior to the last state election. It was supported by the Kennett government in its desperate negotiations with the Independents in September 1999, and it was supported by the Independents and promoted by the Independents when they signed the charter that was the basis of the Labor Party's ascension to government in 1999.

Mr Perton interjected.

The DEPUTY SPEAKER — Order! The honourable member for Doncaster will not come into the house and start calling across the chamber.

Mr Perton interjected.

The DEPUTY SPEAKER — Order! If the honourable member for Doncaster wishes to engage in a debate with the Chair, he can be dealt with quite effectively.

Mr HOLDING — Who else supports the notion that somehow this royal commission was not required or justified? The truth is that when revelations came out about the Metropolitan Ambulance Service, newspaper after newspaper in opinion and editorial article after opinion and editorial article called for the establishment of some sort of inquiry, judicial or otherwise, into the situation. The *Age* editorial of 26 June 1995 — before the 1996 state election — says:

> What those Victorians who use and pay for Melbourne's ambulances deserve is more facts and less mud-throwing. It is high time that the warring parties backed off and agreed to pass this highly technical issue to an expert and independent referee for decision.

In other words, the former government was told by opinion leaders and others as far back as June 1995 that

there was justification for an independent inquiry to get to the bottom of the circumstances of the awarding of the contract and the management of that contract after it was awarded.

Claims by opposition members that resources are being diverted from Victoria's ambulance services to the royal commission are false. The Bracks government is investing in ambulance services — in capital upgrades to stations, in both the road and air fleets, in additional paramedics and in more MICA units. There is no diversion of resources away from ambulance services to the royal commission. When opposition members say this royal commission is not necessary or justified, they are wrong.

Mr VOGELS (Warrnambool) — I will repeat the matter of public importance, because I think some people have lost sight of it:

> This house notes that the Metropolitan Ambulance Service royal commission is a wasteful and unnecessary diversion of funds away from provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

For a member of the government to say that no $40 million or $50 million has been diverted from ambulance services and that the money is coming out of some other part of the budget so there is no waste of money is absolutely ludicrous. Only a Labor government member can think like that. I would have thought that if you had $40 million or $50 million you could divert it to wherever you wanted if the matter was important enough.

People in rural Victoria are justifiably outraged at the scandalous waste of money that is the result of this royal commission. Every day in rural and remote Victoria people are dying because there is no professional ambulance service within at least an hour of the accidents they suffer. At the moment Rural Ambulance Victoria is basically relying on volunteers to do the work. If tourists travelling down a road have an accident, it usually has to be the volunteer ambulance service that attends to them. Locals needing an ambulance know none is available, so they load up their loved ones, put them in a car or the back of the ute and take them to the hospital.

I refer to comments made by an area manager of the Warrnambool ambulance service as reported in a Warrnambool *Standard* article of 30 October 2000:

> Using an ambulance in an emergency can save lives, while transporting patients in private vehicles can often place other lives at risk, a Rural Ambulance Victoria representative has said.
>
> Warrnambool area manager Pat McKenzie said there were many reasons why people should not be transferred to hospital in private vehicles.
>
> 'In the majority of cases using a private car instead of an ambulance to transport someone to hospital in an emergency can place your own life as well as that of the person being transported in danger' …

That quotation is relevant to the debate. I have heard the Minister for Health, when in opposition, say that 5 minutes is too long to wait for an ambulance in Melbourne. In the country we often wait for an hour!

In the past 12 months there have been six deaths along the Shipwreck Coast near Port Campbell, yet an ambulance is normally an hour away. We promote the Shipwreck Coast to tourists of the world, but they do not realise that if they happened to have an accident there they would be in trouble.

Last year I wrote to the minister enclosing a petition with more than 1300 signatures asking for a review of the ambulance situation in my electorate. He replied:

> … Rural Ambulance Victoria is developing a service delivery plan to provide a framework for the future development of ambulance services. I expect to receive the … draft of the plan shortly.

The plan has yet to be seen. Urgent action should be taken.

In the south-west we have been waiting for an emergency helicopter service since 1996. The remainder of the state is covered by helicopter services; the only area not covered by a service is the south-west. Some of the $40 million or $50 million being wasted on the royal commission could have been well used to support a helicopter service for south-west Victoria.

The Westvic Helicopter Rescue Service, a voluntary organisation in the south-west, has recently folded. The local tourist helicopter operator used to help with search and rescue. Now that it has folded the area has no helicopter emergency service.

People talk about the importance of what is known as the golden hour after an accident. Timing is critical. Not only can a life be saved but the quality of a person's life can be preserved if it is possible to get the person to hospital in the critical time of less than an hour.

I refer to an editorial in the Warrnambool *Standard* of 20 November 1999, which explained the situation well. It states, in part:

> Though the current local volunteer ambulance service literally has been a lifesaver, it is not adequate.

> What is needed is a full-time ambulance service properly equipped to respond rapidly to accidents which are inevitable in a region with increasing road use.
>
> Waiting up to an hour for an ambulance to arrive from Warrnambool is not a prospect any motorist in trouble, local or tourist, should have to face when travelling through the region.

I have spent a lot of time talking about my electorate as a tourism area. About 10 000 people live and work there as well, mainly in farming and tourism. They fall into the same boat, because if an accident happens you throw your loved one in the back of a car or the ute, head off and hope for the best.

I get upset when I see money being wasted on a witch-hunt that will probably lead to nothing. The money could have been better used in rural and remote Victoria.

Mr LANGDON (Ivanhoe) — The opposition's matter of public importance (MPI) suggests that the ambulance royal commission is a waste of money.

Mr Perton interjected.

Mr LANGDON — It is ironic that the opposition should lodge such an MPI considering it had seven years in government during which it cut health and ambulance services.

Mr Perton interjected.

The DEPUTY SPEAKER — Order! The honourable member for Doncaster will behave himself.

Mr LANGDON — I am doing my darnedest to ignore the interjections from the honourable member for Doncaster.

It is hypocritical for the opposition to lodge this MPI. The reasons for establishing the royal commission are well known. After the last election, and before the change of government, the balance of power in this house was finely held by the Independents, whose charter called for a royal commission. The parties who were chasing the support of the Independents so a government could be formed agreed to conduct a royal commission. Now the opposition criticises that commission. If it had won government the opposition would gladly have established a royal commission; now it says the commission is a waste of money. That highlights its hypocrisy.

During the seven years of the Kennett government the community was concerned about ambulance services. Honourable members may well recall the almost daily headlines in the newspapers about calls to the 000 emergency telephone number and ambulances arriving late. The community was concerned that some of the delay figures reported by the ambulance service were false. The royal commission has investigated that concern and its findings have questioned the statistics. Obviously the money spent on that investigation has not been wasted. The royal commission's interim report says there appears to have been wrongdoing. That was not a waste of money.

I notice the opposition, as it criticises the budget handed down yesterday, continues to allege that the royal commission has cost $70 million. It says the government has been spending money on this and that and has increased taxes. Now it claims the royal commission has cost $70 million. That is laughable!

Mr Maughan — How much has it cost?

Mr LANGDON — We will find out the final figure.

The DEPUTY SPEAKER — Order! The honourable member should not respond to interjections.

Mr LANGDON — But the comment has been made. When the figure is released by the royal commission it will be interesting to hear from the Liberal and National parties. If the final figure is nowhere near the amount they are now spouting, will members of the opposition come in here and apologise? I suspect not.

The house has heard about the Independents' charter. The *Age*, a respected newspaper, called for a royal commission, as did the Law Institute of Victoria and the ambulance union. Many community sectors sought a royal commission, but now that it is up and running the opposition is not happy — yet it agreed to run a royal commission if it won government.

Clearly that is the only difference: the ALP is in government, the opposition is not, so the opposition is critical of the royal commission that it would gladly have established to investigate community concerns, although when it was in government it never listened to the community, which is why it is now in opposition. The only people the former government listened to were the Independents when their charter was being prepared. That is the only reason they were listening at that time.

An opposition member interjected.

Mr LANGDON — Indeed. Not that I am taking up an interjection, but I notice that, even though we are debating an opposition matter, there is hardly a cast of

thousands sitting opposite! I know I am not the world's greatest speaker, so I can understand why some opposition members are not in the house. Nevertheless, they are not here to support their own motion.

Mr Perton — On a point of order, Deputy Speaker, in the past Speakers have provided guidelines on the sort of commentary the honourable member is indulging in, particularly since there are only two honourable members representing his party in the house at the moment and the minister who is the subject of the motion has taken the chicken's course — —

The DEPUTY SPEAKER — Order! There is no point of order. I remind the honourable member for Doncaster that it is inappropriate to use points of order to make debating points.

Mr LANGDON — This MPI has been raised not by the government but by the opposition. We use the term MPI all the time, but we should not forget that it stands for 'matter of public importance'. If the matter is of such concern to the opposition and the National Party, why is the other side of the house not packed with members listening to the debate and to the government's response? The matter is purely tokenistic. Opposition members have nothing better to debate — and they certainly could not debate the budget. They have delayed that debate for quite some time.

Mr Perton interjected.

Mr LANGDON — The royal commission, as I mentioned earlier, is a bipartisan matter, and until today the opposition has not raised it as a matter of public importance.

Mr Perton interjected.

The DEPUTY SPEAKER — Order! The honourable member for Doncaster!

Mr Perton interjected.

Mr LANGDON — There are some slow learners in the house, although not on this side. The opposition was prepared to give the matter bipartisan support and allow the royal commission to be undertaken according to its charter, because both the Liberal and National parties realised there were matters of concern that needed to be examined. Further, in order to regain government the Liberal Party was exceptionally keen to establish the royal commission.

Since that time, however, Liberal Party members have found that being in opposition lacks something — and having been there for some years I can understand their view. But if they wish to get back into government I give them this advice: raising matters of public importance of this kind and in this way will not bring them speedily to this side of the house.

I support the royal commission. I suspect that the electors of Ivanhoe, who have a large hospital in the electorate, regard ambulances as of much concern to them as they are to any hospital system. I hope the royal commission will get to the bottom of the concerns people have about the ambulance service so the government will be able to follow it through. It needs to take up all those matters and get the ambulance service back on track. The increase in funding over the 19 months of the Labor government has obviously been of assistance, but now we need to get the facts on what went wrong with the service during the Kennett government years. A royal commission is the best way to do that. I commend the MAS Royal Commission to the house.

Mr MAUGHAN (Rodney) — We have heard an enormous amount of hypocrisy from the other side of the house in this debate. I get a little tired of government members railing about the Kennett years and what happened under the former coalition government.

I will start by providing some background. It is relevant to the budget presented yesterday and to the matter before the Chair to recall that in 1992, as many honourable members will recall and as the general public certainly remembers, Victoria was a basket case. In the final days of the Cain–Kirner government Victoria lost the State Bank, Tricontinental and the Pyramid Building Society. State debts totalled $32 000 million, and among many other things Victoria had lost its AAA credit rating and was literally broke.

Many of the things the government is doing have been made possible because by the end of the coalition government's term the state had been transformed. Granted, the former government had to make some difficult and necessary decisions that were not well received by the public. However, those decisions were the right ones, and they were necessary if the state was to be set up so it could spend money on capital items such as those trumpeted by the government yesterday.

I welcome that expenditure. It is time we spent some money on some of those capital items. Nevertheless, I get tired of the hypocrisy of those who continue to say that the coalition did nothing in that respect. It turned around the education system and hospitals, and I admit that there is still much more to do.

There was a need to change the ambulance dispatch system, which was inefficient and not working appropriately. The intent was to try to provide a better and more efficient system of dispatching emergency vehicles, including ambulances, fire trucks and police cars.

Doing anything new causes teething problems. The house needs to understand, however, that there is not a shred of evidence of government funds being misappropriated or of money being inappropriately used. Yes, there were some teething problems; and yes, there were some industrial relations problems. Some members of the ambulance workers union had a vested interest in maintaining their working conditions, so they did not want to see any efficiencies made, and they did not want to suffer any job losses, even if such changes would benefit the taxpayers of Victoria.

We need to get those things in perspective and acknowledge that the government inherited an economy with a considerably reduced state debt. Twenty-five billion dollars of the debt had been paid off by the time the coalition left office, which formed a nice little inheritance. The state's AAA credit rating had also been restored.

All of that is important, so let us have no more of the hypocrisy and self-delusion about funding that we have heard from government members today. I welcome the fact that the government is now able to spend considerable amounts of money on infrastructure, but it should also be acknowledged that it would not have been possible without the hard, groundbreaking and widely accepted work done by the previous government in getting the economy to the stage where it was possible to afford these sorts of facilities.

Coming back to the matter of public importance — my previous comments were by way of introduction to set the scene — the matter we are debating today is:

> That this house notes that the Metropolitan Ambulance Service Royal Commission is a wasteful and unnecessary diversion of funds away from provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria.

The thrust of the matter is whether the royal commission is a good use of taxpayers' money — and I accept that the figure is a rubbery one. The honourable member for Ivanhoe disputed the figure, but no-one from the government has been able to give an accurate costing. The Premier mentioned a figure of $5 million when he initially announced the royal commission, although everybody accepts that it is way above that now. The Premier has acknowledged that it is probably at least $15 million, although it depends on how it is costed. The shadow Attorney-General has estimated a figure of about $62 million if the costs of all the various government departments which have had to engage legal counsel to represent them are taken into account. Suffice it to say that the press generally agrees on a figure of about $40 million so I will use that figure, which is somewhere between what the government admits to and what the opposition believes could be possible.

Let us look at what could be done with $40 million. Nobody is suggesting that all the money could and should be spent on ambulances. Yet some should be spent, because generally better ambulance services are needed in Victoria. The previous government started to do it by providing more vehicles on the road and upgrading ambulance depots. To its credit, this government has continued with that and I acknowledge the fact. More money is being spent on ambulance services, as it should be, but more is needed.

The government has not honoured its commitment on helicopter ambulances, particularly the one to be based in Bendigo. The government dithers and defers and has other priorities. People in country Victoria, in Echuca, Kyabram and Cohuna, are entitled to the same sort of emergency services as people who live in the metropolitan area. Only by providing country-based ambulance services in Bendigo, Bairnsdale, Warrnambool or wherever will the government provide the same quality of service. There have been two cases in my electorate in the last couple of years where, because ambulances were inadequately manned, a volunteer had to drive the ambulance while the ambulance officer worked with the victim in the back of the ambulance. Both cases involved drownings.

More ambulance services are needed in country Victoria. It is a good service and I pay tribute to those in it. They do fantastic work, and not just as ambulance officers. In Echuca, for example, many officers are involved with the search and rescue squad, which is a great voluntary organisation. I am not knocking ambulance officers; they do marvellous work. However, I make the point that better services are needed in country Victoria.

About $40 million is being spent on this royal commission, which is nothing more than a political witch-hunt to see what the previous government was up to and what can be found to discredit it. Why worry? The Labor Party is in government now. It needs to get on with what it has to do and not go back and blame the former government!

What could be done with the $40 million that is being spent on the royal commission and going into the pockets of QCs, lawyers, solicitors and advisers? It could be used to reduce the increased waiting lists in hospitals and the number of hospitals on bypass, which has increased since the royal commission has been sitting. The money could reduce the number of people waiting on trolleys for services and, more importantly, it could be used to build aged care facilities. The government rails about the fact that — —

Mr Nardella interjected.

Mr MAUGHAN — Yes, I hear that. The government says it is a federal responsibility, but it is Victoria's hospitals that are being clogged up by people who do not have aged care beds. Forty million dollars would provide 400 aged care beds and substantially reduce the clogging up of our public hospital system by aged patients waiting for aged care beds.

The government could have done a whole range of other things with $40 million. I believe the royal commission is a political witch-hunt and the $40 million is being wasted. It could have been much better spent in other areas, such as a helicopter ambulance service based at Bendigo and aged care beds to reduce the waiting lists in our public hospital system.

The DEPUTY SPEAKER — Order! The honourable member for Burwood has 3 minutes.

Mr STENSHOLT (Burwood) — I rise to speak on the matter of public importance, which notes the provision of crucial ambulance services in metropolitan Melbourne and rural and regional Victoria, and that is the part on which I want to focus. Previous speakers, including the last one, have spoken about records, and in the past some of the cartoonists have made the same point. The *Sunday Herald Sun* of 25 June 1995 printed a cartoon, 'Sunday Knight', showing what looks like the former honourable member for Burwood and presumably a former minister. The former honourable member for Burwood is saying, 'Are we making any progress?' to which the reply comes, 'The ambulance service is on the move!'

The next drawing shows a former Minister for Health, Marie Tehan, saying, 'Sure, we've had a few hiccups'. The following caption reads, 'But our new space-age dispatch computer system is now in place', with R2D2 saying to C-3PO, 'What do you mean "The system's gone down" … you tin-plated ninny!'. R2D2 then clunks C-3PO on the head. The next caption shows Kennett driving the ambulance with Marie Tehan next to him saying, 'And soon people will start to notice the changes we've made to this service'. The next caption shows the ambulance with a snail's house behind it. Jeff Kennett says, 'That's what I'm afraid of'. The final caption is, 'The ambulance grand prix'. Cartoonists received great notoriety when they drew the former Premier.

What is happening with the funding for the ambulance service in Victoria? Some $19.9 million was allocated for the ambulance service in the 2000–01 budget, and an additional $7 million was allocated to fill the operations plan black hole left by the former coalition government. Eight new ambulance stations and 13 upgraded units have been established under Labor. That is action. The Bracks government is doing things for Victoria, in metropolitan Melbourne and in regional and rural Victoria. There are new stations in Dromana and Deer Park; paramedic stations in Brighton and Lorne; peak-period units in Kew, Langwarrin, Hoppers Crossing and Carnegie; ungraded units in Geelong, Bendigo and the Latrobe Valley; and two-officer Rural Ambulance Victoria crews in Moe, Warragul, Colac, Lakes Entrance, Bairnsdale and Cowes. Funding is allocated in the 2001–02 budget for the Romsey and Barwon South ambulance units. They are just a few examples of what is happening in Victoria.

Things happen in Victoria under this great Premier, who has just walked into the chamber. With the two wonderful budgets of the past two years, the ambulance service is now working productively.

Debate interrupted pursuant to sessional orders.

The DEPUTY SPEAKER — Order! The honourable member's time has expired. The time allowed for discussion of the matter of public importance has now expired.

CONSTITUTION (PARLIAMENTARY PRIVILEGE) BILL

Introduction and first reading

Mr BRACKS (Premier) — I move:

> That I have leave to bring in a bill to amend the Constitution Act 1975 to provide for the publication of, and parliamentary privilege in relation to, certain reports and documents laid before the Parliament when Parliament is not sitting and for other purposes.

Mr PERTON (Doncaster) — I ask the Premier to outline the particulars of the bill.

Mr BRACKS (Premier) (*By leave*) — The bill is a response to a parliamentary committee request and

other requests to have parliamentary committee reports, including the royal commission reports, particularly the second report of the Metropolitan Ambulance Service Royal Commission, tabled out of session by arrangement with the President of the Legislative Council and the Speaker of the Legislative Assembly.

Motion agreed to.

Read first time.

RACIAL AND RELIGIOUS TOLERANCE BILL

Introduction and first reading

Mr BRACKS (Premier) — I move:

That I have leave to bring in a bill to promote racial and religious tolerance by prohibiting the vilification of persons on the ground of race or religious belief or activity, to amend the Equal Opportunity Act 1995 and for other purposes.

Mr PERTON (Doncaster) — I ask the Premier to outline the particulars of the bill, specifically how it differs from the model bill.

Mr BRACKS (Premier) (*By leave*) — As is the convention of the house, I am happy to give a brief explanation of the bill. With the agreement of the house today, the bill in its amended form will be read a second time in the house tomorrow. Some amendments were made following the exposure draft, which was released by me and the minister assisting me on multicultural affairs. We have taken into account some significant matters raised during consultations, and they will be dealt with during the second-reading stage if the bill comes before the house tomorrow.

Motion agreed to.

Read first time.

AGRICULTURAL AND VETERINARY CHEMICALS (VICTORIA) (AMENDMENT) BILL

Introduction and first reading

Mr HAMILTON (Minister for Agriculture) — I move:

That I have leave to bring in a bill to amend the Agricultural and Veterinary Chemicals (Victoria) Act 1994 with respect to the functions and powers of certain commonwealth authorities and officers of the commonwealth and for other purposes.

Mr McARTHUR (Monbulk) — I request a brief outline of the bill from the minister. Perhaps he may touch on the methyl bromide phase-out.

Mr HAMILTON (Minister for Agriculture) (*By leave*) — The bill is a template bill to enable the states and the commonwealth to have complementary powers in dealing with the authority of veterinary and Australian Quarantine and Inspection Service officers and corrects some possible omissions of the past. The government is bringing the legislation up to date.

Motion agreed to.

Read first time.

NATIONAL PARKS (MARINE NATIONAL PARKS AND MARINE SANCTUARIES) BILL

Introduction and first reading

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

That I have leave to bring in a bill to amend the National Parks Act 1975 and other acts to provide for marine national parks and marine sanctuaries and for other purposes.

Mr PERTON (Doncaster) — I ask the minister for a brief explanation of the bill, and in particular could she refer to the ways in which it varies from the final report of the Environment Conservation Council?

Ms GARBUTT (Minister for Environment and Conservation) *(By leave)* — The bill will enact the recommendations of the Environment Conservation Council regarding marine national parks and marine sanctuaries. There are some variations from the recommendations, which I will outline in the second-reading speech.

Motion agreed to.

Read first time.

PUBLIC NOTARIES BILL

Introduction and first reading

Mr HULLS (Attorney-General) introduced a bill to provide for the appointment and regulation of the practice of public notaries, to amend the Legal Practice Act 1996, the Instruments Act 1958 and the Evidence Act 1958 and for other purposes.

Read first time.

CORPORATIONS (CONSEQUENTIAL AMENDMENTS) BILL

Introduction and first reading

Mr HULLS (Attorney-General) — I move:

That I have leave to bring in a bill to amend Victorian acts as a consequence of the enactment by the Parliament of the Commonwealth of new corporations legislation and new ASIC legislation and for other purposes.

Dr DEAN (Berwick) — Could I ask the minister to give a brief outline of the purposes of the bill?

Mr HULLS (Attorney-General) (*By leave*) — In relation to this and the next three bills, these are all pieces of legislation that need to be enacted to give further clarification to the proposed federal Corporations Law legislation. As the honourable member would know, an agreement has been reached with this state, New South Wales and the federal government as a result of the Hughes decision to ensure that cross-vesting and the like can continue. These pieces of legislation will ensure that, apart from anything else, activities undertaken by commonwealth officers under state legislation are valid.

Motion agreed to.

Read first time.

CORPORATIONS (ADMINISTRATIVE ACTIONS) BILL

Introduction and first reading

Mr HULLS (Attorney-General) introduced a bill relating to administrative actions taken by commonwealth authorities or officers of the commonwealth under certain state laws relating to corporations and for other purposes.

Read first time.

CORPORATIONS (ANCILLARY PROVISIONS) BILL

Introduction and first reading

Mr HULLS (Attorney-General) introduced a bill to enact ancillary provisions relating to the enactment by the Parliament of the Commonwealth of new corporations legislation and new ASIC legislation and for other purposes.

Read first time.

CO-OPERATIVE SCHEMES (ADMINISTRATIVE ACTIONS) BILL

Introduction and first reading

Mr HULLS (Attorney-General) — I move:

That I have leave to bring in a bill relating to administrative actions taken by commonwealth authorities or officers of the commonwealth under the Agricultural and Veterinary Chemicals (Victoria) Act 1994 and other state cooperative scheme laws and for other purposes.

Dr DEAN (Berwick) — Could I ask the Attorney-General whether he intends to have these matters debated concurrently or separately?

Mr HULLS (Attorney-General) (*By leave*) — Subject to a deal that can be held to, I would be more than happy to have all these matters dealt with concurrently.

Motion agreed to.

Read first time.

DUTIES (AMENDMENT) BILL

Introduction and first reading

Mr BRUMBY (Treasurer) — I move:

That I have leave to bring in a bill to make miscellaneous amendments to the Duties Act 2000, to amend the Land Tax Act 1958 with respect to the land tax equalisation factor for the City of Melbourne and for other purposes.

Ms ASHER (Brighton) — I seek a brief explanation from the Treasurer on the bill, in particular on the quantum of amendments to the Duties Act, whether the issue of aggregation of titles in regional Victoria is addressed in his amendments and, in relation to the Land Tax Act, why the City of Melbourne equalisation factor has been singled out for particular treatment.

Mr BRUMBY (Treasurer) (*By leave*) — It is not question time, and all information will be revealed tomorrow in the second-reading speech.

An opposition member interjected.

Mr BRUMBY — It is a brief explanation.

The ACTING SPEAKER (Mr Kilgour) — Order! The Treasurer should ignore interjections across the table.

Mr BRUMBY — If I sit down now it will be very brief.

An opposition member interjected.

The ACTING SPEAKER (Mr Kilgour) — Order! The honourable member for Doncaster!

Mr BRUMBY — As I have indicated, amendments are made to the Duties Act. The detail will be announced in my second-reading speech tomorrow, but there are some technical amendments. In relation to the Land Tax Act, amendments are made in relation to the equalisation factor that has been applied to land tax bills for the City of Melbourne.

Ms Asher — On a point of order, Mr Acting Speaker, it is the right of a member of Parliament to seek a brief explanation of a bill at this juncture. Basically the Treasurer has simply reiterated what is on the notice paper. I would like your clarification, Mr Acting Speaker, as to whether in response to a legitimate request for a brief explanation simply reiterating what is written on the notice paper is treating the Parliament with contempt and whether the Treasurer is required to give that brief explanation.

The ACTING SPEAKER (Mr Kilgour) — Order! The Chair is not in a position to instruct the minister as to how to answer the question.

Motion agreed to.

Read first time.

STATE TAXATION ACTS (TAXATION REFORM IMPLEMENTATION) BILL

Introduction and first reading

Mr BRUMBY (Minister for State and Regional Development) — I move:

> That I have leave to bring in a bill to amend the Casino Control Act 1991, the Duties Act 2000, the Gaming Machine Control Act 1991, the Land Tax Act 1958, the Pay-roll Tax Act 1971 and the Stamps Act 1958 to implement the reform of state taxes and for other purposes.

I am happy to give the house a brief explanation of this bill.

Ms ASHER (Brighton) — In response to that comment, I do not require a brief explanation of this bill because the government has already initiated a taxpayer-funded advertising campaign to tell us what is in it!

Motion agreed to.

Read first time.

The ACTING SPEAKER (Mr Kilgour) — Order! I have been advised by the Clerk that government business, notice of motion 12 was inadvertently placed on the notice paper. The Minister for Police and Emergency Services yesterday gave notice of his intention to make a statement pursuant to section 85 of the Constitution Act. This matter has been recorded in the *Votes and Proceedings*, and the minister will accordingly make his statement to the house later in the day.

ELECTRICITY INDUSTRY ACTS (FURTHER AMENDMENT) BILL

Second reading

Debate resumed from 2 May; motion of Mr BRUMBY (Treasurer).

Mr PLOWMAN (Benambra) — This bill deals with a series of amendments to the electricity industry, some of which are complex — the justification for them is hard to understand — but all of which will assist Vencorp in particular to administer its responsibilities and give additional powers to the Office of the Regulator-General in respect of Vencorp and those powers. The bill is an opportunity to give Vencorp the power to increase its operation in respect of electricity demand management. It also gives Vencorp the opportunity to recover its costs in respect of electricity demand management. It modifies the opportunity for the operation of cross-ownership provisions within the industry, particularly in respect of a player in the industry who has or wishes to build a new generation project.

The other issues dealt with by the bill include the establishment of deemed contracts between electricity distributors — the distribution companies — and retail customers. This is an area of complexity and one that is hard to understand and justify. It is something I will go into later in my speech. Other provisions of the bill include the obligation created under the retailer of last resort and how a customer can move to a retailer of last resort because his past retailer has failed for whatever reason. It deals with the opportunity for a customer to accommodate a change from the situation of a retailer of last resort.

The bill also modifies the scope of the government's powers to make orders in council in metrology procedures. Metrology is one of those areas that most of us do not understand. It is the procedure whereby the distribution companies have an arrangement with their customers. With the bigger customers it is clear that

that metrology is a means of measuring electricity to meet the spot market. In other words, half-hourly readings are taken to accommodate the costing of electricity as it is supplied to the bigger customers. The difficulty is that that metering is relatively costly and there is a need to introduce a metering system which can be accommodated at an acceptable cost to smaller customers. This provision modifies the opportunity for the government, through the Governor in Council, to make orders in respect of metrology proceedings.

All those provisions relate to the Electricity Industry Act, and the last area of the bill relates to the Electricity Safety Act. Those provisions are directed at improving the operations of electricity safety management and the provisions dealing with bushfire mitigation. I am interested in this because the explanation in the bill of clause 11 states that the clause:

> … amends the section 83A(1) obligations on electricity suppliers to prepare and submit proposals for mitigation of bushfire danger in respect of electrical lines and electrical installations so that the obligations extend to overhead private electric lines.

I looked very closely at that. Currently there is a provision in the Electricity Safety Act for the government to request that an electricity supplier provide a plan of its proposal for mitigation of bushfire danger. This clause puts it into two parts: the first is for the supplier's electric lines and refers to the electric lines and the electrical installations above the surface of the land. That is good commonsense. You, Mr Acting Speaker, and I know that the electrical fires we have seen around electric lines or installations have always started from something above the land. I wonder why the government needs to prescribe that, but that is the prescription.

Clause 11(2) applies if the supplier has a distribution area, and most of them do. It applies to those private electric lines which are above the surface of the land within that distribution area. This raises the question of why that provision has been included. Section 83A of the Electricity Safety Act concerns bushfire mitigation plans and states quite clearly that the supplier must submit for approval a plan of its proposals for mitigation of bushfire danger in respect of its electric lines and installations.

However, it does not include private lines. Section 83B(1) of the Electricity Safety Act outlines the requirements for private lines:

> An electricity supplier that has a distribution area must cause an inspection to be carried out at such times as are prescribed, and in accordance with the prescribed standards (if any), of private electric lines that are above the surface of land within its distribution area …

That is a requirement of the company supplying power to owners of private lines. As you and I know, Mr Acting Speaker, the length of a line may vary from the distance between a suburban domestic residence and the street to anything up to 10 kilometres in extreme situations in rural areas. The opposition wonders why that requirement has been introduced into the bill.

Section 83B(4) states:

> If an inspection carried out under this section reveals that maintenance is required on a private electric line above land, the electricity supplier must give the owner of the land written notice of the maintenance required.

Clearly, if there is a problem with bushfire mitigation involving lines on private land, the electricity supplier has a responsibility to inspect those lines. If the inspection reveals the need for further maintenance, the supplier is required to provide the owner of the land with a written notice about the maintenance required.

Clause 11 of the bill states that the electricity supplier must prepare and submit to the office a plan of its proposals for the mitigation of bushfire danger in relation to private electric lines within its distribution area. Again the question is asked, and the opposition hopes that in his summing up on behalf of the Minister for Energy and Resources the minister will explain why that has been introduced. The opposition is concerned that it may inadvertently impose another level of bureaucracy on private landowners to meet a requirement that in commonsense terms they would be happy to meet in any event. Why is that a requirement under the bill?

I will tackle the main issues in the bill separately. Proposed section 27(5A) clarifies the position of suppliers of last resort. A situation may occur where consumers, through no fault of their own, have their supply of electricity terminated because the supplier is unable to meet its supply contract. That issue was examined in the debate on the Electricity Industry Act. In that circumstance it is obligatory — through the Regulator-General — for an order to be made to determine who that supplier of last resort shall be.

The bill should clearly define how customers who are supplied by a retailer of last resort may move to a retailer of their choice. If consumers of electricity are unhappy with the supply provided by a supplier of last resort, it should be obligatory to ensure that those consumers have every opportunity to move.

The obligation on the supplier of last resort ceases three months after its commencement; or when the customers advise the second licensee that the supply is no longer required; or when customers transfer to become customers of another licensee, which occurred in the case I referred to; or when customers enter into a new contract with the second licensee. That may happen if the supplier of last resort is the customers' supplier of choice. It is then incumbent on the system to allow that to occur easily so consumers may know the arrangement is permanent rather than temporary. All the changes under this proposed section are required to happen within three months.

The other provision deals with tariffs in contracts between a supplier of last resort and the customers, which may be varied by the same procedure used for the approval of those tariffs.

In a situation of last resort this might happen with very little notice. You might have a customer or a group of customers being supplied with no knowledge at all that the supplier is going to fall over, is not going to be able to continue to provide the service, and it is essential that in those circumstances this can happen quickly. If it does, virtually immediately because it could be through some accident or something which means that the supplier is unable to supply as of that moment, an alternative must be available. Any tariff arrangement has to accommodate that immediate transfer to the supplier of last resort. What this does is suggest that if that happens that tariff regime can change in accordance with the method in which the tariff has been introduced.

Clause 4 deals with deemed contracts for supply in respect of domestic or small business customers. This is an interesting concept. I wonder why this has been introduced. I have sought advice as to what it means. The closest way I could define it in my mind is that it is a bit like someone who lives close to a tram track. If you live close to a tram track occasionally you might use a tram. When you get on the tram you pay for it as you use it. It means that you have a deemed contract — not with the tram owner, but with the company that provides the tram track past your door.

I find it difficult to understand why this deemed contract is introduced. One of my concerns is that in a situation where a contract is to be terminated between a customer and a supplier this provision introduces a complication which could make it more difficult for a consumer to break a contract with a supplier because it is hard for an ordinary consumer to understand exactly what that means.

Debate interrupted pursuant to sessional orders.

Sitting suspended 1.00 p.m. until 2.04 p.m.

QUESTIONS WITHOUT NOTICE

Budget: statistics

Dr NAPTHINE (Leader of the Opposition) — I refer the Premier to the fact that the Australian Bureau of Statistics (ABS) uses a standard government finance statistics system to report on finances relating to all Australian government entities. Is it a fact that tucked away on page 294 of budget paper 2 — —

Honourable members interjecting.

The SPEAKER — Order! The house will come to order.

Government members interjecting.

The SPEAKER — Order! I ask government members to come to order.

Dr NAPTHINE — Is it a fact that tucked away on page 294 of budget paper 2, table D.1 shows that by these ABS standards in the next financial year the government is reporting a $423 million deficit, a $640 million deficit the year after and a nearly $1 billion deficit in the two years following that?

Mr Brumby interjected.

The SPEAKER — Order! The Treasurer!

Mr BRACKS (Premier) — That is the best they can do! They reiterate — —

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Mordialloc!

Mr BRACKS — The best they can do on the whole budget is reiterate one article from the *Australian Financial Review*. As is the convention in all the states and the commonwealth, and it has been so for some time — it was introduced in Victoria, with the support of the then opposition, by the previous Treasurer and the previous government — we budget on an accrual basis, or a whole-of-government basis. That means we take into account, on an accrual basis, whole-of-government activities, including assets and liabilities, not just the cash position of the state.

It is an established principle that the appropriate surplus is the operating surplus, which is measured on an

accrual basis. As is reported in the budget, we have an estimated average on the operating account of $500 million over the out years. This year we will have a $509 million operating surplus. That is the correct surplus; that is the established one. That is based on the accounting convention that is used by every state in Australia and the commonwealth. It is the one that has been roundly supported by the financial institutions, including the ratings agencies Moody's Investor Services and Standard and Poor's. Standard and Poor's, which has independently assessed the budget and the budget settings the government has derived, has said this is a AAA budget. Every commentator has given a big tick to this budget. It has a big surplus and big infrastructure spending — and it even has, I have to say, if I can — —

Honourable members interjecting.

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

Mr BRACKS — I will quote some of the reporting of the budget. In the opposition leader's own electorate, the Warrnambool *Standard* says in one its editorials today — —

Dr Napthine — On a point of order, Mr Speaker, I want to prevent the Premier from further misleading the house.

Honourable members interjecting.

Dr Napthine — While there is an electoral redistribution under way, Warrnambool is not in my electorate. The Warrnambool *Standard* is in the electorate of the honourable member for Warrnambool.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Mitcham!

That is clearly not a point of order.

Mr BRACKS — Believe it or not, the Warrnambool *Standard* reports on Portland matters. An article in the *Standard* by Eve Lamb says:

> Portland emerged with a winner's grin after yesterday's state budget announcement that $96 million would be spent on standardising the state's rail line.

The ratings agencies, employer groups and the community have roundly supported this budget, which is a great budget. The only ones gasping for air are opposition members. They are irrelevant and out of tune with where the community is.

Budget: economic and social balance

Ms OVERINGTON (Ballarat West) — I ask the Premier to inform the house how the budget balances the need for economic growth and social needs?

Mr BRACKS (Premier) — I thank the honourable member for Ballarat West for her question. I referred to the reporting in Portland of the standardisation of the rail lines. But in addressing the broader question I should also report that the honourable member's local paper, the Ballarat *Courier*, one that I am familiar with myself, has a very good headline that says, 'Ballarat a winner in state budget'.

Government members interjecting.

The SPEAKER — Order! The honourable member for Richmond!

Mr BRACKS — The heading of the editorial, which has a very good boxed-in picture of the Treasurer, says 'Budget puts country areas back on top'. I thought I should report on the honourable member's own paper and its reception of that budget.

In going to the question asked by the honourable member for Ballarat West, I point out that this government has got the balance right when it comes to its economic and social responsibilities. We have met the community's need to get this balance right. We have got the balance right between delivering today in education, health, community safety and community support, which is so important, and building for tomorrow. They are the twin objectives every government must face. The government has reached the right balance between its fiscal and social responsibilities and, importantly, delivering, spending and investing in Melbourne and delivering, spending and investing in rural and regional communities.

In relation to jobs, investment and growth, I was pleased this morning to report that the objectives the government had set itself at the start of this year for the next two years in relation to setting the right climate for economic job growth are all being met in this budget. They are the targets which have been endorsed by the Australian Industry Group, the Victorian Employers Chamber of Commerce and Industry and most employer groups in this state. The first target is investing in capital works and infrastructure, which leads to manufacturing growth, including an historic high of $2.13 billion in infrastructure investment in this state. The second is delivering on what business wanted, which is lower business taxes. That is what we have delivered.

Honourable members interjecting.

Mr BRACKS — That is not only this year but over the next four years. The third ingredient is growing the economy to get jobs and to get the investment in research and development, which is also in this budget. Lastly, the fourth ingredient in growing the economy and having the right setting is investing in schools and education. We have certainly done that in this and the last budget.

We are balancing the need to go for growth in those four objectives, where the Victorian government can make a big difference, by delivering on socially progressive policies, as you would expect from a Labor government in Victoria. We are delivering better hospitals, and I am proud to stand alongside the Minister for Health, who has crafted a package that is about outcomes.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Monbulk! The Deputy Leader of the Opposition!

Mr BRACKS — It is about treating 13 000 new patients in Victoria's hospital system and investing $1.4 billion into the health system. It is about better schools with $634 million going to our school system. During the time we have been in government we have invested some $2.2 billion extra in our schools system and employed more than 2000 teachers and support staff, so we have invested back into schools. We have 23 new police stations and, as the Minister for Environment and Conservation can attest, we have a better environment because of the salinity, Snowy River and marine park policies also announced in the budget.

I am also pleased to announce as part of the budget that the Minister for Housing, who is also the Minister for Aged Care, will now have additional responsibility as minister for community building. I congratulate the minister for taking on that responsibility because it is about redressing the root causes of inequity. The Minister for Housing will take on that special whole-of-government responsibility — all done within a framework of fiscal responsibility and a large surplus.

Finally, I congratulate my colleague, my successor as Treasurer, John Brumby. He has done a fantastic job, as good a job as the last Treasurer! It is a great budget and we have a great Treasurer.

Aboriginals: child protection

Mr MAUGHAN (Rodney) — Given that abuse of Aboriginal children has increased by 72 per cent over the last four years and that it was claimed in the *Herald Sun* last week that 'things have to be a hundred times worse for Kooris before the department will be become involved', I ask the Minister for Community Services what action she is taking to reduce this totally unacceptable level of child abuse.

Ms CAMPBELL (Minister for Community Services) — All honourable members would be concerned about the level of reporting of child abuse in Aboriginal communities around Victoria and, in fact, around Australia. That is one area where this government is proactive in working with a range of Aboriginal communities. Whether they are around Echuca, Warrnambool, Swan Hill or Mildura, throughout this state a range of Aboriginal communities are working with the Department of Human Services to address not only the child protection reporting rates but the causes of those rates.

Through this budget the government has announced an additional $600 000 for family support in the Aboriginal community. That is on top of the money allocated through the last budget, which is being delivered through a range of Koori cooperatives around the state. Also, as part of this government's coordinated approach to not only child protection but the causes of child protection, I am working with the Minister for Aboriginal Affairs to ensure that we have in place a strong family preservation strategy.

The budget also provides additional money to work with Aboriginal communities through its Aboriginal justice statement and Aboriginal justice strategies. The government is working with a range of Aboriginal communities to preserve families and to focus on child-centred practice to ensure that the future for Aboriginal children is better than that of the past.

Although some people say the rate of removal of Aboriginal children is not enough, as was claimed in the report to which the honourable member for Rodney is referring, there are others in the community who are saying the rate of removal is still far too high. Therefore, we are working through a range of ministries and programs to address the causes of Aboriginal children being brought to the attention of child protection, to ensure families are preserved and that the causes of inequality in the Aboriginal community are addressed through education, training, justice statements and every component of government.

Budget: infrastructure funding

Ms ALLAN (Bendigo East) — Will the Treasurer inform the house of the reaction to the government's announcement of a $2.13 billion investment in public infrastructure across Victoria?

Mr BRUMBY (Treasurer) — I am delighted to inform the house that there has been extraordinarily favourable reaction to the government's major $2.13 billion boost to capital works expenditure in this state.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Bentleigh! Will the house come to order!

Mr BRUMBY — It is a 45 per cent boost in the capital works expenditure over the next four years. In 1997–98 the net asset spend of the former government was between $800 million and $850 million, increasing under this government to $1.75 billion and beyond. That is a great investment in this state's future and has been welcomed by farming groups such as the Victorian Farmers Federation, by employer groups, by business groups such as the Victorian Employers Chamber of Commerce and Industry and by transport groups such as the RACV. It has been welcomed right across the state.

However, the biggest beneficiary of this boost in capital works is country Victoria. Look at some of the things that country Victoria is getting: $50 million for agricultural science centres across the state — the biggest boost the agriculture division and the Department of Natural Resources and Environment have seen for decades; $44 million for residential aged care facilities in nine rural and regional centres run down by the former government prior to privatisation; and $96 million for the standardisation of the freight rail network in this state, something that the former government could never do. The $96 million rail standardisation benefits the whole of the state but particularly northern, north-western and western Victoria, and there is one particular port, one that does very well — —

Ms Asher interjected.

Mr BRUMBY — Geelong does well, but there is one port that does even better than Geelong. Guess what that is called!

Government Members — Portland!

Mr BRUMBY — Portland! We are doing something in the first 19 months of government that the former government could not do in seven years. And you know what? Here we have the Warrnambool *Standard* saying, '$96 million rail win' — they are happy. The Leader of the Opposition was asked about this. You would reckon he would say this is fantastic news, wouldn't you? You would reckon he would say this will mean more for the people of Portland than anything the former government ever did for Portland. The newspaper article states:

> A spokesperson for Dr Napthine last night said it would have been 'financially irresponsible' for the previous state government to have footed the standardisation bill because standardisation was not financially viable when the former government was in office.

Well, well, well!

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Springvale!

Mr BRUMBY — Whining, moaning, knocking, criticising, apologising!

Mr Leigh interjected.

Mr BRUMBY — The shadow Minister for Transport suggests that they could not afford it either. I seem to remember $2 billion that the former government spent on monuments in the middle of Melbourne. And what was Portland? It was the toenails — Jeff Kennett's toenails! So, in our first two years of government we have delivered the biggest good news for Portland in decades, and what does the Leader of the Opposition say? He says, 'We couldn't afford to do it because we were wasting billions of dollars on monuments in Melbourne!'.

What have other people across Victoria said about the budget? It is not just the big organisations that support the budget. Under the headline 'Country police happy' the *Border Mail* of 16 May states:

> Senior Constable Rod Kerr of Chiltern police was surprised by the news.
>
> 'The old one … is cold and the paint is falling off'.
>
> …
>
> Yackandandah policeman Senior Constable Rod Lay said he had been campaigning for more than four years to get a new station.
>
> …
>
> 'I am very relieved at the news'.

The *Shepparton News* of 16 May carries the headline 'School delight'. The article reports that Bourchier Street Primary School's principal, Rod Sealey, was delighted at the news. He is reported to have said:

> … past principals and school councils had lobbied the state government for new facilities and upgrades to the school since the mid-1990s.
>
> …
>
> 'It will make a significant difference to the school', Mr Sealey said.

Even country Liberal Party members of Parliament, rare though they are, have spoken. The *Border Mail* of 16 May reported that in past years the Victorian budget was not seen as something for the north-east to get terribly excited about. However, it reported that yesterday's budget had the Liberal Party member for Benambra excited about the allocation for Wodonga.

Honourable members interjecting.

The SPEAKER — Order! The Attorney-General! I ask government benches to come to order.

Mr BRUMBY — There are plenty more of those statements across the state. That is why the government says this is a budget for all Victorians, particularly for those who benefit from the infrastructure program in regional Victoria. The *Weekly Times* states — —

Mr Perton — On a point of order, Mr Speaker, your question time guidelines say that the minister must be succinct. If the minister wants to enter into that type of discussion he can do so during the budget debate, but it is inappropriate during question time.

The SPEAKER — Order! I do not uphold the point of order. However, I remind the Treasurer of his obligation, and I ask him to conclude his answer.

Mr BRUMBY — I am concluding the answer with just two paragraphs, Mr Speaker. The *Weekly Times* carries the editorial headline 'A budget that delivers to the state's forgotten residents'. It states:

> The 2001 Victorian budget marks a reversal of fortunes for rural and regional Victorians, who have suffered years of neglect.
>
> …
>
> … the government has set the groundwork for reviving what has been for too long regarded as Melbourne's back paddock.

Hear, hear! We are fixing up the mess the previous government left behind!

Budget: forecasts

Dr NAPTHINE (Leader of the Opposition) — I refer the Premier to table D.4 on page 297 of budget paper 2, which shows that Victoria's — —

Mr Brumby interjected.

The SPEAKER — Order! The Treasurer shall cease interjecting.

Dr NAPTHINE — I refer to table D.4 on page 297 of budget paper 2, which indicates that Victoria's net debt will actually increase from $1.8 billion in 2001 to $2.4 billion in 2005. Is it a fact that between 2001 and 2005 the Labor government plans to borrow more money and plunge Victorians back into increasing debt along the lines of the Cain–Kirner school of economics?

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Bentleigh and the Minister for Agriculture!

Mr BRACKS (Premier) — I simply answer the question by referring to budget paper 2, chapter 8, page 153, which contains a graph of state government net debt excluding capital, which is the established system, as of 30 June. It details that net debt in aggregate terms goes down — —

Dr Napthine — Not funny-money schemes, talk about the budget paper.

The SPEAKER — Order! The Leader of the Opposition has asked his question.

Mr BRACKS — I refer to the accepted accounting standard, which refers to $5 billion of aggregate debt in 2000, which goes down to $3.4 billion. If you look at the debt as a proportion of the gross state product, you see it also goes down to about 1.5 per cent. That is a very good outcome.

Mr Cooper interjected.

The SPEAKER — Order! The honourable member for Mornington!

Mr BRACKS — I take heed of Standard and Poor's, and Moody's Investors Service, who say the reduction in net debt is a good outcome for the state. It is; it is a very good outcome.

Hospitals: rural IT links

Mr HELPER (Ripon) — Will the Minister for Health inform the house of the use of information technology to improve the links between rural hospitals and health services throughout Victoria?

Mr THWAITES (Minister for Health) — I thank the honourable member for Ripon for the great work he has done in advocating on behalf of his electorate for more health spending.

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Monbulk will cease interjecting.

Mr THWAITES — I congratulate the honourable member for Ripon on his work in getting up the Ararat and Stawell hospitals. Well done!

This is also a day when we should congratulate the Treasurer — what a great Treasurer he is! He is also leading Victoria's strategy to become the innovation state, and nowhere is that more important than in health. The business community has already acknowledged the important role the Treasurer and the government have played in boosting biotech and information technology.

Now the government is bringing technology to its hospitals, particularly in country areas. Under a $30 million strategy announced yesterday the government will be bringing the latest information technology to our country communities and linking hospitals in the country with the major city hospitals. Up to 1000 doctors and hospital and health service providers, together with primary care partnerships, will be linked to the telecommunications highway.

The major new information technology advances will include broadband cabling so that we will have faster access to the Internet. We will have integrated voice data and video, which will be a real boon for medical technology.

Mr Doyle interjected.

Mr THWAITES — The honourable member for Malvern is trying to interject, 'We tried that'. You tried and you failed, but we are delivering. We are doing what they could never do!

This is not just about cabling and modems; this is about better health care. By linking our hospitals to the latest information technology we will ensure that there will be less duplication and less likelihood of wrong diagnoses. We will ensure we will be able to share electronic medical records across the country.

We are bringing to country Victoria the sort of information technology advances that people in the city expect, because the government is committed to the whole of the state. It is committed to bringing resources not just to the inner city but right across the state. The government and the Treasurer demonstrated that yesterday.

Budget: investment initiatives

Ms ASHER (Brighton) — I refer the Minister for State and Regional Development to the budget papers, which show that $1.7 billion of new investments were facilitated in 1999–2000. I also refer to the fact that the government's expected investment facilitation target is only $1.2 billion in 2001–02, a fall of $500 million. I further refer to the fact that Victoria has recently lost significant investment from major companies such as Arnott's, Heinz and British Aerospace. Why has the government downgraded its efforts in investment attraction and facilitation?

Mr BRUMBY (Minister for State and Regional Development) — We have not downgraded any forecasts in terms of investment attraction. In most of the key areas in which we are actively engaged in encouraging investment in this state we have come in well ahead of the targets that have been set.

We have invested $500 million in the food industry, way above what the previous government ever achieved. Of course the big one we got and no-one else got, despite global competition, worth $700 million in new investment, is Holden. Are you against that too? You are against everything. You are against rail standardisation, against new investment, against the targets, against Holden — —

Ms Asher interjected.

Mr BRUMBY — Targets? Look, you should learn. You have struggled all day. You have not asked a decent question. Do you want some help? Would you like me to write the questions down for you?

Ms Asher interjected.

The SPEAKER — Order! I ask the minister to address his remarks through the Chair and the Deputy Leader of the Opposition to cease interjecting.

Mr BRUMBY — The fact is that opposition members come in here day after day and talk Victoria down.

Opposition members interjecting.

The SPEAKER — Order! I ask opposition benches to come to order. I particularly ask the honourable member for Mornington to cease interjecting in that vein.

Mr BRUMBY — We are getting record investment and record employment growth. Of all jobs being created in the state, 42 per cent are being created in country Victoria. The government brought down a budget yesterday that provides for the biggest capital works spending in the state's history. It will provide more jobs and a better business environment. The government is very positive about the state's future. I do not know why the opposition talks the state down day after day.

Honourable members interjecting.

The SPEAKER — Order! The Minister for Agriculture!

Schools: funding

Mr ROBINSON (Mitcham) — I ask the Minister for Education to inform the house of how the government's massive investment in education will provide for better results for children in Victoria's education system.

Honourable members interjecting.

The SPEAKER — Order! The Premier!

Opposition members interjecting.

The SPEAKER — Order! The honourable member for Glen Waverley!

Ms DELAHUNTY (Minister for Education) — I thank the honourable member for Mitcham for his question and for his continued advocacy of schools in the state. As the honourable member for Mitcham knows — —

Opposition members interjecting.

The SPEAKER — Order! The honourable member for Bellarine! The opposition frontbench will come to order.

Ms DELAHUNTY — As the honourable member for Mitcham and parents across the state know, when it comes to education the Bracks government has invested — —

Mr Perton interjected.

The SPEAKER — Order! The honourable member for Doncaster is warned.

Ms DELAHUNTY — Throw him out!

In education the Bracks government has invested more money, more teachers, more programs and better results for our students. That is what parents know. When we came to government the former Kennett government had left Victoria the lowest spender on education in the nation. After just 19 months in government the Bracks government has lifted that spending to the second highest rate in the nation.

Let us contrast the dark days of the Kennett government. In its first 19 months it ripped out teachers and $195 million. Since the Bracks government has been in power, in just 19 months it has invested over $2 billion extra in education and training. Parents remember the closing of 380 schools and the tens of thousands of teachers gagged and sacked. In this budget alone the government has invested in more teachers in secondary schools.

The government is now targeting its investment to the needs of students. On top of the 800 primary school teachers provided in the government's first budget, we have added welfare coordinators in secondary schools and 225 middle-year teachers directly into those early years of secondary school to look after literacy and attack truancy. We have added IT specialists, student learning needs teachers and shared specialist teachers. But not only have we seen investments being made; we have seen class sizes go down and reading levels go up. In addition, my good friends the teachers have not been left out. In this budget alone $53.8 million has been provided to give a laptop computer to every teacher and principal in the state.

The dark days for education are gone. Under the Bracks government and a damned good budget we have got more money, more teachers, more programs and better results for our students.

Land tax: revenue

Ms ASHER (Brighton) — I refer the Treasurer to the budget papers, which show a significant increase in the government's land tax revenue for next year. I further refer to a letter from the chief executive officer of the City of Kingston to the Treasurer indicating that massive increases in the equalisation factor for land tax have resulted in totally unaffordable land tax increases that are adversely affecting manufacturers and their 'ability to maintain current employment levels'. Given that the Treasurer has not addressed this land tax windfall gain boosted by increases in property values

and equalisation factors, will he now admit that his failure to reduce land tax will impact on employment?

Honourable members interjecting.

The SPEAKER — Order! The honourable member for Frankston East!

Mr BRUMBY (Treasurer) — The government announced its Better Business Taxes package a few weeks ago. The Premier and I announced lower, fewer and simpler taxes. What was done in land tax — —

Ms Asher interjected.

Mr BRUMBY — Who wrote this question for you?

Under the former government the land tax threshold used to be $200 000. In 1998 the former government reduced it to $85 000.

Honourable members interjecting.

The SPEAKER — Order! I ask the house to come to order, particularly the honourable member for Mordialloc. The Chair is having difficulty hearing the Treasurer.

Mr BRUMBY — As a result of that policy initiative introduced by the former government something like 76 000 new taxpayers were dragged into the land tax net. The Bracks government had a look at that when it did its business tax review and decided that the responsible thing to do was — as it could afford it — to lift the threshold from $85 000 to $125 000, taking 46 000 taxpayers out of the system. The rest of the land tax system has not changed. Do you know whose rates they are? They are your rates!

Honourable members interjecting.

The SPEAKER — Order! I warn the honourable member for Mordialloc. I ask the Treasurer to address his remarks through the Chair.

Mr BRUMBY — It is a pretty simple equation. The former government brought 76 000 new Victorians into the land tax net. The Bracks government is taking 46 000 Victorian taxpayers out of the land tax net.

Rail: government investment

Mr HARDMAN (Seymour) — Will the Minister for Transport inform the house of how the government's historic investment in rail services across Victoria will result in a renaissance in rail throughout the state?

Honourable members interjecting.

The SPEAKER — Order! Will the government benches come to order!

Honourable members interjecting.

The SPEAKER — Order! The Leader of the Opposition! I warn the honourable member for Bentleigh.

Mr BATCHELOR (Minister for Transport) — I thank the honourable member for Seymour for his question. He has brought about a renaissance in his electorate with all his hard work and the results he has achieved from the government. His use of the word 'historic' in his question sums it up accurately. This transport budget is historic in its size, its impact and its vision.

To understand that, one needs to understand the basis on which the transport budget was developed. The government set itself three key objectives. The first was to provide a high-quality, efficient, reliable and affordable public transport service to all Victorians regardless of whether they lived in the city or the country. The second objective was to provide an efficient, seamless freight link for industry to Victorian ports, to the interstate rail system, to the national markets and to the global economies. The third objective was to encourage more people to use public transport, thereby reducing car dependency and achieving an environmentally sustainable outcome. The centrepiece of this was — —

Mr Ryan interjected.

Mr BATCHELOR — I will read you something in a minute, just wait. The centrepiece to this was the Linking Victoria strategy, which is a strategy designed to be the single biggest investment in transport infrastructure in Victoria's history. It will be done in partnership with the private sector. The government will provide investment to upgrade and revitalise Victoria's road, rail and port networks. As part of the strategy the government is reopening four passenger rail lines that were closed by the previous government. Over the next three years rail services will be restored to Mildura, Ararat, Bairnsdale and South Gippsland.

For the first time in a decade rail lines in Victoria are being opened instead of being shut. The decision will restore high-quality, comfortable, efficient transport services to tens of thousands of people in regional Victoria. The lines were closed by the National and Liberal parties, and in doing so they betrayed the people

of Victoria. If they are ever re-elected they will close the rail lines again. Let there be no mistake!

Let the people of country Victoria know that if the Liberal and National parties get their hands on the Treasury benches the rail lines will be gone.

Ms Asher interjected.

Mr BATCHELOR — The Deputy Leader of the Opposition says they will not be opened if they get in. That is right. If they are opened they will be closed again. They say the words themselves.

I am also pleased to inform the house that the Bracks government has developed a strategy to significantly increase and upgrade rail freight services across Victoria. Under the regional freight links program the government will spend some $96 million over the next five years to convert the broad-gauge rail lines in regional Victoria to standard-gauge rail lines. That will end more than 120 years of Victoria's rail system being disconnected from the national rail network.

A great American author, icon and transport authority, Mark Twain, remarked on the differences in Australia's broad gauges in 1897. When visiting Australia in that year he observed the difficulties of having different rail gauges between New South Wales and Victoria. On page 119 of his book *Following the Equator* — —

Honourable members interjecting.

Mr BATCHELOR — Haven't you heard of Mark Twain? I will quote from his book for the edification of the Leader of the National Party, because he has not heard of Mark Twain. Commenting on Australia's different rail gauges he writes:

> Now comes a singular thing: the oddest thing, the strangest thing, the most baffling and unaccountable marvel that Australasia can show.

He goes on to say:

> All passengers fret at the double-gage [sic]; all shippers of freight must of course fret at it; unnecessary expense, delay, and annoyance are imposed upon everybody — —

The SPEAKER — Order! I remind the Minister for Transport of the need to be succinct. He cannot continue quoting from the book. The minister, concluding his answer.

Mr BATCHELOR — You can see, Mr Speaker, that the great American icon, Mark Twain, understood the difficulties of having different rail gauges. He understood the problem way back in 1897 after having experienced it first hand when travelling on Victoria's rail network. It was left to the Bracks government to fix it. The Liberal and National parties could not do it when they had their chance. The government has fixed it, but since the announcement the opposition has done nothing but deride it.

ELECTRICITY INDUSTRY ACTS (FURTHER AMENDMENT) BILL

Second reading

Debate resumed.

Mr PLOWMAN (Benambra) — Prior to the suspension of the sitting I was talking about the Electricity Industry Acts (Further Amendment) Bill, which inserts proposed section 40A into the principal act. That proposed section introduces deemed distribution contracts. A distribution company will be allowed to give notice of terms and conditions in respect of the distribution and supply of electricity to retail customers. The definition of a retail customer is a customer of a retailer to whom the distribution company distributes or supplies electricity. Retail customers are people like you and me who receive and use electricity. Our fundamental contract is with the retailer, but this bill allows for deemed distribution contracts. It is interesting that not only is that approved by the Office of the Regulator-General, but it must also be consistent with the electricity distribution code.

I must ask why those deemed distribution contracts have been introduced. Proposed section 40A provides that the obligations the distribution company owes to retail customers may be directly enforced by those customers — they are small retail customers like you and me — against the company and vice versa. When concluding the debate I hope the minister will give me an explanation. Will it mean that a customer can sue a supplier if there is a power surge or a shut down causing productivity losses? For example, dairy farmers are not subject to regular shut downs, but when they do occur their production losses are significant. All industries face the same problem with power surges and temporary or longer term shut downs. I ask whether the obligations the distribution company owes to a retail customer will be directly enforceable by the customers.

I also point out that proposed section 40A(5) provides that:

> A distribution company and a retail customer are deemed to have entered into a contract on the terms and conditions published —

in accordance with the section. This introduces a further level of complexity. It will be harder for a customer to determine whether a charge is reasonable, given that it conflicts with what the industry has grown used to.

I will quote from two letters. One is from Paul Fearon, the general manager, regulation and strategy, of Citipower, who states:

> … the deemed distribution contract, powers of Vencorp to manage electricity demand and cost recovery come into operation on a day to be proclaimed.
>
> In view of the effect these provisions will have on the electricity industry it would be our preference that this section not be proclaimed until there has been discussion with the industry such that we have a clear understanding of the government's objectives.

If Citipower does not have a clear understanding of them, how can a consumer have a clear understanding of what these deemed contracts mean?

A letter from Pulse Energy, which manages the electricity business of United Energy, states:

> Pulse considers it premature to include a provision in the Electricity Industry Act for the creation of deemed distributor/customer contracts. To date, there has been minimal consultation —

Not only Citipower but also Pulse United Energy believes that —

> with industry participants about the role of such deemed contracts and their impact on customer interfaces.

If Pulse United Energy has trouble determining that, how can a customer be expected to understand it? The letter goes on:

> Such contracts can:
>
> > undermine the widely supported straight-line model for the provision of distribution services …

That straight-line model is from the generator to the distribution company to the retailer to the consumer. The bill adds a further complexity, maybe for good reason, but I find it hard to see the reason and I would like an explanation from the minister. The letter goes on to state that such contracts could:

> > materially impact the value of retail businesses, through impacting upon customer interfaces; and
> >
> > undermine the creation of a competitive electricity market by materially adding to the complexity of the regulatory environment and creating a barrier for new retailers.

I had not considered that until I read the letter. If it reduces the opportunity for the introduction of new retailers, the provision reduces the opportunity to maximise competition in the system. I suggest one of the major objectives of the reform of the electricity industry was to increase the opportunity for competition, and in the main it has been successful. However, the letter indicates that the government's proposal could be a restriction on new retailers coming into the industry.

I turn to clause 6, dealing with metering. It introduces requirements for the provision, installation and maintenance of metering to facilitate arrangements whereby a customer of one retailer can move to another retailer. I can understand the reason for that, but again it is an interventionist approach. Instead of seeking an outcome by saying, 'This is what we want the legislation to achieve', the government is prescribing a requirement that the retailer can impose on the consumer. Although these provisions have a commendable objective, the approach is interventionist rather than enabling the achievement of the same end.

The next matter I refer to is clause 9, which deals with the general prohibition of cross-ownership. This is a sensible inclusion because it ensures that no one company can take a controlling interest in the electricity industry. The provision allows a player in the market who wants to provide a new generation facility to do so. The explanatory memorandum to the bill states:

> This provision allows existing generation companies to develop new generation facilities without thereby being in breach of the cross-ownership provisions.

As I understand it, that applies not only to the building of new generation facilities. Building a new facility cannot be held against a company under the cross-ownership provisions.

I will conclude by dealing with clause 10, because it is a significant part of this legislation. It inserts proposed section 79A which expands Vencorp's power to manage electricity demand. As I understand it, electricity demand management is needed when the industry is faced with a shutdown or a reduction in the generation capacity of the state or the capacity of the state to achieve sufficient electricity to meet demand. The indication is that, with the approval of the minister, Vencorp may facilitate the development of arrangements relating to the management of electricity demand and may enter into agreements relating to that development. Proposed section 79A states:

> In addition to any other powers under this part, Vencorp may, with the approval of the minister —
>
> (a) facilitate the development of arrangements relating to the management of electricity demand;

I do not think anyone would have any argument with that. I believe it is the role of Vencorp to be a facilitator. However, proposed section 79A(b) says that Vencorp has the power to:

> … enter into agreements and arrangements relating to the development and implementation of proposals for the management of electricity demand.

I believe that is interventionist. Vencorp's role should be one of facilitation rather than intervention in the marketplace. When the bill was debated in the upper house the minister was asked about this issue. I understand she conceded that this was a concern. I also understand the minister has given an assurance that Vencorp will not take a direct role in this area. If that is the case, why has proposed section 79A(b) been included? It is fine for Vencorp to be a facilitator, but why include a provision that allows it to take a direct role? It seems unnecessary. If the minister has given that assurance, I suggest the provision should not be in the bill.

I again quote from the letter from Citipower relating to proposed new sections 79A and 79B and demand management:

> We understand that the objective of these sections is to permit Vencorp to play a facilitation role to encourage industry participants to develop demand management arrangements and we support such an initiative.

Citipower goes on to say that:

> … paragraph (b) of section 79A should be omitted as it clearly contemplates Vencorp taking a more active role in demand management than mere facilitation. Alternatively, paragraph (b) of section 79A should be limited to agreements entered into for the purposes of paragraph (a).

That letter highlights the concern of the industry. Despite the minister's assurance, the bill leaves the door open for Vencorp to have a direct involvement, which is not in the best interests of the industry.

The main area of interest in this bill is that it further develops the arrangements for full retail competition and contestability, which this side of the house supports. It follows in a direct line the reform of the electricity industry introduced under the previous government. To compliment the government, I believe it is doing this to ensure that full retail competition is introduced and that any impediments to it are overcome.

If one reflects on the benefits of privatisation, one finds that they are immense. Privatisation is one of the success stories of Victoria, and it is viewed right around the world as being exactly that. It has introduced a level of competition that does not exist anywhere else in Australia.

Mr Nardella interjected.

The ACTING SPEAKER (Mr Lupton) — Order! The honourable member for Melton will not use that sort of language in Parliament.

Mr PLOWMAN — I would not expect anything more from the honourable member for Melton, because he does not understand the benefits of the privatisation of the industry. I am happy to discuss it with him and explain why this has been of enormous benefit to the state.

Another matter members opposite should consider is the opportunity for choice which has been provided and which has never before been available. Maybe the Minister for Education should recognise that her schools also have that level of choice. Choice through competition has provided the opportunity for cheaper power for the education system and its schools. I note that the minister switched off as soon as something positive was said about schools in Victoria.

The opportunity for negative comment on this bill is minimal. However, I would like the minister to address a couple of questions when summing up the debate.

When one looks at the privatisation of the electricity industry, maybe one of the biggest benefits one sees is the reduction in state debt. Given all the financial support the government is giving the current budget, I suggest it consider where it would be if state debt were what it was when the former government took office.

Mr KILGOUR (Shepparton) — Mr Acting Speaker, please feel free to return to telling jokes to the Clerk while I add to the exuberance and excitement expressed by my colleague the honourable member for Benambra about this intricate bill that is vital to the future of Victoria!

I support my colleague's comments about the importance of electricity privatisation to this state. I remember when the honourable member for Benambra and I visited the Latrobe Valley in the mid-1990s as members of a regional development committee. We visited the home of the SEC, as it was known in those days. Everybody knew what SEC stood for — slow, easy and comfortable. You worked slow, you did it easy and it was pretty comfortable, because there was not too much expectation. What about the expectation of the people of Victoria, who faced increases in the price of electricity year after year? The attitude was, 'Don't worry about whether electricity is produced at

the cheapest price. Don't worry about whether we should look at the way the SEC is working. Just continue to put up the price and let the people pay'.

I will be interested to see whether the honourable member for Melton gets up and supports this bill. What a great thing it will be to hear the honourable member for Melton support the completion of the privatisation of this industry. This is the man who spoke so solidly against any privatisation, a member of the old tomato left who did not want the privatisation of anything. He wanted government to keep paying the money and keep employing thousands of people who were not doing any work. As the honourable member for Benambra well remembers, when we visited the Latrobe Valley we went to a big, $3 million storehouse in Morwell that was not being used. Why was it built? They needed something for the workers to do! Some $3 million worth of warehouse and it was not being used. That is the way the former SEC was run. Through their electricity bills Victorians paid $3 million for a building that was not being used!

Not only did the committee see that sort of thing going on in the Latrobe Valley — slow, easy and comfortable — but we went to have a look at a company called Siemens, which had taken over a company formerly operated under the slow, easy and comfortable principle. It was responsible for the massive operation of wiring the huge generators. Siemens advised committee members that in the 12 months since privatisation staff had been reduced from 130 to 72 while productivity increased by 47 per cent.

That small operation in the Latrobe Valley saved Victorians millions of dollars. The Melbourne offices of the former SEC were no different and many jobs were shed. I am pleased that there was a complete change in the Latrobe Valley and other areas of the former State Electricity Commission. People woke up to the fact that the then Kennett–McNamara government meant business and was determined to again make Victoria competitive. People realised that the government was determined to slash debt to enable more money to be put into infrastructure.

The Latrobe Valley union members on the other side will be smiling at my statements. They were all part of the crew that made sure the Latrobe Valley workers did as little as they could and that productivity was as short as possible.

An honourable member interjected.

Mr KILGOUR — It looks as if it will hurt.

Mr Maxfield — On a point of order, Mr Acting Speaker, the suggestion that I was part of a group trying to get the workers to do as little as possible is offensive, and I ask that the honourable member for Shepparton withdraw. The lies and disgraceful allegation against — —

The ACTING SPEAKER (Mr Lupton) — Order! There is no point of order. The honourable member for Shepparton has not referred to any member by title, name or electorate.

Mr KILGOUR — I would suggest that if the cap fits, wear it.

Mrs Shardey — On a point of order, Mr Acting Speaker, in his point of order the honourable member for Narracan accused the honourable member for Shepparton of lying. I suggest he has impugned the reputation of the honourable member, and I request that you ask him to withdraw.

The ACTING SPEAKER (Mr Lupton) — Order! Is the honourable member for Narracan prepared to withdraw?

Mr Maxfield — I withdraw, out of respect for this chamber.

The ACTING SPEAKER (Mr Lupton) — Order! I accept the withdrawal, but I do not like the qualification.

Mr KILGOUR — The bill almost completes the work of the former Kennett government. What has happened in Victoria is incredible. The honourable member for Benambra said that people worldwide are looking to see what Victoria is doing with its utilities, particularly electricity.

Where the distributor is different from the retailer the bill clarifies the relationship between the customer and the distributor by deeming that a contract exists between them. It also allows the existing generation companies to develop new generation facilities. I commend the government for tackling that issue without breaching the cross-ownership provisions. In negotiations between the retailers and the large customers Vencorp is able to play a facilitating role in demand management. The bushfire mitigation plans submitted by electricity suppliers must now include private line owners, which is important for rural Victoria.

Privatisation brought about separation of the generation, distribution and retail part of electricity, which has made for more competition. The honourable

member for Melton did not want privatisation under any circumstances. He should speak to the people in his electorate about their electricity bills and ask them what they would have expected to pay had the electricity industry not been privatised and what they are paying now.

The honourable member for Benambra was with me when we visited the City of Greater Geelong where we spoke to management of the Ford Motor Company. At that stage it expected to save in the first year of privatisation something over 20 per cent of its electricity bill. Given what that company spends on electricity that is an incredible amount of money, and that situation was repeated across the board. It was good for jobs because the company was more competitive in the overseas market. It was paying less for electricity and more people had the opportunity of employment.

All this evolved with the Regulator-General at the head. His role was important and I commend the former Treasurer, the Honourable Alan Stockdale, for the way he was able to get the Office of the Regulator-General to do a tremendous job in bringing everything to fruition.

The production of an electricity distribution code is one example of the work carried out by the former Kennett government. Discussion papers were distributed across Victoria and comprehensive discussions held. The code covers quality, reliability of service, guaranteed service levels, the provision of information, emergency response plans and so on.

The Office of the Regulator-General has done a tremendous job. The conditions in the distribution code are those we would expect to be maintained in any deemed contract between a householder and the company that owns the distribution network.

Although the Office of the Regulator-General has been at the forefront, I have some concerns about its future. It seems fairly obvious that the government will give that office responsibility for other areas such as gas. I hope that office will still be able to maintain its focus on providing the best supply of electricity to the Victorian people at the best possible price.

I have talked about electricity for business, but this legislation will enable ordinary householders to choose from where they purchase their electricity. For instance, it may provide an opportunity for a whole town to get together and do a deal with an electricity company to supply electricity at a better price than the town could get through the sorts of measures that are available at the moment. That will be good for competition.

What has happened with competition in other areas of our lives? We have seen the effects of competition in the airline industry, including the impact on the prices for which we can purchase airline tickets for flights around Australia. The greatest example of competition is in telecommunications, where we can now choose our telephone call carrier and benefit from tremendous prices as a result.

I support clause 9, which allows existing generation companies to develop new generation facilities without breaching the cross-ownership provisions in Victoria's electricity industry.

When the industry was privatised certain rules were set that meant a single company would not be able to have a controlling interest in more than one generating facility. That was done simply because we did not want to create monopolies. The proposed legislation will not necessarily give one generating facility an opportunity to purchase another, but if it wants to commence a new facility that will be possible.

For example, Edison Mission Energy, which is based in the Latrobe Valley as the owner of the Loy Yang B power station, plans to build a new 300 megawatt capacity gas-fired generator. Under the current rules of ownership Edison Mission Energy would be in breach of the act if it owned separate generation facilities that operated as separate companies in their own right. However, clause 9 will allow the owners of existing generating facilities to also own new generation facilities. The term 'new' is important, as distinct from 'existing' facilities. The National Party does not oppose the bill, which contains some good provisions.

In researching the bill members of the National Party have communicated with the big players in the electricity industry. For instance, Powercor Australia said there was one issue that it wanted to bring to our attention, which relates to the proposed demand management powers for Vencorp. In a letter of 24 April it states:

> If the bill is passed Vencorp will have extremely wide demand management powers. Although it is currently unclear how Vencorp will utilise such powers, the legislation would not prohibit Vencorp entering the retail electricity market and directly contracting with customers to manage electricity demand.

Powercor certainly has some concerns about that. The letter continues:

> I would therefore prefer that the bill be amended to specifically prohibit Vencorp from participating in the market and contracting with customers directly.

In its letter of 27 April Hazelwood Power says:

> HP supports the proposed changes which provide for existing wholesale market participants to expand their participation in the Victorian market …
>
> However, it is our view that the current cross-ownership restrictions may inhibit further reform and efficiency improvements in the industry by limiting the ability for further vertical and horizontal integration between existing businesses.

I hope the minister will be able to support that.

In a letter of 27 April TXU Australia says:

> It is clear that Vencorp will have the right to directly contract with retailers or customers if it so desires …
>
> TXU's position is that if it is not intended that Vencorp would enter into direct contracts with retailers or customers, then the legislation should accurately reflect.

The minister's second-reading speech does not necessarily reflect that.

I refer to the important issue of private powerlines, which can be major causes of concern so far as bushfires go. I am pleased to see that that has been addressed in clause 11, under the heading 'Bushfire mitigation plans'. Members of the National Party always take a great interest in such plans, because they concern land-holders' liabilities over private powerlines.

Not so long ago I was contacted by Powercor, which advised me that I might receive letters or telephone calls from some of my constituents because it was trying to ensure that the owners of private powerlines — the powerlines that cross over private property to any great degree are therefore owned by the property holder — were making certain that the lines were safe and were not likely to cause bushfires. We need to ensure that that cannot happen.

However, there has been concern about clarifying the financial and legal impact of the amendment with respect to private landowners. I am pleased to say that the minister has provided the information on financial aspect, which states that the amendment does not change the financial impact of the current provisions of the Electricity Safety Act on private landowners. If as a result of an inspection the maintenance of powerlines is required, under the act that is the responsibility of the landowner — where the lines are private powerlines. The bill requires the network businesses to submit their plans for inspecting private lines to the Office of the Chief Electrical Inspector in order to make those activities more transparent and open to scrutiny.

As far as the legal impact is concerned, the Electricity Safety Act currently gives suppliers the responsibility to carry out bushfire mitigation inspections. That is most important. The proposed amendments require the supplier to lodge the bushfire mitigation plans in relation to the inspection of private lines. Existing provisions already require plans to be lodged for the supplier's own lines. Section 84 of the Electricity Safety Act places responsibility on private line owners to keep foliage and other combustible material away from the lines. The bill does not change the legal requirement provided by that section for private line owners to mitigate bushfire risks. The act also contains a provision governing failure to maintain lines which is subject to criminal penalties.

I thank the minister for clarifying that issue. It is important that people who own properties on which there are private lines take that responsibility to ensure that those lines are not causing bushfires, and if there is too much foliage around it should be their responsibility to ensure that that foliage is clear.

The National Party does not oppose the bill. It is pleased to see this particular stage of the privatisation of electricity coming to fruition. I believe what we have seen in the bad old days for electricity supply is certainly over.

I know that you, Mr Acting Speaker, were employed by the former State Electricity Commission, and I was not referring to you as being in the 'slow, easy and comfortable' situation. I have no doubt that the section which you controlled, looking after the interests of retired members of the SEC, certainly was a very hardworking, diligent team. So, please do not take exception to what I said earlier about 'slow, easy and comfortable'. But it is nice to see you moved out of 'slow, easy and comfortable' to the parliamentary scene and became the honourable member for Knox. I will not make any further comment.

I thank the minister for bringing the bill before the house. I hope it has a speedy passage and we can see the finalisation of what has been a great benefit to Victoria — the privatisation of electricity.

The ACTING SPEAKER (Mr Lupton) — Order! I thank the honourable member for Shepparton for his contribution. I am glad he stopped when he did, before he dug the hole any deeper!

Mr HOWARD (Ballarat East) — It is my pleasure to contribute to debate on the Electricity Industry Acts

(Further Amendment) Bill. Earlier the honourable member for Benambra indicated how excited he was about the budget. It was clear that his excitement was bubbling over as he made comments on this bill. Certainly the honourable member for Shepparton who followed him wanted to add some jocularity to the debate, but in doing so he tried to do it at the expense of former State Electricity Commission workers, which was a great disappointment to me. He impugned many officers of the SEC who gave great service to this state over many years by using them as the brunt of his attempts at humour. He continued with the myth put forward by members on that side of the house that all people who worked in the SEC were not committed members of the work force. That was certainly the impression gained by honourable members. He then made an apology in the end because he realised that some people who worked in the SEC are now members of the Liberal Party. Clearly, members of the SEC who did give great service should be very concerned about that.

It is interesting to note where the previous two members who spoke on the bill are sitting now. They are on the opposition side of the house. Why? One reason is that the people of Victoria did not see the sell off and break-up of the SEC as being a great thing. There were opportunities within the SEC to ensure good management of the SEC and to keep it in public hands. But the former government which claimed to be a great manager of this state could have taken the publicly responsible stance and recognised that services such as power and gas were services that the people of this state believed should remain in public hands; it should have taken the responsibility of putting in place good management systems. Unfortunately, the poor management systems, developed mainly through the Bolte and Hamer years were allowed to continue and used as the excuse to sell off the SEC. However, at the last election Victorians showed that they were not particularly impressed by the attitude of the former government in selling off anything it could and not maintaining its public responsibility in ensuring the management of our resources for the benefit of the people of this state on a secure, ongoing basis.

That brings me to the point of this particular bill, which is to tidy up several aspects of legislation that the government needs to enact to ensure that the electricity industry as it now operates can be well managed.

Five key amendments have been put forward in this measure. The first relates to Vencorp's powers — Vencorp being the Victorian Energy Network Corporation. Clearly, within the current legislation Vencorp had been given the responsibility to facilitate the management of electricity supplies in times when it could see that supplies were not going to meet demand. However, the government has been advised that the existing legislation is preventing opportunities, in that it does not allow Vencorp to be proactive in looking at issues of potential power shortages ahead of time; Vencorp could not become involved and facilitate actions until it was clear that a shortage of supply might be upon the people of this state. Changes within this bill will enable Vencorp to be more proactive in facilitating roles ahead of time if it appears that there might be a shortage of electricity. It will allow Vencorp to work with the suppliers and users of electricity ahead of time to enable appropriate procedures to be put in place to ensure the smoothest possible movements in regard to electricity usage if shortages do occur.

The second amendment relates to contracts between distributors and customers. It allows for the deeming of contracts between distributors and customers and recognises certain aspects of relationships between distributors and customers that will enable enforcement to follow on.

One other area of the legislation that the government has continued to monitor is the aspect of moving towards full retail contestability for consumers in this state, which will come into place next year. Several amendments in the legislation help to improve the safety net, partly in regard to the metrology, including responsibility for who owns, manages and needs to maintain the meters. That will be tightened up under the new amendments.

The government wants to maximise opportunities for individuals or companies that seek to introduce new generation of electricity in this state. It is important that they should be encouraged to pursue those opportunities. It has been suggested that the current cross-ownership laws might prevent new power generation activities. This measure proposes to review those laws. Cross-ownership arrangements should not deter people from considering starting up new power generation operations.

The last of the amendments relate to fire safety and the requirement of power suppliers to prepare bushfire mitigation plans. The legislation makes it clear what suppliers of electricity have to do. We want to ensure that the state is bushfire safe at all times, so the legislation tidies up various aspects to clarify the responsibilities of electricity suppliers so Victorians can feel protected from the dangers posed by electricity generation and supply in cases of fire.

As previous speakers have said and no doubt following speakers will reinforce, the legislation is sound. It rectifies some shortcomings in the electricity acts to make this state fire safe and to give consumers better opportunities for protection. The bill clarifies issues to do with moving to full retail contestability and defines the power supply requirements that Vencorp can facilitate. Although electricity in this state is, as we are aware, in private hands — a matter that many Victorians still have concerns about — we are doing the best we can with the electricity industry we have inherited to ensure it operates in the best interests of Victorians.

Mr SPRY (Bellarine) — It is often my fate to follow the honourable member for Ballarat East after listening to his jaundiced views — and in this case, his unbridled support for the union movement regardless of the cost. It is a pleasure to contribute to the debate on this bill, the origins of which are contained in the Electricity Act of 1993, which was introduced by the former minister for Minerals and Energy and later Speaker of this house, the Honourable Jim Plowman, whose brother, the honourable member for Benambra, earlier dealt with the detail of the bill.

In surreptitiously initiating the first privatisation of the electricity industry with the sale of Loy Yang B to the giant United States-owned Mission Energy prior to 1993, former Labor Premier Joan Kirner, however unintentionally, foreshadowed a fundamental alteration to the structure of this essential industry. Her ad hoc actions have reverberated and will continue to reverberate throughout Victoria for many years to come. Her motives were without doubt to extricate Victoria from an increasingly deep fiscal black hole into which the Cain–Kirner years had plunged Victoria. By contrast, the Kennett government's motives were positively pristine.

The former energy minister, Jim Plowman, and his coalition colleagues were driven by a desire to see Victorian businesses and domestic consumers benefit from competition, especially in the electricity retail sector, rather than the aim of relieving debt, which was the sole objective of former Premier Kirner as Victoria slowly drowned in a ocean of debt prior to the 1992 change of government. Victoria's coalition-led actions precipitated the development of a national electricity grid and, as a consequence, a national electricity market. The process has been characterised by unavoidable legislative complexity. The bill further refines the guidelines and follows the introduction of similar bills over the past eight years.

Full retail competition in the domestic sector is due to take place on 1 January 2002. That is a tight time line, which I understand many commentators doubt can be achieved. However, I have no doubt that we on this side of the house will cooperate with the government in trying to meet that objective. The bill follows the successful introduction of full contestability in the major business sector, which has given it significant advantages in lower production costs, as honourable members have made clear in earlier contributions.

The same sorts of benefits are expected to apply in the domestic consumer sector from 1 January 2002. While on that subject, it is appropriate to pour scorn on the government for its insensitive handling of the former conservative government's $60 winter power rebate. Yesterday's budget indicated that the government is awash with cash. In winter 2002 the competitive element of electricity retailing will kick into the domestic sector, presumably providing a measure of relief to those who chose to participate. That leaves this winter, the winter of 2001, when eligible domestic consumers will be subjected to a $60 increase in their power bill courtesy of this caring Labor Government, the self-described champion of the underdog. What more hypocritical act of neglect could stamp the Bracks Labor government with its true colours!

In September last year this house debated the Electricity Bill and the Electricity Industry (Miscellaneous Amendment) Bill conjointly. At that time the principal act, the Electricity Industry Act, was renamed the Electricity Industry (Residual Provisions) Act. It was retrospective legislation in its most primitive form, which could happen only under a Bracks Labor government.

It is worth reflecting on a couple of aspects of the original 1993 legislation to see how consistent the process has become and how wise the architects of the original process were. I refer to the second-reading speech given by the then Minister for Energy and Minerals, the Honourable Jim Plowman, which says in part:

> The broad thrust of the reform strategy for Victoria is:
>
> > to move away from the previous vertically integrated structure of electricity generation, transmission and supply;
> >
> > to pursue a pro-competitive industry structure;
> >
> > to defer privatisation decisions until competitive and robust industry structures are established; and
> >
> > to adopt a focused but evolutionary approach in implementing the reforms.

In other words, he was talking about unbundling the various elements of the industry under the State Electricity Commission, corporatising them and opening up the industry to competition through privatisation.

Earlier in his second-reading speech he is reported as saying:

> In considering the optimal structure of the electricity business of Victoria, the government will continue to draw on the best international advice concerning the major industry reforms in overseas countries.

That is what the coalition pursued with considerable objectivity. He concluded his second-reading speech with the following remarks:

> The government plans to move the industry towards further reconstruction over the next year.

He might well have said 'over the next years'.

> Options for creating competition in generation and distribution are being explored and work is proceeding on the development of more competitive wholesale electricity trading arrangements. The transmission business, being a natural monopoly, is likely to remain in government ownership and will be subject to carefully designed regulation on open access and transparent grid fees for the carriage of electricity.

I remind the house that these remarks were made in 1993 and show how consistently this process has been followed through.

Through a process of legislative evolution we have come a long way since then. I commend the wisdom of our earlier leaders in that drive to ensure Victoria kept up with and played a leading role in advances that the remainder of Australia may follow.

Contestability has already generated significant savings for bigger electricity consumers, with some 10 500 non-franchised Victorian consumers each using more than 160 megawatt hours a year. They have benefited to the tune of an average of about $20 000 a year since contestability became available to them on 1 July 1998. During that time savings of up to 40 per cent have been recorded. The honourable member for Shepparton earlier referred to the Ford Motor Company in Geelong and remarked on the significant savings that company has made through contestability in the electricity industry.

Similarly, an estimated 60 000 businesses that use between 40 and 160 megawatt hours of electricity a year — typically businesses and industries such as single-storey offices, schools, larger clubs or factories and some fast food outlets — have been able to choose their retailers since 1 January, again with significant savings being achieved.

The Office of the Regulator-General is to be commended for informing potential customers of the contestability process and its obvious advantages for them. Recently the *Geelong Business News*, a respected monthly journal circulating in my electorate, included an article sourced from the Office of the Regulator-General that highlights the mechanisms. It appears under the headline 'Contestability — getting the best deal'. Many readers will be grateful for the role the *Geelong Business News* played in that information process.

The process of contestability, driven so effectively by the former Kennett government and consistent with the national competition policy, is nearing fulfilment. In summary, the bill further develops the government's capacity through its various authorities to facilitate demand management. It develops arrangements for the full retail contestability of electricity, strengthens electricity supply potential and clarifies lines of responsibility for fire and safety aspects of the management of the industry.

For those reasons the opposition will not stand in the way of the bill, despite its imperfections, and wishes it a speedy passage.

Mr STENSHOLT (Burwood) — I support the Electricity Industry Acts (Further Amendment) Bill, which seeks to amend the Electricity Industry Act and the Electricity Safety Act. I will deal with the last-named act first. Clauses 11 and 12 in part 3 of the bill concern bushfire mitigation plans and the submission of combined electricity management schemes. Clause 11 will have little impact on suppliers because they already inspect private electricity lines. Clause 12 is an example of sensible regulatory reform that will serve to reduce compliance costs, and I support it.

The main intention of the bill is expressed in part 1, which deals with amendments to the Electricity Industry Act. It aims to clarify Vencorp's powers and functions in relation to demand management. The bill will also facilitate new generation projects by providing exemptions from cross-ownership restrictions as well as making provision for the establishment of a deemed contract between the distribution companies and retail customers. It also clarifies the scope of the obligation created under the retailer-of-last-resort scheme and modifies the scope of the government's powers to make orders in council in relation to metrology procedures.

The proposed amendments will strengthen the regulatory regime in the electricity market as a whole and ensure its integrity prior to the introduction of full retail contestability, as other honourable members have said, on 1 January 2002.

One issue I want to focus on is the action being taken to ensure security of supply. The house knows of the importance of a secure supply to deal with seasonal demand and supply patterns. We need to ensure that in the contestable market there is sufficient incentive for supplies to be enhanced to meet extreme demand. Spikes in demand usually occur twice a year: during severe cold snaps in winter or in summer when, particularly in Melbourne, we get days on end with temperatures in the high 30s or the 40s.

Some honourable members will have seen the graphs showing, for example, the February spikes in demand for the supply of electricity. The house will be aware of the possible supply problems that can be caused by equipment failure. Constituents in my electorate of Burwood are aware of the situation because supply has been disrupted at times. I also note the increasing sales and usage of electrical appliances. For example, sales of airconditioners continue to rise by about 30 per cent a year. Refrigerated airconditioners in particular can substantially drain the power supplies.

Along with other Victorians, I was pleased to hear recently of plans for a new gas turbine generator to be built this year and to come online next year. Naturally, for the reasons I have outlined, the government wishes to ensure that the regulatory environment acts to promote any new investment in supply. At present the regulatory arrangements prevent certain existing players in the market from undertaking investment in supply. The government wants to minimise barriers to the development of new generation capacity. Hence the bill contains the proposition that the development of new generation facilities will be exempt from cross-ownership provisions. I understand the experts, the economists and others, have done their work, including modelling, and that work shows there are unlikely to be any anticompetitive concerns associated with the development of new facilities by existing licensees.

I am satisfied that the Australian Competition and Consumer Commission has no problems with that, although I am sure regulators will need to keep it under review in the future so that any movement to a monopoly position can be avoided. Otherwise it would defeat the purpose of having a contested market.

I also urge the government, its instrumentalities and private providers and distributors to continue their efforts on demand-side management, which is another aspect of the bill. There can be a temptation for suppliers to try to maximise their profits or their businesses by ensuring they sell as much power as possible. That needs to be carefully regulated to ensure that the optimum demand-side measurements are used.

We must all take a responsible view of power usage and encourage the multitude of demand measures on offer. These may include, for example, passive power use — the old message which my parents used to give me and which I now give my children: ‘Turn off the lights in areas that are not in use’ or ‘Turn off the computer or appliances that are not in use. Don’t leave them on all night’. Other measures can be taken, including the use of emerging technology to ensure demand is reduced.

I know Vencorp is an active player in the process, and the bill contains a number of measures to ensure tighter demand-side management.

I support the proposal to extend the powers of Vencorp in that respect. This is a good bill that enhances the regulatory environment of the electricity industry, and I commend it to the house.

Mr VOGELS (Warrnambool) — I am pleased to contribute to the debate on the Electricity Industry Acts (Further Amendment) Bill. I will not speak for long. My biggest concern is that full competition, which would have given smaller customers, including small businesses, retailers and farmers, the opportunity to take advantage of contestability, will not occur for at least another 12 months. Much play was made of that earlier when we believed it would happen in January 2001.

I also want to comment on the $65 rebate, which has been put on the backburner, and the upgrade of the single wire earth return (SWER) lines in south-west Victoria. Before the last election members of the Labor Party, now members of the government, came down to south-west Victoria promising $8 million to upgrade the SWER lines. After they won the election they reneged on that and came up with only $3.8 million, the rest going into other areas of the state.

Powercor has been trying to upgrade the SWER line in south-west Victoria, but with reduced funding. Originally there was going to be a dollar-for-dollar subsidy, and that was promised to everyone. The promised subsidy now stands at 25 per cent, which can make upgrading very expensive, because the average dairy farmer upgrading from a SWER line to a

three-phase line is faced with a bill of something close to $100 000. Under the original dollar-for-dollar plan such a farmer would have been up for $50 000. He is now up for $75 000. That is a lot of money, and that is my major concern.

People regularly come into my office about this matter, and a petition has appeared bearing the signatures of 52 dairy farmers, all of whom want to get onto the system and upgrade their SWER lines. I take this opportunity to remind farmers in Victoria that the SWER line subsidy will run out in two years time, so anyone who is not on the bandwagon at the moment will miss out on the 25 per cent as well. I have not seen anything in this budget or in future estimates that looks like money for future development further down the line. We all realise how important the dairy industry is to Victoria. The government should look at putting more money into assisting it.

I urge the government to get on with contestability. It is important for small customers in rural and regional Victoria to have choices, and implementation is urgently required.

I applaud part 3 of the bill, which deals with bushfire mitigation plans and the responsibility of the electricity supplier to make sure it has proper management plans in place. I commend the bill to the house.

Mr NARDELLA (Melton) — I, along with other honourable members, support the Electricity Industry Acts (Further Amendment) Bill, which clarifies Vencorp's powers and its ability to recover its costs and modifies the operation of the cross-ownership provisions of the Electricity Industry Act in relation to new generation projects. That provision allows an existing generation company to build new generation plant without having competition problems or being accused of monopolisation. Those provisions, as the honourable member for Burwood has said, need to be continually reviewed.

The bill also clarifies the scope of the obligation created under the retailer-of-last-resort scheme and modifies the government's powers to make orders in council about metrology procedures, and as the honourable member for Warrnambool pointed out in his contribution, it clarifies bushfire mitigation plans.

The bill is a continuation of legislation enacted by the former Kennett government after it privatised and sold off the energy generation assets of the people of Victoria. The honourable members for Benambra and Shepparton, who are unreconstituted economic rationalists, still have not learnt the lesson of the last state election and still talk about the benefits of privatisation and competition.

Let us go through those benefits. The first benefit, the blackout, was experienced in January and February last year. It caused a loss of jobs and profits for companies and was due to privatisation. The ludicrous situation was that Nemmco was selling to New South Wales electricity generated in Victoria, because New South Wales paid more money for it, while blackouts were occurring here. According to the Liberal and National parties, that was a benefit.

The honourable member for Shepparton denigrated the State Electricity Commission of Victoria (SECV) workers by characterising them as lazy and comfortable. Those workers, however, found themselves in an awful position. They had built those assets and run them for the state and for local communities, yet they were sacked and their communities were destroyed by privatisation. That was also seen by members of the former government as a benefit to Victoria.

The destruction of the uniform tariff is another benefit that the Liberal and National parties want to talk about which will, in the long term, disadvantage rural and provincial areas in Victoria. Even though the debt was being paid off by the SECV, it was also bringing in revenue to the state. That has gone and so government must find other ways of taxing the community. These are the long-term benefits the Liberal and National parties want to sell to Victorians. It is what is occurring in California, and I will talk about the privatisation there because some of its consequences have already been seen in Australia and here in Victoria.

California has had to bail out the electricity companies to the tune of $15 billion. The private companies were forcing blackouts on Californians that were destroying the local economy. Now the companies are getting a grant of $15 billion from Californian taxpayers to bail them out. These are the benefits of privatisation that the honourable members for Shepparton and Benambra want to talk about.

There have been reductions in electricity costs for medium to large companies, but they are illusory because in the long term the reductions will not be there. That is the first point. The second point is the standing charges for a number of rural and provincial businesses. Because the uniform tariff has been taken way and the standing charges are extremely high, they are finding it difficult to compete with other companies located closer to the metropolitan area whose costs are much lower.

Not only have the workers who built up the SECV and Loy Yang A and B power stations been denigrated but so too has Sir John Monash who had a vision for the state. He put together the SECV, and yet the wreckers of the Liberal and National parties sold off those assets during their seven years of destruction in this state. This government is now having to revisit and re-regulate the privatisation process because of the situation it inherited.

I will talk a bit about the contribution of the honourable member for Bellarine and his comments on the Loy Yang B power station in particular. Edison Mission Energy took over the management of Loy Yang B power station. It did not take control of the assets, because the assets belonged to the people of Victoria; but the government determined to give the management of Loy Yang B to Edison Mission Energy.

Such arrangements have worked well with a number of public–private partnerships. This was the first one in the electricity industry in Victoria and it worked quite well because the efficiencies due to the private management of Loy Yang B set a benchmark for the SECV. I can agree with that, but I cannot agree with the ideological policies of the previous government which were to sell off those assets without looking at the long-term effects.

I will finish with the honourable member for Bellarine's discussion about the winter power bonus. The previous government's winter power bonus was to last for only three years — it finished in 2000. The bonus was introduced to bribe the Victorian people into allowing the government to sell off their assets. Now the Liberal and National parties have come in here to say that the Baillieu family, Ron Walker, the Packer family and every MP should get a $60 bonus for using electricity, regardless of their ability to pay and regardless of how much money they earn. I do not believe in it. It is neither fair nor equitable. The concessions should go to the people who need it most — that is, those who do not have fixed incomes or are on pensions. They deserve and are entitled to those concessions. It should not go to the Packers, the Murdochs, the Baillieus or the Nardellas but to the people who need it.

The government has increased some concessions to the needy people in our community, but the largesse the Liberal and National parties want to bestow on their supporters should not be supported. The government does not support it; and it was not a line item in the previous government's budgets past the year 2000. It would not have been a line item in the previous Kennett government's budgets for this year, next year or any year after. The $60 bonus was only a bribe from the previous Kennett government and right from the beginning was not supported even by its own side because it was for only three years.

Nor will it be supported by government members, because we do not believe people like the Packers, Ron Walker and Lloyd Williams should get a free ride on the backs of Victorian taxpayers, particularly the poor. On that basis, I support the bill.

Mr RICHARDSON (Forest Hill) — After listening to the load of left-wing drivel the honourable member for Melton has subjected us to, I have sense of deja vu. I can see the ghosts of the Cain and Kirner governments coming back to haunt us.

Yesterday's budget was strangely reminiscent of the way the budgets of the dreadful years of the previous Labor government ran down surpluses, taxed big and spent big. It is all starting to come back to me — confirmed by the extraordinary speech we just heard by the honourable member for Melton. It is the sort of thing we heard all the time in the 1980s during the period of the Labor government.

Let us get a few facts straight. The former State Electricity Commission of Victoria was a huge, cumbersome, debt-ridden monolith. It was also the milch cow of the Labor government. There was so much debt associated with the SECV that it finally reached the point where it had to borrow money to pay the interest. At the same time, the Cain and Kirner governments were ripping money out of the SECV and the Gas and Fuel Corporation of Victoria to meet the ever-mounting government debt. That meant there was more debt than that associated with the SECV, because the government had to borrow more money to top up its coffers. We then reached the point where the SECV was borrowing money to be able to make the payment to the Treasury, which increased the debt. It then had to borrow more money to pay the interest on that additional debt — it was going on and on. That is why the SECV was privatised — to clear the debt the Labor government imposed not just on the SECV but on the entire Victorian community.

When the Labor government came to office in 1982 the state debt was $11 billion. It had taken 150 years to reach that level, but by the time the Kirner government left office the state debt was more than $30 billion. For the debt to increase during those 10 years from $11 billion to more than $30 million it took real talent! It took the talent of turkeys, like the honourable member for Melton, to be able to do that. The problem was that during the years of the Labor government the turkeys became ministers, and because they were

running things the debt went up and up. There was no option but to sell that great monolith that was debt ridden and dragging the entire state down. The debt had to be cleared, and the Kennett government did that.

Yesterday's budget was reminiscent of the Cain–Kirner years. It is all starting to come back to me. When the Labor government won office unexpectedly in 1999 it inherited a surplus of more than $1 billion. Among the budget papers is a graph showing that the surplus was $1.2 billion in 1999 — from there on, however, the surplus line suddenly falls sharply. The budget papers and the Treasurer's budget speech reveal that the surplus will be somewhere between $4 million and $5 million this financial year. It will come down from $1.2 billion to between $4 million and $5 million this financial year — I can see that old talent at work again. The projection for the next financial year — —

Mr Hulls interjected.

Mr RICHARDSON — You have not let me get to the point yet. The projection for the next financial year is that the surplus will be smaller still. The surplus is steadily diminishing from $1.2 billion — that old talent has come back! Just when you thought it was safe to get back into the water, there they are again. If this government continues as it is currently operating, and if it follows the advice of people like the honourable member for Melton, we will be back on that same old treadmill again.

We will drown in a sea of debt driven by stupid ideologies and loyalties to unions and unionists who have destruction and the pursuit of ideological purity in their minds in the same way that the Labor government of the 1980s did.

The bill tidies up the process that was put in train by Bill Landeryou when he was put in charge of the corporatisation of the SEC. Then came the Loy Yang B episode and Mission Energy came into the picture. I believe it was Mrs Kirner who was running the show at the time and Mr Cain was running the show when Bill Landeryou did the corporatisation.

When the Kennett government came to office it was found that the situation was far worse than had ever been anticipated. The facts had not been revealed. The SEC was in bigger trouble than anybody had thought. The only thing to do was to sell the SEC and try to remove the debt. That began a process of debt clearance that brought Victoria from being the rust-bucket state, the butt of every joke of every nation, with an economic rating that was a disgrace, to the point where we enjoyed a AAA rating from the two major ratings agencies. It is still there for this government, but how long will it last?

Let us look at the graphs in the budget papers. Let us look at what is in yesterday's budget. We will see the ghosts of Cain and Kirner and all of the disasters they were associated with coming back to haunt us.

Mr LANGDON (Ivanhoe) — I have great pleasure in speaking on the Electricity Industry Acts (Further Amendment) Bill. I suggest that the opposition whip can tick off the honourable member for Forest Hill because he has done his budget speech. He seemed to cover more on the budget than the electricity bill, so — —

Mr Steggall interjected.

Mr LANGDON — We have heard the budget speech. The Deputy Leader of the National Party says by interjection, 'Just get on with it', but he was not here for the contribution of the previous speaker.

The ACTING SPEAKER (Ms Davies) — Order! The honourable member for Ivanhoe should not respond to interjections.

Mr LANGDON — I will speak on the Electricity Industry Acts (Further Amendment) Bill, not on the budget. I will wait for my time to speak on the budget.

Ms Asher — Did you get any money?

Mr LANGDON — I should not respond to interjections, but $320 million is not a bad effort.

The Electricity Industry Acts (Further Amendment) Bill does several things. It amends the Electricity Industry Act 2000 and the Electricity Safety Act 1998. Some of the speakers before me have mentioned the $60 bonus. They commented on the address of the honourable member for Melton and how biased he was. In my brief contribution I would like to comment on the $60 bonus. When the opposition sold off the SEC it introduced a system whereby the people would get $60 a year in the winter months when the demand for electricity increases. As the honourable member for Melton commented, the $60 went to everybody across the board from the Murdochs to the poorest person.

My electorate covers a broad range of socioeconomic backgrounds from West Heidelberg and the Olympic Village to Eaglemont and East Ivanhoe. Many people in East Ivanhoe are asset rich but cash-flow poor. The opposition fails to mention that the $60 was a payback for the sell off. The opposition put it into the legislation

for three years and now has the expectation that the Labor government should continue it.

What the opposition wanted to do was clearly set out. The former government provided $60 for three years and now opposition members are whingeing about it and trying to make some political capital. As I said, the honourable member for Melton raised the point that it was never done on a fair and honest basis so that people with less income could benefit more from it. It was basically a payback — justification for the sell off.

I have not spoken in technical terms about the bill and it is quite a technical bill, but that is the point I wish to raise. The $60 was the opposition's legislation; it was its sell off. It has come to an end and the opposition should not try to make political capital out of its mistakes. I commend the bill to the house.

Mr SMITH (Glen Waverley) — It is interesting to listen to the Labor Party making apologies for privatisation and for the way it is going. This week I have struck some of the advantages of a privatised scheme. The bill is about amending the regulation and the operational running of the electricity industry.

I had a visit from the general manager of distribution of United Energy which also takes in Pulse on the gas side. As honourable members would be aware, recently it has taken up the option of buying into the gas area.

I think I was the first member of Parliament to receive a visit from the new distribution general manager, Hugh Gleeson, who came via the customer care manager, which is Robin Freeman's new title. I suppose I was the first cab off the rank because I had received a number of complaints from people talking about outages and I had asked them to put their concerns in writing. One person had had a number of outages that needed some fairly detailed explanations. For that you need more than a public relations team; you need the people in the engineering department. They were able to explain it well to me, and even the most difficult of customers was satisfied after being visited by these people.

I suppose this sort of service may have existed under the old State Electricity Commission. The Minister for Agriculture, who is at the table, would be better able to explain that, being an expert on matters relating to the SEC — and I give him credit for that. The point is that I do not remember ever receiving service such as this as a SEC customer. I would ring up and get the maintenance man, who might have known a bit but did not know enough. The fact is that right now United Energy is establishing a department to ensure not only that the public relations aspect is taken care of but also that the problem itself is dealt with.

A lot of the problems concern lines that were not properly maintained over the years. The money was not spent then, and I am not saying United Energy or the like will spend enough money now, but at least we are getting to know what the problems are. Members will laugh but many of the problems are caused by possums. When we stopped culling them — it was a community decision — the possum population grew unbelievably. The electricity companies have interesting methods of stopping the possums moving along the lines, which causes so many of the outages. The briefings are fascinating.

Mr Robinson interjected.

Mr SMITH — The honourable member for Mitcham should be on the list for a briefing, because I said he was a presentable Labor member.

Mr Robinson interjected.

Mr SMITH — Anyway, he will be getting a call, too. I do not want to waste the time of the house, because honourable members will be receiving similar briefings from these people. This is a service that is provided under the privatised scheme, and it is working. I do not know whether it was copied from an American system or has been developed here in Australia; I suspect it would be a combination of both. Members and their constituents now have available to them a service that will make their jobs a lot easier than they have been.

I commend the companies for this initiative, which is part of the outcome of privatising the electricity and gas industries. I have been a member of Parliament for 16 years, and I have seen both sides of the issue. I saw the problems in the past, when it was like talking to a brick wall, so I find it refreshing to see a system that is working.

There are outages, but interestingly enough the number of outages and the time they last has decreased by about a third. United Energy told me it is down from something like 400 hours to 81 hours, and that applies throughout its network. No-one thinks it is good to have any outages. Most of us know an outage has occurred — if only for a few seconds — only when our electric clocks stop or we wake up and see the electric alarm is blinking. However, we also know that people who are hooked up to computers have tremendous problems with outages, so it has to stop completely. If the electricity companies are bringing the figures down, we want to know about it and we want our constituents

to know about it. We want a service that is about the technical as well as public relations, and we want one that is able to provide the information. This is one of the great advantages of the process we have seen to date.

I support the opposition's attitude to this bill, and I congratulate earlier speakers who added practical examples to the debate.

Mr DELAHUNTY (Wimmera) — I am pleased to speak on behalf of the Wimmera electorate on the Electricity Industry Acts (Further Amendment) Bill, which was first introduced in the Legislative Council. Previous speakers have covered a lot of the matters I will not touch on, but I will comment on things that affect the Wimmera. As we know, the purpose of the bill is to make further refinements to the electricity market as we move towards full contestability. I congratulate the government on doing that.

When the previous government came to office I was working for the Department of Natural Resources and Environment. The government subsequently proposed changes to the electricity generation and distribution system through what is commonly known as privatisation. Privatisation programs are introduced for a lot of reasons, some of which I will quickly touch on. Before then electricity bills for consumers, both individuals and companies, were increasing at a greater rate than the consumer price index to pay not only for the electricity that was being consumed but also for the debt. The honourable member for Forest Hill did a good job in covering that aspect.

At about that time the then Labor Prime Minister, Mr Keating, who has copped a bit of flack from all sides of the community in the past couple of months, implemented the national competition policy. That policy said that people should be allowed to buy their electricity from other distributors, including from interstate. The former government knew that if that had happened at that time, the Victorian power industry would have been wiped out by its competitors around Australia. There was an attempt to establish a link with Tasmania to try to take advantage of the opportunities offered by competition. It was not only the state government that was driving this change; it was being driven by the federal government through the national competition policy implemented by Prime Minister Keating.

In this chamber I have heard many references from members opposite to the previous government selling off Victorian assets. I remind the house that it was a Labor government that sold off the great old State Savings Bank of Victoria, which is now known as part of the Commonwealth Bank. Labor did not do that to pay off debt; it used the selling of assets to pay the skyrocketing recurrent costs. We all know that when the coalition government took office Victoria had a $30 billion deficit. That was reduced to about $5 billion by selling some of the state's assets. Members must reflect on why this came about.

At that time there were a lot of concerns in rural Victoria about the changes. No doubt the National Party members were nervous about them because people in our communities do not adjust to change readily, so we need to help those people work through them. However, the changes have had great benefits in lowering the debt level of the Victorian people and bringing down electricity costs. That has been helped by the $60 winter bonuses, but there has also been a decrease in the cost of power. These were some major benefits in the changes made by the previous government. I congratulate this government on bringing forward this bill, which continues the progression towards full contestability for consumers.

One of the amendments in the bill clarifies the relationship between the distributor and the consumer where the distributor is different from the retailer. People are concerned about that relationship, but this bill provides that a contract will be deemed to exist between the customer and the distributor. That will provide a lot of comfort to consumers, particularly those in rural and regional Victoria.

Another amendment allows existing generation companies to develop new generation facilities without breaching the cross-ownership provisions. There was a lot of concern last summer when power was cut off, in some cases without warning, leaving people stuck in lifts. That caused great distress, particularly to elderly people. More than new generation facilities are needed to address these concerns, but at least this bill allows new generation facilities to be developed without any breach of cross-ownership provisions. The National Party supports that amendment.

Another amendment enables Vencorp to play a facilitating role in demand management negotiations between retailers and large customers. That third body is needed to attend to concerns in that market and the concerns of small consumers.

The bushfire mitigation plans to be submitted by electricity suppliers must now include private powerlines, which is important to rural and regional Victoria. All honourable members will be aware of the bushfires that occurred in Victoria last year. Powerlines

did not start them, but they have started other fires. Bushfires cause enormous dislocation to communities and great distress through loss of stock and income. I am thankful that there was no loss of life in western Victoria, but it could happen. I congratulate the government on insisting on the mitigation plans that will address the issue.

In January 2000 western Victoria had grave concerns about the distribution company Powercor's handling of some issues. The shires of Buloke, Hindmarsh, West Wimmera and Yarriambiack held a series of public meetings across the Wimmera to obtain the views of residents. Five key issues were raised. Firstly, the reliability of the electricity supply was a major concern. Whether it be shearing time or for the storing of goods in the deep freeze, a reliable power supply is essential.

Mr Hamilton — Especially with milking.

Mr DELAHUNTY — Especially with milking. There are five dairy farmers in my electorate. I know every one of them and consulted with them during deregulation of the dairy industry, which is more than I can say for many honourable members, I am sure.

The second issue raised was contact with Powercor. The limited ability of consumers to contact Powercor was raised many times across the electorate. Other major concerns were, thirdly, price; fourthly, Powercor's involvement and presence in the community; and fifthly, the capability of the distribution system to enable economic development in the shires. The Shire of Yarriambiack has major problems — industry wants to come into the area, but the cost of bringing in power is beyond its reach.

The overwhelming issue in the community was the reliability of the electricity supply. We have now come a long way down the track and Powercor is addressing those concerns, particularly in the western part of Victoria. I congratulate it on that.

The staff of the Office of the Regulator-General do not receive enough credit for the work they do. Not only do they meet with the community, they also introduce regulations to ensure that consumers in rural and regional Victoria receive appropriate power reliability at a reasonable price, thus continuing Victoria's electricity reforms.

Power is a major issue in the economic development of rural and regional Victoria — whether it be gas, electricity or the Port Power football club! The reality is that the changes in the bill will continue the work of the former government, which has brought enormous benefits to Victorians. Victoria has become more competitive in the global economy, and the way things are going it needs every advantage. Along with my National Party colleagues, I do not oppose the bill, and I wish it a speedy passage.

Mr HAMILTON (Minister for Agriculture) — I thank the honourable members for Benambra, Shepparton, Bellarine, Ballarat East, Warrnambool, Burwood, Melton, Forest Hill, Ivanhoe, Waverley and Wimmera for their contributions. With such an array of talented speakers I shall not contribute my personal thoughts on the matter, which would be well known to many honourable members.

The Electricity Industry Acts (Further Amendment) Bill is an important bill for what is an essential service to the people of Victoria. The government does not want a repetition of what recently happened in California, where the privatised power industry has been a complete and utter disaster. The result is not just a shocking supply of electricity but — —

Mrs Peulich interjected.

Mr HAMILTON — I could be tempted to go down that path.

The ACTING SPEAKER (Ms Davies) — Order! I ask the Minister for Agriculture not to go down that path.

Mr HAMILTON — I will concentrate on the amendments contained in the bill. I am confident in saying they will not be the last set of amendments made to the Electricity Industry Act. It seems that in every session of Parliament over the 12 years I have been in this place amendments have been made to the electricity act.

Motion agreed to.

Read second time.

Remaining stages

Passed remaining stages.

LIQUOR CONTROL REFORM (AMENDMENT) BILL

Second reading

Debate resumed from 1 March; motion of Mr HAERMEYER (Minister for Police and Emergency Services).

Mr HAERMEYER (Minister for Police and Emergency Services) (*By leave*) — I wish to make a statement under section 85 of the Constitution Act 1975 of the reasons for altering or varying that section by new clauses to the Liquor Control Reform (Amendment) Bill that I intend to propose in committee. I intend to propose new clauses that will insert, among other proposed sections, a new section 26K and a new section 179A in the Liquor Control Reform Act.

Proposed section 179A states that it is the intention of section 26K to alter or vary section 85 of the Constitution Act 1975. Proposed section 26K provides that no compensation is payable by the state or the director to any person for any loss or damage as a result of the enactment of proposed division 3A.

The bill is intended to ensure that a body corporate that has acquired a controlling interest in more than 8 per cent of all packaged liquor licences be required to manage its holdings to be below that level, generally within 12 months. The body corporate will not be permitted to relocate any of its licences while its holdings are above the 8 per cent limit. If a body corporate's holdings continue to exceed the 8 per cent limit after 12 months, proposed section 26I provides that those licences above that level cease to be in force. This amendment underpins the 8 per cent limit that already applies to applications for the granting and transfer of packaged liquor licences, as proposed by section 23.

The reason for the alteration or variation to section 85 of the Constitution Act 1975 is to ensure that bodies corporate affected by the operation of this division are not entitled to compensation. The government has a clear policy commitment to an effective 8 per cent limit. It is a stated objective of the Liquor Control Reform (Amendment) Bill. The public has been well informed of this position.

The only bodies corporate affected by this division are those that, notwithstanding the government's policy commitment under the intent of the legislation, seek to increase their holdings of packaged liquor licences above the 8 per cent limit. The proposed amendments ensure compliance with the 8 per cent limit without exposing the state or director to the risk of compensation claims.

Mr Robinson — On a point of order, Madam Acting Speaker, I draw your attention to standing order 2, which deals with pecuniary interests. Given that this legislation deals with the retail liquor industry, which is heavily concentrated in the form of Woolworths and Coles Myer in this state, I seek your guidance as to what members who may have shareholdings in those companies should do if they wish to contribute to the debate.

The ACTING SPEAKER (Ms Davies) — Order! My understanding of standing order 2 is that it refers to direct pecuniary interests and it is mostly relevant when honourable members have a significant opportunity to influence decisions made by companies. Small shareholdings are not necessarily regarded as direct pecuniary interests, but honourable members are encouraged or advised that prior to their making a contribution they should divulge any possible pecuniary interest at the beginning of their contribution.

Government amendments circulated by Mr HAERMEYER (Minister for Police and Emergency Services) pursuant to sessional orders.

Mrs PEULICH (Bentleigh) — I have no pecuniary interest in this bill, with the exception that I, like every other person in this house, shop at Safeway, Liquorland and Coles Myer and occasionally imbibe in a good wine. As I am not an owner of shares, I am not concerned by any apparent conflict of interest. The tradition of the house is that those types of shareholdings are declared in the primary return of honourable members and are on the public record.

Given that, the Liberal Party does not oppose a bill that primarily introduces amendments to the Liquor Control Reform Act 1998, which may be the reason why it is not opposing it. The amendments that have been introduced attempt to preserve the integrity of what is commonly known as the 8 per cent rule. It was retained by the former coalition government and at least for the time being appears to be maintained by Labor, although there are some ominous signs for this rule.

What is the 8 per cent rule? The government's commissioned report conducted by the Office of Regulation Reform, Department of State and Regional Development, in response to a reference given by the Treasurer and the Minister for Small Business states:

> Section 23 of the Liquor Control Reform Act 1998 limits the number of packaged liquor licences held by a person or corporation to no more than 8 per cent of all such licences at the time of application. This provision is commonly referred to as the '8 per cent rule'.

For honourable members who do not know a lot about liquor laws, I indicate that an extensive review of the Victorian liquor act took place in 1987 and more recently under the former small business minister and now Deputy Leader of the Liberal Party, the honourable member for Brighton, who initiated the

principal legislation which this bill amends, as was required by the national competition policy agreement.

While the reform increased competition, the former coalition government retained the 8 per cent rule to protect the interests of the operators of small independent liquor stores and country pubs. The 8 per cent rule has been an element of Victoria's liquor legislation since 1983. I also understand it is the only state that has such a rule in operation.

It is interesting that in both the commissioned review and the executive summary there is a positive assessment of the Victorian Liquor Reform Control Act of 1998. I will quote from the executive summary, which endorses the reforms undertaken by the former coalition government:

> Regardless of any restrictive effect of the 8 per cent rule, the office has found that the Victorian market for packaged liquor is intensely competitive and offers consumers a diverse range of shopping experiences since the changes introduced by the Liquor Control Reform Act 1998. There is no significant barrier to entry for businesses to obtain a packaged liquor licence. A comparison of interstate regulatory arrangements of packaged liquor licences revealed that the Victorian regulatory framework is clearly the most progressive in Australia.

That is clearly an endorsement of the coalition's reforms. I will look at the reasons for the house amendments, in particular those generated by a recent Victorian Civil and Administrative Tribunal (VCAT) decision, later.

The 8 per cent rule was introduced in response to the rapid increase of packaged liquor licences held by S. E. Dickens, later to be renamed Liquorland. In conjunction with needs criteria, it constrained the number of new entrants into the industry. Having been involved in a restaurant, I recall the difficulty people had in acquiring liquor licences. Because of the needs criteria, which the coalition did away with, in many instances getting a licence depended on buying out someone with an existing licence. The removal of the needs criteria has increased diversity significantly. In the 10 years between 1989 and 1999 only 314 new packaged liquor licences were issued. Since the removal of the needs criteria, but with the retention of the 8 per cent rule, 156 new packaged liquor licences have been issued. That represents an increase of 13.7 per cent in 15 months.

During the 1999 state election campaign the ALP complained that there were loopholes in the legislation. It promised both to close the loopholes and to retain the 8 per cent rule. We will have a look — —

Ms Asher interjected.

Mrs PEULICH — Yes, drafted loopholes, obviously related to the VCAT decision. Further, at the same time the National Competition Council threatened to withhold $11 million in competition payments because the 8 per cent rule had been retained. As a result we have had another review further to the national competition policy review, which recommended, interestingly enough, the phasing out of the 8 per cent rule. That reform, which is flagged in the minister's second-reading speech, would be of significant concern to a number of independent liquor store owners, especially in country towns.

The Labor government has accepted the recommendation, saying that the rule will be phased out in 2003. In the meantime we are told it is working on developing new ways of maintaining diversity in the market. The 8 per cent rule capped the capacity of the big players — the major chains — to dominate the packaged liquor industry market. We all know that a monopoly by the major chains does not always deliver the most competitive prices or the best service to customers. That is the reason why the former coalition government kept it, and it is the reason we still support its retention.

However, as I said, the Labor government has signalled that it will be phasing it out after 2003. In addition, Woolworths now has approximately 9 per cent of the packaged liquor licences as a result of finding a way around the rule in purchasing Liberty Liquors. In an attempt to preserve the integrity of the 8 per cent rule, I understand the minister is proposing some house amendments that do a number of things. They require licences in excess of 8 per cent to be divested prior to 18 April 2002. I understand that if this does not happen the licences will be cancelled, although a grace period of 12 months is being introduced, with the possibility of a further 90 days in exceptional circumstances. Accusations have been made that the effect of this is retrospective. During the time when a licence-holder exceeds the 8 per cent limit, there will be a prohibition on the relocation of any of the licences.

The Minister for Police and Emergency Services has signalled that the bill contains a section 85 clause that amends the Constitution Act. When it was in opposition we heard a lot about how Labor was opposed to changing the Constitution Act without going to the people of Victoria, yet time and time again it has included section 85 clauses in bills it has introduced. That will be taken up later by Liberal Party speakers when the bill goes through the committee stage. The section 85 clause prevents any court action being taken

based on the claim that clauses in the bill are retrospective, although the government would probably say they were prospective. Obviously the bill will have an impact on the commercial interests of affected companies. The irony cannot be ignored, given the criticism we heard when Labor was in opposition. There are certainly concerns about the processes a company has to engage in to divest itself of its surplus licences.

Unfortunately, as a result of a drafting loophole there are opportunities for applicants to circumvent the 8 per cent rule on packaged liquor licences by obtaining general licences, which are mostly held by hotels and which also permit the sale of packaged liquor. While this loophole has not been widely exploited, it is possible to do so under the current arrangements.

Clause 8 amends the act to ensure that where the predominant activity of the licensed premises is the sale of packaged liquor, an application for a general licence is not to be used as a means of circumventing the 8 per cent rule. Where an applicant's holdings are above the 8 per cent limit, the amendments require the director of liquor licensing not to approve an application for the grant or transfer of a general licence if the predominant activity of the licensed premises would be the sale of packaged liquor.

It will not prevent applicants whose holdings are above the 8 per cent limit from obtaining general licences where the predominant activity is not the sale of packaged liquor. In such instances clause 6 provides that it be a condition of the general licence that the predominant activity is not the sale of packaged liquor at any time. The difficulty with the rule is that it is not an absolute cap, because the number of licences given out increases over time and there is significant growth in the industry. What constitutes 8 per cent at this point in time would probably be very different to what constitutes the 8 per cent a few months down the track. We will look at the implications of that and whether the amendments preserve the integrity of the rule.

In cases where the applicant's holdings are below the 8 per cent limit, the director may approve an application for the grant or transfer of a general licence. However, if the applicant holds general licences where the predominant activity is the sale of packaged liquor, those licences are taken to be packaged liquor licences for the purpose of determining whether the application would reach the 8 per cent limit.

Section 23 of the act provides that a packaged liquor licence must not be granted if at the time of application the applicant holds more than 8 per cent of the total number of licences. As I mentioned before, the amendments introduce a grace period of 12 months. There has been some legal uncertainty regarding the interpretation of 'at the time of application'. In 1999 a major liquor retailer sought to circumvent the rule by simultaneously lodging a large number of licence applications on the basis that its holdings at the time were under 8 per cent.

I read from a briefing note, and I commend the officers who provided the briefing in good faith and gave us the information sought by the shadow minister for small business and consumer affairs. We certainly are very grateful.

Section 23(b) of the Liquor Control Reform Act provides that a licence must not be granted or transferred to an entity if, at the time of the application, the entity holds more than 8 per cent of all packaged liquor licences granted and in force. However, in early 1999 Liquorland, owned by Coles Myer, simultaneously lodged 72 applications for packaged liquor licences, arguing that they should be granted because at the time of application it was marginally below the 8 per cent limit.

In May 1999 both the Director of Liquor Licensing and the presiding deputy president of VCAT ruled that the phrase 'at the time of application' will be taken to mean at the time of determination by the Director of Liquor Licensing, which would obviously close that loophole. Liquorland was granted that number of licences which brought it up to the 8 per cent limit. However, following a recent refusal of the licence application on these grounds, Safeway, owned by Woolworths, appealed the decision to VCAT. On 29 March VCAT ruled in favour of Safeway and found that the words, 'at the time of the application' in section 23 are taken to mean at the time that the application was lodged, which obviously would not preserve the integrity of the 8 per cent rule.

The bill currently before the Parliament provides that the 8 per cent rule will apply at the time of determination of an application, and because the coalition retained the 8 per cent rule — when we were in government we did not oppose the legislation — we believe appropriate steps need to be taken to close this drafting loophole. The bill provides that the amendment is effective from 23 January 2001.

Clause 8(2) of the bill will remove that uncertainty by amending section 23 to make it clear that the 8 per cent rule applies at the time of the determination of the applications by the Director of Liquor Licensing and that the director considers and determines each

application individually so when a bundle of applications is submitted there will not be a way of circumventing that 8 per cent rule.

The amendments apply prospectively to the grant or transfer of a licence on an application made on or after 23 January this year. That apparently was the date on which the public would have received advice from the government detailing its intentions to close the loopholes immediately, and had it not provided advice there may have been grounds or the likelihood that a number of players may have made bulk applications to exploit that window of opportunity.

An honourable member interjected.

Mrs PEULICH — Yes, the government argues that it is prospective from the time that advice was given, but technically it could be seen as retrospective legislation because it will have commercial ramifications for companies that have acquired those — —

An honourable member interjected.

Mrs PEULICH — Yes, that is right. I note that a media release and a letter was sent to all liquor stores, licensed supermarkets and hotels. Clearly a transitional provision was necessary to prevent that potential rush of applications prior to the passage of the amending legislation. I understand also that the amendments will not apply to applications lodged prior to that date.

The concept of predominant activity is already applied by the act in relation to packaged liquor licence applications and provides that at least 50 per cent of a business's turnover is to be derived from packaged liquor sales. Clause 5 proposes a small amendment to clarify that this condition applies throughout the life of a packaged liquor licence.

Section 22 of the act provides that the director must not grant a licence to a petrol station. However, a recent VCAT decision resulted in the licensing of a business that is located within the confines of a petrol station on the basis that it was a separately managed and operated business. This created some legal uncertainty about the implementation of the act's prohibition of licensing petrol stations. Looking at the practices in other states, although not absolutely hard and fast about it, most do discourage the co-location of licensed liquor stores and petrol stations.

Legislative action is required to uphold the prohibition of petrol stations. Obviously clause 7 requires the director to consider factors when determining whether a proposed licensed premises is used primarily as a petrol station. These factors are the physical location of the area set aside as the proposed licensed premises, the primary means of entering and exiting those premises and whether a reasonable person would consider the premises to be part of a petrol station, and the bill attempts to resolve that.

I believe the 8 per cent rule has been incredibly effective. In fact an analysis of the 152 new packaged liquor licences since the coalition reforms shows that 56 were given to independently owned supermarkets, 52 were given to businesses such as Internet retailers, vineyards and caravan parks, 29 went to independently owned liquor stores, 13 to Franklins, 1 to Liquorland and 1 to Safeway. Obviously the 8 per cent is not an absolute cap on the number of packaged liquor licences an entity must hold. I understand that there is substantial growth, something like 100 licences a year, basically enabling some of those larger chains to increase the number of licences that they hold and still conform to and comply with the 8 per cent rule. There is obviously growth in the industry, and a major chain is in a position to apply for 1 additional licence for every 13 packaged licences issued to other entities.

The percentage rule has permitted the major chains to undertake gradual expansion by obtaining additional licences, despite the government's desire to portray this bill as somehow protecting the integrity of the rule.

A cap on the number of licences, as I said before, obviously protects some small businesses, especially in country towns. It does not reflect the total percentage of the volume that a particular licence-holder may have — for example, you may have 8 per cent of the licences but control more than 8 per cent of the volume of sales, and I think that is deemed by dollar sales. Industry estimates are that major chains have a market share of some two or three times the percentage of packaged licences they hold, accounting for approximately 40 per cent of the packaged liquor sales in Victoria. In fact estimates by the office of regulation reform, Department of State and Regional Development, since the removal of the needs provision show that if new packaged liquor licences continue to grow at current levels, Safeway, for example, will be able to license all of its supermarkets within five years without breaching the 8 per cent rule. So, obviously there is still a degree of vigour in the industry and a capacity for commercial interests to be expanded. For some weird reason the co-location of liquor stores with supermarkets has not always been the phenomenon people thought it would be, but obviously it offers enormous convenience to customers.

In the survey referred to in the review, most customers indicated that convenience was a very important consideration when shopping for liquor and that if a liquor store is co-located with a supermarket in many instances most people would use that outlet.

The major chains are still able to transfer their licences between premises to maximise the return from the total number of licences held. However, the proposed amendments that the Liberal Party's small business committee was provided with will mean that the relocation of licences will be prohibited while holdings are in excess of the 8 per cent rule. The act does not prevent a major chain from seeking a general licence, which also permits the sale of packaged liquor. This legislation is about providing a mechanism for the Director of Liquor Licensing to reject an application for a new general licence if the applicant is unable to obtain a packaged liquor licence on the ground of that legislative cap.

I have no doubt there are critics of the rule, and I am sure the critics would be obvious.

Ms Beattie interjected.

Mrs PEULICH — That is a nice interjection that I will not acknowledge! I was astonished to learn that the Victoria Police supported the removal of the 8 per cent rule. I have not read the submission, but the summary discloses Victoria Police comments that the major chains and retailers of liquor are responsible and that the 8 per cent rule does not promote harm minimisation objectives, which they think should be promoted through other mechanisms.

Safeway supports the removal of the 8 per cent rule, as one would expect; and Coles Myer submits that the rule inconveniences consumers and is ineffective in protecting small business. The main problem with the 8 per cent rule is that consumers are inconvenienced by not being able to take advantage of one-stop shops, as many people in the metropolitan area do. Of the 1000 consumers who responded to a survey, 21 per cent said they shopped at an unlicensed Coles, Safeway or Franklins supermarket and 56 per cent said they would buy liquor there if the establishments were to become licensed.

However, the retention of the 8 per cent rule by the government and the former coalition government recognises that most consumers enjoy a highly competitive market and that domination of the market by the large chains will not necessarily deliver a competitive environment. In many instances it is recognised that the major chains are not considered to be price leaders.

The bill continues to offer protection to the 421 licensed independent liquor stores, of which 50 are located close to unlicensed major chains.

Mr Maclellan — Do you think cheap gin is a good idea?

Mrs PEULICH — One's poison is a personal choice, irrespective of whether it is bought at a co-located liquor shop or a shop down the road. I prefer limited amounts of red wine — perhaps a glass or two with the family dinner.

The legislation offers protection to the operators of the 50 independent liquor stores that are located next to major chains. If the 8 per cent rule were discarded those 50 independent liquor stores would be under enormous threat. Seven of the 50 are located in small country towns that have unlicensed Safeway or Coles supermarkets, without any competition from a licensed major competitor. They are at Bacchus Marsh, Kangaroo Flat, Kyneton, Ocean Grove, Leongatha, Rye and Wonthaggi.

The Liberal Party believes those small independent liquor stores should continue to be protected. While signalling the phasing out of the 8 per cent rule, the Labor government obviously believes those small liquor stores in Bacchus Marsh, Kangaroo Flat, Kyneton, Leongatha, Ocean Grove, Rye and Wonthaggi would have an uncertain and limited future if it continues with the policy it has flagged in the second-reading speech.

Mr Maclellan — Wonthaggi is in Gippsland West.

Mrs PEULICH — Yes, Wonthaggi is in Gippsland West, and I understand Kangaroo Flat is near Bendigo — another marginal seat. It would be interesting to see how a Labor government would cope with the phasing out of the 8 per cent rule. It flags and proposes a number of possibilities on how it would handle the situation. If I could lay my hands on the document I would depict some of the possibilities the government is contemplating. I may return to that later.

Any change to the 8 per cent rule is unlikely to have significant effects in metropolitan Melbourne, which is already highly competitive, but it would have a dramatic effect on the small businesses in those small country towns. The coalition made the right call in protecting those small businesses, and the Labor government's retention of the rule vindicates that policy. But the government's plan to deregulate would

be of enormous concern to those small independent liquor stores.

As I said, the Liberal Party believes the 8 per cent rule provides some protection to those stores. If the rule did not exist, Safeway and Coles supermarkets would quickly take their markets and livelihoods away. At the same time it must be understood that the 8 per cent rule is not watertight, because there is no technical impediment to Safeway or Coles transferring an existing licence to those locations. That is their choice — it would be a business decision — but they have chosen not to, presumably because of the turnover of those stores and the amount of trade they generate.

Mr Maclellan interjected.

Mrs PEULICH — Yes, probably paid for by the taxpayers. I understand that in the Cain and Kirner government days ministers had precisely that — a government-funded liquor store co-located for their convenience in the ministry. It would be interesting to discover what the choice of poison was in those days. I presume it has probably changed significantly since then — probably more chardonnay is now drunk — but through successive freedom of information requests I am sure we will discover that information.

The review commissioned by the Labor government concludes that the 8 per cent rule is not an effective way to promote the viability of small business, and it says that other policy initiatives need to be taken. It does not say too much about that, except that there are plans to engage in meaningful dialogue with stakeholders in the lead-up to 2003. It will be interesting to see what the Labor government has to offer those small independent liquor stores, whose futures would obviously be under significant threat in a deregulated liquor market.

Mr Maclellan — How will we protect problem drinkers?

Mrs PEULICH — Let alone how to protect problem drinkers! I am sure that would not be approached in the same sanctimonious way that some contributors approached yesterday's debate on the tobacco legislation, disregarding the difficulties of those who are genuinely addicted to tobacco.

The current protection offered by the 8 per cent rule could be lost at short notice, leaving small businesses little time to adjust their business strategies. We do not know what the government is doing to plan for that and to assist small businesses in the process.

The Liberal Party's concern is that the removal of the rule may increase the risk of aggressive price competition between the major chains, conceivably leading to a market dominated by a handful of players. The benefits that consumers have had since the needs provision was removed would be lost over time.

The government-commissioned report flags the fact that the retention of the 8 per cent rule is temporary. The possible changes to the rule fall into three categories. Under 'Conclusions', the report states that three broad approaches could be adopted:

> A. retain the 8 per cent rule in its current form and consider expanding the application of the forms of liquor licences;
>
> B. abolish the 8 per cent rule entirely and leave the future development of the industry to the influence of prevailing market factors; and
>
> C. replace the 8 per cent rule in its current form with other measures designed to meet the government's policy objectives of ensuring the development of a viable and diverse small business segment in the packaged liquor market.

The report of September 2000 by the Office of Regulation Reform, commissioned by the Bracks government and entitled *Review of 8% Limit on Liquor Licence Holdings*, maps out possible responses and certain recommendations.

Recommendation 1 is:

> The 8 per cent rule should not be removed until there is a mechanism in place to ensure diversity in the market place.

This recommendation offers several reform options or suitable alternatives that meet the objectives of the 8 per cent rule. Firstly, it canvasses phasing out as an option as follows:

> C1 The 8 per cent limit could be phased out in conjunction with the support of an industry development program aimed at improving the capacity of small liquor stores to compete in the market, with the particular emphasis on those stores most adversely affected.

Presumably that could apply to those seven small country towns.

Option 1(C1) also includes the idea of either retaining the 8 per cent limit for up to three years or relaxing the limit by 1 per cent each year for three years, for final abolition in 2004.

The second reform option offered under recommendation 1 is as follows:

> C2 Retain a cap in regional Victoria — removing the 8 per cent rule in the Melbourne metropolitan area, while retaining some restrictions on the expansion of the major chains in rural areas, such as through a regional cap.

Given the propensity of this government to entertain regional caps — and we are not sure what effect they might have on particular industries or on people engaged in those industries — I suspect that may be the direction it veers in.

The third option is:

> C3 Cap on market share …

That would limit the percentage of market share of a single major chain rather than stick to the 8 per cent rule, which refers only to the number of licences:

> … and/or the combined share of three to four major chains.

That might prove to be a more powerful tool, but it would probably be difficult to implement and certainly difficult to enforce.

Recommendation 2 is:

> The act be amended to require the director of liquor licensing to reject an application for a general licence if the applicant would be unable to obtain a packaged liquor licence on the grounds of section 23 (i.e. the 8 per cent rule).

Recommendation 3 is:

> The Minister for Small Business seeks the approval of the commonwealth Minister for Employment, Workplace Relations and Small Business to expand the scope of the retail grocery industry code of conduct and ombudsman scheme to include packaged liquor retailing.

According to information received by the opposition, the Minister for Employment, Workplace Relations and Small Business is seeking input from interest groups on that recommendation.

In summary, the government's response has been to retain the 8 per cent rule until 2003, after which a gradual phasing out would commence. That should sound alarm bells for many operators of liquor laws.

Mr Maclellan interjected.

Mrs PEULICH — Yes, the tendency of the government has been to promise to implement necessary reforms and deliver on election commitments after the next election or even further down the track. Honourable members may need to consult fortune tellers and tarot cards more frequently and acquire crystal balls to gain insight into — —

Mr Batchelor interjected.

Mrs PEULICH — The Minister for Transport asks, 'What crystal balls?'. I am referring to the sort of crystal ball that illuminates, for example, a time line for the opening of the Mildura line.

The other key element of the government's response is to amend the act to close the loophole that has allowed the 8 per cent rule to be circumvented. There are other proposals, including seeking the commonwealth government's support to ensure that the packaged liquor industry can access the recently established national retail grocery industry code of conduct and ombudsman scheme.

The feedback from stakeholders has been diverse. The Australian Drug Foundation (ADF) states in a letter to the shadow Minister for Small Business, the Honourable Bill Forwood in another place, that there is nothing in the proposed changes it would oppose. The ADF supports the proposal that alcohol sales be separated from the activities of petrol stations. I think most people would concur with that, and it is the intention of the original legislation, so any remaining drafting problems should be solved by the bill.

In a letter dated 27 March to the Minister for Small Business and Minister for Consumer Affairs the Liquor Stores Association of Victoria indicates that the bill as drafted will clearly not be effective and will require further strengthening. The proposed house amendments will address that issue. There is a need to further strengthen the bill, because the arrangements provided are a temporary — one could say 'cynical' — government exercise.

The opposition supports the retention of the 8 per cent rule. The former coalition government made sure that that feature was covered in the legislation that the bill proposes to amend. The Liberal Party is unlikely to support the removal of the 8 per cent rule in the future. We did not remove it when we were in government, and we will not agree to remove it now. The rule is not entirely inconsistent with national competition policy. The brochure entitled 'National competition policy', which was published last year by the National Competition Council, states:

> Do governments have to remove all laws that restrict competition?
>
> National competition policy only requires that governments identify and change their laws when the restrictions on competition are not appropriate. It explicitly recognises that there are circumstances where restrictions can be justified.

The brochure also outlines a public interest test. It seems to me that, according to that test, at least three of the options mentioned in the recommendations contained in the *Review of 8% Limit on Liquor Licence Holdings* could be relevant to the industry.

When governments review laws that restrict competition, national competition policy requires them to consider a number of factors to determine if a public interest test applies. They include economic and regional development, including employment and investment growth; the interests of consumers generally or a class of consumers; and the competitiveness of Australian businesses. Competition is clearly not an end in itself but an instrument or mechanism for improving Australia's wellbeing.

If the government is intending to ditch the 8 per cent rule and deregulate the industry there will need to be meaningful discussions with stakeholders between now and 2003 to see what sorts of initiatives can be put forward to protect the interests of the Victorian community, particularly those in small country towns. The public interest must be protected.

In conclusion, the Liberal Party continues to support an effective 8 per cent rule to maintain genuine diversity in the industry, promote effective competition for the benefit of consumers and assist small business. An amendment that gives a 12-month grace period to those who have breached the 8 per cent limit may make it a Clayton's rule, but the loopholes have allowed certain holders to exceed the limit. Clearly the situation needs to be addressed. The amendments are sensible, and the Liberal Party looks forward to learning more about the government's intentions in meeting its policy of de-regulating the industry.

Mr JASPER (Murray Valley) — I contribute to the debate on the Liquor Control Reform (Amendment) Bill as the small business spokesman for the National Party.

I go back to my entry into Parliament in the late 1970s, when Tom Trewin was the then Country Party member for Benalla and its spokesman on the liquor industry. Tom enjoyed that position, because it enabled him to move around his electorate, going into all the pubs, hotels and other places. He was versatile in speaking about the liquor industry at any opportunity in the Parliament.

Tom left Parliament in 1982, and with the subsequent reshuffle of portfolios the then leader, Peter Ross-Edwards, said he thought I was the one to take over the portfolio as liquor industry spokesman, recognising that the Murray Valley electorate is a great contributor to the liquor industry. Great wines are produced right through north-eastern Victoria, particularly in my home town of Rutherglen. The liquor and hospitality industry is dynamic. It is one of the most important industries to the economy of Victoria. Through the taxes it pays it provides huge revenue to both state and federal governments, which enables them to deliver the services required of them.

When one looks at the development of hotels and restaurants and the liquor and hospitality industry generally, one finds that Victoria has led the way. There is a great diversity of restaurants throughout Melbourne and Victoria.

The 1980s were a fast learning curve for me, especially during the time when the Labor Party was in power. In 1986 Dr John Nieuwenhuysen conducted an investigation into the liquor industry, presenting some important reports to Parliament. The Honourable Robert Fordham was the minister responsible for the liquor industry at the time. When my National Party colleagues and I saw the reports prepared by Dr Nieuwenhuysen, we were horrified. We did not believe the reports pointed the right way ahead for the industry.

Among the objectives of the then Liquor Control Act was the requirement to take account of the community interest as well as the number and type of liquor licences in an area. That act contained restrictions on the approval of licences generally.

The National Party believed the Nieuwenhuysen report was abhorrent and would cause major upheavals for people involved in the liquor industry in Victoria. In simple terms, the report said that anyone should be able to apply for a licence and trade 24 hours a day, seven days a week. Fortunately the minister did not accept all the recommendations in the 1986 report. The house debated the resulting legislation, which came into effect early in 1987.

While changes were needed, the importance of the industry and the value of maintaining controls also had to be recognised. Problems were being created by the excessive consumption of liquor right throughout society, not the least by the drivers of motor vehicles, given the number of deaths on our roads at the time. However, changes were implemented, including an extension of the number of people who could apply for licence.

Following the change of government in 1992 the new Premier had certain views about extending the licensing arrangements. Through the 1990s further changes were made that extended the number of people who could apply for licences. There was no provision in the act to curtail licence approvals. I recall one occasion when a retail bottle licence was applied for in the eastern suburbs. When it went before the Liquor Control

Commission, one of the commissioners made the comment that he did not believe there was a need for another licence in the area because there was a packaged liquor licence directly across the road from the proposed premises. However, the commissioners did not have any powers under the act not to approve the licence, even though they believed one or other licensee would go broke.

That was the sort of situation that arose at the time. Extensions to licences and new licences — not only packaged liquor licences but general licences as well — were granted across the board.

During the late 1980s and early 1990s there was a reduction in the amount of investment in the industry. A number of people who had funds, such as their superannuation payouts, invested in the hotel industry saw their investments diminish dramatically throughout the 1980s and 1990s. In fact, many people suffered a loss, because they had invested in an industry that had controls on it — like limits on the number of general licences and other types of liquor licences allowed in a particular area. Changes were implemented progressively. The 1987 act brought major changes to the industry because a different attitude to investment in the industry had to be taken.

It is interesting that in the late 1970s there were controls on packaged liquor pricing. I recall that in the early 1980s the government removed the control on the price of beer, and Ian Cathie, who was a Labor minister in this house and responsible for the liquor industry and the Liquor Control Act, said the profit would not drop below $1 per dozen bottles.

An honourable member interjected.

Mr JASPER — As the honourable member quite rightly interjects, instead we saw dramatic discounting throughout the industry and the people in the industry who had developed a business on the basis of those controls suffered losses. At the time the issue was being debated I told Minister Cathie that the removal of the protection would lead to loss leader selling. During the 1980s that proved to be true.

I am not suggesting we should go back to the situation in the 1970s. I am merely providing information to the house, because we need to look at the industry in its totality. We need to look at the state of the industry in the 1970s and through the 1980s to understand the massive changes implemented in 1987 and the subsequent changes throughout the 1990s.

When I talked to people in the industry during the 1990s I recall that they were fairly proactive. Although many of them disagreed with the changes implemented during the 1980s they acknowledged they had to find ways of dealing with them — for instance, many hoteliers changed the way they operated their businesses and became more proactive in drawing customers into their hotels. They also became more profitable through other avenues — by upgrading their facilities, investing in restaurants and providing other services to attract people. People were able to go the hotels and restaurants to partake of high-class meals and consume alcohol in improved surroundings. Providing entertainment was another huge factor in attracting Victorians.

We also need to take account of the Public Bodies Review Committee, which was appointed in 1995. It considered the problems associated with the liquor industry, including the excessive consumption of alcohol. It considered the appropriate controls on the industry and how we can educate people to ensure both sensible drinking and sensible trading hours.

I turn to the issue of trading hours. I have often said in the house that we need to have restricted trading hours. Throughout the 1980s we saw the gradual extension of trading hours. Retail bottle licence-holders were concerned about the restriction on their trading hours compared with those of general licence-holders — the hotels — so they lobbied for the extension of their hours. Throughout the 1990s the changes continued and the trading hours of licence-holders were extended.

I should not forget to mention the wine industry. I applaud a former Labor minister in the 1980s, Robert Fordham, who strongly supported the Victorian wine industry and its continuing development. He retained licensing arrangements to protect the industry through cellar door sales. I hope that continues in the future, because it is important for the protection of the Victorian liquor industry that people are able to produce and sell their own wines.

In the late 1990s the expansion of trading hours continued and licence extensions were approved across the board. Those changes were also supported by the Premier of the day. I did not agree with the former Premier on trading hours. He was a 24-hour-a-day, seven-day-a-week trader in almost everything, and he suggested that competitive forces would be the way to go. Of course, national competition policy has supported that view.

A former member of this house, Jim Simmonds, once referred to me as a bush socialist. I must say to the house and you, Madam Acting Speaker, that as a person representing a country area I appreciate private

enterprise because I have grown up in a competitive environment. I believe competition is important for everything we do. However, I also believe the key is in maintaining a balance. Unfortunately, governments of all political persuasions are now saying that competition policy is okay. However, there needs to be protection. We must consider the particular problems faced by people within each industry.

I support the comments of the lead speaker for the Liberal opposition in stating that the removal of the 8 per cent rule would cause difficulties particularly for those who hold licences in country areas. Again, the key is how the balance is achieved. The government needs to recognise the special problems and difficulties for those of us in country areas. If funding is provided on a per capita basis, country Victoria is in real trouble.

Since I have been in Parliament I have made it clear that country residents have special problems that need to be recognised by governments of all political persuasions. Through the 1990s both Labor and coalition federal governments followed national competition policy — and if state governments did not, they were penalised.

That is where the difficulty has come about with the 8 per cent rule. Amendments were introduced in 1998 by the former government and the former minister, now the shadow Minister for Small Business. They looked at changes to the act and at maintaining the 8 per cent rule. In 1998 the 8 per cent rule was a controversial issue that was discussed by the coalition parties. How do we handle the 8 per cent rule, taking into account competition policy and the pressure that is being brought to bear by the federal government? Unless you conform to competition policy you will not get funds from the federal government. That is what led to these difficulties and to the bill before the house.

I applaud the action taken by the government last year in undertaking a review, through the Office of Regulation Reform, into the 8 per cent limit on liquor licence holdings. It is a controversial subject because there is such a diversity of licences and licensing arrangements throughout the state.

As I indicated, we have seen an explosion of licences, particularly through the 1980s and into the 1990s as people believed it was the industry they should move into. Those involved in the industry in the early years, in the 1970s and 1980s, have found their investments have been dramatically diminished by the changes implemented in 1987 following the Nieuwenhuysen report. People had to adjust to the changes in the industry. When you talk to people involved in the industry, particularly through the Australian Hotels Association and the Liquor Stores Association of Victoria and others, it is clear that that is what they had to do through the late 1980s and the 1990s.

The report, released in September 2000, reveals the increase in licences, as does the submission from the Liquor Stores Association of Victoria. A graph on page 9 of the report indicates that in June 1956 there were 290 packaged liquor licences, and by April 2000 that number had risen to 1291 — and it has probably gone higher since then. There has been a huge increase in the number of packaged liquor licences compared to general licences. In June 1956 there were 1647 general licences, and in April 2000 that number had risen to 1906, with possibly a small increase since then. The large supermarkets have moved heavily into packaged liquor licences and have made every possible arrangement to ensure they get a bigger market share. We understand they would be doing that.

The bill recognises that changes are needed in light of the 8 per cent rule and the report. I also acknowledge the comments made by the previous speaker in referring to the report's conclusions, which suggest three avenues that could be considered by government in reviewing the 8 per cent rule. They are:

Phase-out linked to industry adjustment program

Retain a cap in regional Victoria

Cap on market share

The government looked at the recommendations and decided that we should retain the 8 per cent rule.

I note the comments in the report about a cap on market share, and I ask the Minister for Police and Emergency Services or the minister in another place who is responsible for the proposed legislation how a cap on market share would be implemented. It would be difficult to implement. I also suggest there would be great difficulty in implementing a cap in regional Victoria. What do you regard as country Victoria? We have three parts of Victoria — metropolitan Melbourne; Ballarat, Geelong, Bendigo and the Latrobe Valley; and the rest of us. Do you divide Victoria into three parts and try to get a cap on those who have licences in regional Victoria?

It is a dilemma for the government, but there needs to be some mechanism to protect small, independent packaged liquor retailers. Earlier this year the government said it would retain the 8 per cent rule but it would be phased out over time. The government needs to focus not only on the amendments to the principal act that are now before the house but also on changes

implemented in 1998 that have caused some of the problems we now have.

Essentially, the bill seeks to protect the 8 per cent rule, but the problems we have had with the 1998 amendments have complicated the issue even further. They took the general purpose provision out of the act, and it is no longer a major part of the 1998 act as it relates to general licences. A person who holds a general licence could be predominantly a packaged liquor seller. That issue needs to be looked at.

The 1998 amendments changed the interpretation of the act so that the time of determination is used to determine the numbers that can be held to maintain the 8 per cent rule. The large retailers and supermarkets want to extend their licences, and they have sought every possible legal method to extend their licences beyond the 8 per cent rule.

Mr Maclellan — It is shocking.

Mr JASPER — It is a fact of life. The honourable member for Pakenham knows only too well that the legal fraternity looked at all sorts of methods to extend the licences of the organisations they represented, the large supermarkets. The government has had a difficult task in bringing in legislation to curtail the circumvention of the 8 per cent rule. Therefore the amendments before the house have become an issue.

The removal of the public need criterion is another issue. In years gone by that criterion has been removed from the act and put back in. It needs to be reviewed to ensure that the implementation of the 1998 amendments does not enable retail bottle licences to be held beyond the 8 per cent rule. I have some concerns about the departmental report and the methods it envisages for phasing out the 8 per cent rule.

I was interested to read and re-read the second-reading speech of the Minister for Police and Emergency Services and the briefing notes. The focus of the bill is to close off the loopholes relating to section 23 of the principal act, which refers to the 8 per cent rule. The government announced its response to the key elements of the report, including retaining the 8 per cent rule to the end of 2003, when a gradual phase-out will commence. The minister's second-reading speech indicates that the phase-out will take place but does not explain how it is to be done. The speech then sets out the difficulties involved in the phase-out. I was particularly interested in one paragraph of the speech, which states:

> The advance notice of a gradual phasing-out of the 8 per cent rule is critical to a successful transition by small business to a changing environment. It provides them with the necessary time to reconsider their business strategies and also enables the government to continue its work with the industry in developing innovative long-term strategies that build on the strengths of small liquor retailers. Consumers will also benefit from this approach as they will continue to be served by a truly competitive industry comprised of a diverse group of retailers that satisfy their particular needs.

That is absolute garbage.

Mr Maclellan — Whoever wrote that had a Jesuit education.

Mr JASPER — Is that what it is? Those sorts of comments give no indication of how the government will protect small business and small retailers. I accept that the question of how to protect small retail liquor outlets is a huge dilemma for the government.

The Australian Hotels Association and other organisations the National Party has contacted do not oppose the legislation. They agree that the industry needs to move forward and meet competition policy, and its members have been able to do that, but how can those small businesses continue to be protected? The only factor the government does not mention in the paragraph I quoted is price, and price is the key — unless you can be competitive with price, you are in real trouble.

I recall the problems we had in the baking industry. The honourable member for Pakenham would recall the 30-mile rule we had for the cartage of bread. You were not able to cart bread more than 30 miles. The idea was to protect the small bakers, but people got around the rule. Along the border between Victoria and New South Wales they would bake the bread in Wodonga, cross the border into Albury, go along the border and re-enter Victoria in Echuca.

Mr Steggall — That is when we used to have bridges.

Mr JASPER — I would like to talk about that issue as well; don't get me started.

The cartage rule was being circumvented. The government of the day was trying to protect the small bakers, but they got into such difficulties that they could not compete. This does have relevance, Madam Acting Speaker. A small baker in Rutherglen told me that he was in real trouble because the two supermarkets in Rutherglen were getting their bread from a manufacturer who was not in Rutherglen but who was crossing the border to circumvent the 30-mile rule. They were selling bread in Rutherglen and Yarrawonga at 5 cents a loaf. That forced this small

businessman out of business. He spoke to me about his dilemma. I told him that he had to ensure that he had the best product and that he provided the best service and he had to try to achieve the best price. He told me there was no way he could compete, and he sold out to one of the large bakers.

The irony in all this is that — this is where the liquor industry must be more proactive — people in the baking industry became innovative, and we saw the advent of hot bread shops. Bakers came back in and specialised in providing particular types of bread and other products that suited the market. Everyone knows about Tom O'Toole's bakery at Beechworth, it is a huge business. These people have met the market.

Coming back to the Liquor Control Reform (Amendment) Bill, the government needs to be innovative in protecting these small liquor businesses. Being in small business is difficult. I have grown up in small business, and I understand the problems of competing in that area. This is a difficulty the government must address. The bill seeks to continue to protect retail bottle merchants and outlets in the liquor industry but the problem for the government is being able to produce appropriate legislation.

I will not go through the bill clause by clause, because that should be done in the committee stage. In recent years in this Parliament we have rarely got into debate in committee. That is a disappointment. As the Clerk would know very well, contributions to the second-reading debate should not refer to the bill clause by clause, as that is properly left for the committee stage. In recent years governments have indicated what bills will be debated by 4.00 p.m. on a Thursday, and if out of six bills only two are debated by the end of the sitting week the other four go through undebated. It is disappointing to see that situation developing in Victoria. It means we do not have appropriate debate on legislation. We should go back to the normal procedure in dealing with legislation where the broad parameters and principles of the bill are debated during the second-reading stage and the clauses of the bill and any amendments are dealt with in the committee stage.

In summary, I indicate that the National Party will be supporting the legislation, but it has serious concerns about the maintenance of the 8 per cent rule and how small businesses in particular can be appropriately protected in the future.

I am not adamant about the 8 per cent rule, but I am adamant about trying to protect small business, which is the difficulty facing all industries. The amendments are detailed in the second-reading speech and the bill itself. They seek to protect the 8 per cent rule and interpret what is a genuine packaged liquor licence. A general licence cannot be taken over so as to circumvent the rules and become a packaged liquor outlet. The reference to service stations is interesting. The service station in question is a Shell roadhouse in north-eastern Victoria. Although its major purpose is that of a service station, it managed to secure a packaged liquor licence.

I appreciate the briefings provided through the offices of the Minister for Small Business. The explanations of the legislation and the amendments were clear and helpful. I understand why the amendments have been brought before the house in seeking to protect the 8 per cent rule. Under the amendments if licensees breach the 8 per cent cap and do not comply within 12 months they would become subject to further provisions of the act that would restrict them from being able to shift the licence but must reduce the numbers.

The retrospective part of the legislation takes it back to January 2001. I have always opposed retrospective legislation because of its implications. The only saving grace is that the government announced its intentions in January. The former parliamentary regulation review subcommittee, of which I was a member, generally opposed regulations of a retrospective nature. The National Party does not oppose the legislation but expresses great concern about the retrospective aspect of the bill and the difficulties for the government in maintaining the 8 per cent rule.

Mr ROBINSON (Mitcham) — I will commence my contribution by making two declarations. Firstly, my wife has a small parcel of Coles Myer shares, and secondly, I imbibe. I make that confession.

Mrs Peulich — Sacramental wine only!

Mr ROBINSON — I think I do it in moderation most of the time. The honourable member for Murray Valley made several interesting points. He reminded the house of the contribution made by a former member for Benalla, Tom Trewin, and the good work he did in this field. The Liquor Control Reform (Amendment) Bill provides honourable members with an opportunity to reflect on the contributions of honourable members who have served in this place over many years.

One that comes to my mind is David Gaunson. I should preface my reflections on Mr Gaunson by saying that I do not expect his contributions will be as distinguished as those of the former member for Benalla. David Gaunson had a close association with the licensed liquor trades. He served in this place between 1875 and 1889. During that time he managed to attract his own

infamy for a couple of reasons. He was a paid representative of the Licensed Victuallers Association and history records that he threw himself into his duties with great zeal. One of the histories in the parliamentary library comments that for most of his public appearances he seemed to be intoxicated. That devotion to duty is to be both commended and frowned upon.

He went further than that, however. He was described as a consultant to John Wren. This was in the 19th century when 'consultant' was a relatively new employment description. Perhaps those two things prepared him well for his starring role as counsel for the defence of Ned Kelly at his trial in 1880. Let it be said that it was not the most successful defence. He made an interesting contribution in this place with his association with the liquor trades.

The bill has three clear aims. Firstly, to ensure that the 8 per cent limit on holders of packaged liquor licences is effective. Secondly, to ensure that the predominant activity carried on under a packaged liquor licence is the retail sale of liquor for consumption off the licensed premises. That amendment is necessary to the principal legislation by virtue of the trend towards hotels being purchased and renovated exclusively for the purpose of selling packaged liquor. One of the first hotels to be converted for such premise was located opposite the Caulfield racecourse. It was a smart way of getting around the existing legislation.

Thirdly, to strengthen the prohibition against granting a liquor licence in respect of premises situated within a petrol station. The honourable member for Murray Valley referred to the decision of the Victorian Civil and Administrative Tribunal on premises at Bright. No honourable member would argue that the third aim of the bill is undesirable. Indeed, it is desirable.

Since the bill was drafted events have occurred that have challenged the government's policy on the 8 per cent cap. A challenge has been mounted by Woolworths through its acquisition of Liberty Liquors, which has taken its share of packaged liquor licences to close to 9 per cent.

At the same time, Woolworths has indicated an interest in acquiring the Franklins chain, which includes a number of packaged liquor licensed outlets. If that acquisition were to proceed as Woolworths desires, its share of packaged liquor licences would rise to 11 per cent.

The action by Woolworths has shown up the deficiency in the 1998 principal legislation, which has no teeth to stop such acquisitions and breaches of the packaged liquor licence cap. This is despite the claims of the previous minister — the honourable member for Brighton, in her former role as Minister for Small Business under the previous government — who insisted a number of times, when asked in the Legislative Council as close to the last election as 25 May 1999, that 8 per cent was 8 per cent and that 'the government will enforce the law'.

However, *Hansard* does not record whether the minister had her fingers crossed, because although 8 per cent might be 8 per cent, the principal legislation passed by the previous government, which the bill amends, has no capacity to deal with the Woolworths acquisition and subsequent breach of the 8 per cent rule. The principal legislation does not stop companies such as — —

Mrs Peulich interjected.

Mr ROBINSON — The honourable member for Bentleigh refers by interjection to some drafting problems. Some problems! Multinational companies can defy the Victorian government over the 8 per cent rule. It beggars belief that the previous minister, or her office, did not have the foresight to anticipate that a large retail chain such as Woolworths or Coles Myer might seek to acquire additional licences in the manner in which that has occurred. Although 8 per cent was apparently meant to be 8 per cent, the principal legislation that had been introduced a year earlier had no teeth to enforce it.

The house amendments, which address the weaknesses in the previous government's legislation, put the industry on notice — although the industry has been on notice since 1998. However, the key elements of the house amendments are as follows.

Firstly, a person or company that takes control of a packaged liquor licence or general licence must notify the director of liquor licensing. Secondly, a licensee who breaches the 8 per cent limit will be required to comply with the cap within 12 months, with an exceptional circumstance arrangement for an extension of 90 days. Thirdly, if the licensee does not adjust its holding within 12 months, any licences above the 8 per cent limit will cease to operate. Fourthly, the licensee will not be permitted to relocate any of its licences while its holdings are above the 8 per cent limit. These amendments are entirely reasonable if we wish the 8 per cent cap to have any meaning. Unfortunately, we have inherited legislation which is deficient in that regard.

I had hoped that opposition members would have expressed greater enthusiasm for this bill, because it allows the Victorian government to stand up to a powerful multinational company whose interests have more to do with extracting greater commercial power and returns in the marketplace than with looking after small business operators.

We should make no mistake: Woolworths is trying it on. It has been as conscious as anyone else of the 8 per cent rule since its introduction in 1998. Woolworths is pushing the envelope in defiance of the previous government and the current government. The difference is that the Bracks government is not prepared to tolerate Woolworths' attitude. It is refreshing that a government is standing up to a multinational company that seeks to defy it. At a time when there is community anxiety about and resentment of the power and influence of multinationals, this bill is a reminder that state governments still have the power to stand up for their communities if the desire is there. No-one should be mistaken: the desire of the Bracks government is to stand up to multinationals on behalf of small business.

The influence of the Woolworths group should not be underestimated. Its web site indicates that the group includes 13 store brands — that is, Woolworths, Safeway, Food for Less, Woolworths Metro Supermarkets, Mac's Liquor, Dan Murphy's, Cheaper Liquor, Plus Petrol, Big W, Crazy Prices, Dick Smith Electronics, Dick Smith Powerhouse and Tandy Electronics, as well as Australian Independent Wholesalers.

Woolworths is an extraordinarily powerful commercial entity whose intention is to grow stronger and stronger. It has shown scant regard for the 8 per cent rule in the 1998 legislation.

I believe this legislation will be greatly welcomed by Victorians, especially by those who earn their living in the liquor trades, particularly in small retail liquor outlets. I congratulate the Minister for Small Business. I believe she is doing an outstanding job. She is showing the former Minister for Small Business how that job should be done. She is firstly standing up to a multinational and I think that is refreshing. I cannot remember the last time that legislation in this place was so directed at multinationals, but this certainly is. Secondly, she is tempering the unbridled push to absolute competition.

We have had in the contributions to date some suggestion that the government has yet to indicate how it will deal with the national competition policy arrangements where limitations or caps of this sort are considered to be in some aspects anticompetitive. That decision will be made in good time. The government has clearly indicated a consultative process getting to a point closer to 2003. Weaker governments would have buckled. Those that worship freely and regularly at the altar of absolute competition would have complied, would have buckled, would simply have said to the National Competition Council, 'We do not think that principle can be bent. We do not think that principle can be compromised in any regard and we will remove the cap automatically'. This minister and this government have chosen not to do that. They have indicated that the cap will remain as protection — and that is what the cap represents — for small business until such time as an alternative arrangement which satisfies competition principles can be struck.

I believe the minister deserves congratulations for ensuring that the proposed amendments, which were unusual in that they are substantial and have arisen after the bill was first drafted, were sent to the parliamentary Scrutiny of Acts and Regulations Committee. She did not have to do that. The committee would have had a right to report on the amendments, given that they contain a section 85 provision, but she chose to do that, and that is also refreshing. That again demonstrates that the Bracks government insists on much higher standards in the way legislation is formulated and introduced into this place. We have had some comment that the section 85 provision in some way is unreasonable or — —

Mrs Peulich interjected.

Mr ROBINSON — Or somehow is hypocritical. I invite the honourable member for Bentleigh, who leads the charge on this front, to indicate where it is that this side of politics has ever said that section 85s are unreasonable. I do not believe we have ever made that claim directly. What I think she will find, if she bothers to do the research — and maybe that is a big 'if' — is that we have claimed in the past that they have been abused. There is no abuse in this case of introducing a section 85 provision that helps small business operators in this state stand up to a multinational — no abuse whatsoever, given that 8 per cent is 8 per cent is 8 per cent. And the previous government is on record as having said it was going to enforce the 8 per cent rule, except it did not indicate how it intended to do it.

There is not one skerrick of abuse in a section 85 provision of that type. What we have said clearly in the past is that there have been circumstances where section 85 provisions were inappropriate. I believe that is a view this government will continue to hold.

The legislation is greatly welcomed because it indicates that the Bracks government is standing up for small business. I am sure the honourable member for Murray Valley joins with us in doing that. He made his comments apparent a few minutes earlier. The government stands up for ordinary Victorians who are concerned about the rising power of multinational corporations who give less and less respect to states in this country. It stands up for the interests of Victorians who want to have a diversified retail liquor industry. I believe it is terrific legislation that reflects extraordinarily well upon the Minister for Small Business, and I commend it to the house.

Mr HARDMAN (Seymour) — It is a pleasure to be able to speak on a bill that implements government policy. The Liquor Control Reform (Amendment) Bill does exactly that. It is another government election commitment that especially relates to small businesses, which are very important to the Seymour electorate. Many small business operators in the community are making a living for themselves from those small liquor outlets. By retaining the 8 per cent rule for this term of office and closing the loopholes that undermine its legal effectiveness, the government is delivering the key policy commitments contained in 'Taking care of small business'. The Bracks government has done that very well since taking office. It has taken care of small business, as emphasised by its $774 million worth of business tax cuts.

The bill is necessary because more major packaged liquor outlets have been circumventing the legislation through the loophole. It has allowed them to hold greater than 8 per cent of licences. The loophole is that if they own just less than 8 per cent prior to applying for a licence to buy a certain company or store, then Liquor Licensing Victoria will actually allow them to buy X amount more. I believe the present situation is that after a sale that is going through at the moment, Coles Myer and Woolworths will end up holding 17.5 per cent of liquor outlets, which equates to 40 per cent of the market by sales.

When the small business task force travelled to Seymour last year I was pleased to see the interested retailers who turned up to voice their opinions about the 8 per cent rule. They were pleased that the government was sticking to its promise. That is something I believe we will be remembered for for a long time, because it stands us apart from the Kennett and Howard governments, which betrayed Victorians and Australians in public time and again. The consultation was genuinely appreciated and noted by the local liquor outlets, two of whom had just started up new outlets in the Seymour district. I think they were pleased to know they were going to be able to establish their businesses under the 8 per cent rule.

The law will be retrospective as well, which is important. It relates to the time the minister announced it, which I believe was 19 January, and ensures that from the time it was announced anybody who wanted to jump on the bandwagon and get greater than 8 per cent would be able to be stopped from doing that. I believe that is a very sensible provision. Diversity in the marketplace in Victoria is something that is very special. I know from discussions in New South Wales that it can cost a minimum of $60 000 or so to buy a licence to get into a business there. That is not the case in Victoria.

The bill prohibits the licensing of petrol stations and removes the legal uncertainties created by a recent VCAT decision.

A government member interjected.

Mr HARDMAN — That is right. I listened to the honourable member for Bentleigh when she was giving her speech. She seemed to be saying that perhaps the Liberal Party is against the future removal of the 8 per cent. I believe that is another thing that comes back to government promises. What is the Liberal Party's policy? What is it going to take to the next election? That is what we need to know and have made clear before the next election.

The Bracks government has said that there is a three-year period of grace, and then there will be a phasing-out period. That has saved Victoria perhaps $12 million in national competition payments per annum. So, if the Liberal Party's policy — I am not saying it is — is that it disagrees with that and it wants to keep the 8 per cent, that means the state of Victoria is going to have a $12 million bill per annum, so I think competition payments will have to be considered.

Obviously a few issues are involved. The 8 per cent rule is not proving to be effective, and many want to change it. The government is giving the industry three years before it is phased out, and the industry will recommend the best way to handle the phasing-out period.

I congratulate the Minister for Small Business on the fantastic job she has done in standing up to multinational companies and large Australian companies.

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

Mr HARDMAN — I conclude my remarks by recognising the Minister for Small Business as a champion of small business. This bill goes some way to proving that by providing competition and diversity in the liquor industry through the 8 per cent rule. I also commend the minister for standing up to the major companies and multinationals by introducing a bill that allows smaller businesses to thrive while finding ways to compete into the future. The bill sticks to the important policy we set before the last election, under pressure from national competition policy. The minister obviously consulted widely, talking to people in my electorate as well as many others across the state, finding out what the industry wanted and doing exactly that. I commend the bill to the house.

Mr STENSHOLT (Burwood) — I support the Liquor Control Reform (Amendment) Bill which, as I am sure the house will appreciate, is appropriate for its time, particularly in my electorate, where there are many small businesses that will benefit from it. My landlord and next-door neighbour has a packaged liquor licence. He is a small businessman, along with many others in shopping centres in my electorate. One of them chairs the group of licensees who are very much affected by this bill.

I should advise the house before going any further that I have some shares in Coles Myer, which holds liquor licences in Victoria.

The purpose of the bill is to ensure that the 8 per cent limit on holders of packaged liquor licences remains effective. The house is aware that some traders, particularly Woolworths, have sought to acquire other licences through backdoor methods in an attempt to circumvent the 8 per cent limit. Obviously that is totally against the intention of the Liquor Control Reform Act. Trying to get extra licences through the back door by acquiring other companies is completely untoward. Therefore my constituents and I are pleased about the bill.

As I am sure the house will be aware, I have made it a point to talk to small businesses in my electorate. I am a member of the traders association of Burwood Village, where my office is situated. I am also a member of the Ashburton shopping centre traders association. Only this week I had the good fortune to address the Camberwell business forum. I have maintained a close connection with all businesses in my electorate, small, medium and large, because it is important that parliamentarians serve all Victorians. The objective of the Bracks Labor government is to look after the whole of Victoria, which includes businesses.

As honourable members know, many liquor licence-holders have benefited from the government's recent tax reforms. As I have said, I sent out surveys seeking their views on the recommendations made by the Harvey committee. Some — at least three — of the liquor licence-holders returned the survey. I was pleased with the excellent result that the Treasurer and the government came up with. It has been much appreciated by packaged liquor licence-holders, as well as other business people in the electorate.

The bill reinforces the provisions in the Liquor Control Reform Act by making sure that the number of licences for any one organisation or company is limited to 8 per cent. I have discussed this with the president of the organisation to which I referred, as well as several other holders of packaged liquor licences. They appreciate the fact that this government listens to the people of Victoria. I am proud of the Minister for Small Business, who gets out and does things. If she says, 'We are going to limit these things', she puts forward a bill and gets things done.

The bill contains a large number of amendments to the original act. The Scrutiny of Acts and Regulations Committee, as the honourable member for Mitcham said, has examined the bill and regards it as another example of the good governance of the Labor government. It commented on the positive aspects of the bill, as highlighted by the minister in his second-reading speech.

The bill provides a 12-month transitional period so that Woolworths is able to bring down the number of licences it holds to within the 8 per cent limit. The bill ensures that that will happen. The bill also ensures that the government cannot be pursued for compensation by a company after the legislation is enacted. It provides that no compensation is payable by the state or the director to any person or for any loss or damages as a result of the enactment of the provisions. I commend those important amendments to the house.

Mrs Peulich — You are filibustering.

Mr STENSHOLT — I am not filibustering; the bill is important for small business. The government is serious about helping small businesses. We do not mock them, as the opposition does; we care about them. We do not make smart comments about them. The government has acted sensibly by introducing protective legislation as the Labor Party promised it would do during its first term in government. This is serious legislation that should not be mocked.

The bill ensures that the predominant activity carried out under a packaged liquor licence is the retail sale of liquor for its consumption away from licensed premises. It also strengthens the prohibition against granting a liquor licence on premises situated within a petrol station. I understand recent Victorian Civil and Administrative Tribunal determinations threw into doubt the concept of not selling packaged liquor at petrol stations. Therefore, the government has sensibly strengthened the appropriate provision to ensure liquor is not for sale at petrol stations or other such businesses, thereby preventing people procuring liquor while they fill up their cars. Society is responsible for ensuring that the sale of liquor is properly regulated.

Some honourable members would recently have read about the survey of teenagers and how their attitudes differ on a range of matters, including the consumption of alcohol. The survey found that teenage girls now seem to have a more relaxed attitude about drinking, which is of concern. I have had experience of the teenage drinking problem. At one stage I ran a home for teenagers. Sometimes, unfortunately, I was forced to go out and collect drunk teenage girls off the street; they had to be looked after. It is important that society look after particularly vulnerable teenage girls by providing the necessary legislative or regulatory framework to control the way liquor is made available in the community. The provision that strengthens the prohibition against granting liquor licences for the sale of liquor on premises situated within petrol stations is sensible and will close a potential loophole that could have arisen as a result of the recent VCAT decision.

Clause 8 closes the loophole regarding the 8 per cent limit, and there are a whole range of provisions about voting powers and matters that must be taken into account by the director. He must take action to ensure licences are not provided outside the 8 per cent limit. It is excellent and detailed legislation that makes sure the principal act will be properly adhered to in the future. The government wishes to ensure that the bill confines owners to only 8 per cent. I know competition policy is a relevant factor in the regulation of the industry. The government is aware of that but believes sensible transitional provisions should be brought into effect in implementing competition policy.

There are examples, and this is one, of industries that have been deregulated too quickly. I notice there is now a backlash against competition policy. In recent elections there has been a stronger interest in the rate of implementation of deregulation or national competition policy in Australia.

I have sometimes been concerned that the almost too-rigorous application of competition policy through the competition gurus, including Graeme Samuel, has led to competition policy being pursued as though it were a religion. In the liquor industry the government has introduced a sensible transitional policy that maintains the 8 per cent limit for packaged liquor for the government's first term of office, and it is not sure what will happen after that. The government will keep a close eye on the industry. The number of licences is increasing, and it may not be necessary to adhere to the 8 per cent limit, but the government has made a promise — and it keeps its promises.

As I have mentioned, the Minister for Small Business has taken a firm stance on the matter and has maintained the 8 per cent rule under quite difficult circumstances. One of Australia's largest retailers, Woolworths, which is known as Safeway in Victoria, is seeking to circumvent the act by expanding and acquiring additional licences. That company may be well over 8 per cent and may already be over 9 per cent, and there are suggestions it might be approaching 11 per cent. The minister has introduced the bill to tighten up such matters and ensure that companies such as Woolworths will not exceed the limit or will bring its proportion of licences back to the 8 per cent limit, thereby keeping faith with small businesses in Victoria that are holders of packaged liquor licences.

The government is very much attuned to the needs of small businesses in a range of industry sectors — for example, we are well attuned to the needs of self-funded retirees who have received great benefit from the recent taxation reforms of the government. Some 46 000 businesses have benefited from that. After receiving several hundred representations from small businesses and self-funded retirees in my electorate I said, 'We should reverse what the Liberal Party has done. It lowered the threshold on land tax from $200 000 to $85 000'. I went out and argued — —

The ACTING SPEAKER (Mr Seitz) — Order! I direct the honourable member back to the bill. Discussion of land tax is stretching it a bit far.

Mr STENSHOLT — As I mentioned, Mr Acting Speaker, at least three of those who approached me on the land tax were packaged liquor licence-holders. Indeed, they filled out my business tax survey form. I admit they were against the land tax and in favour of a reduction of payroll tax. They wanted sensible tax reform in Victoria and appreciated the fact that the Minister for Small Business was standing up for them and that I, as their local member, was also standing up for them. I made sure that their points of view were

well and truly listened to by the Bracks Labor government.

That is what actually happens under Labor, and it gets results. As the honourable member for Mitcham has so eloquently expressed, there have been extensive consultations on the bill. I have been into the liquor store owned by the president of the industry group and have over the last 18 months had several discussions with him on the bill. He reminds me persistently of Labor Party policy on liquor control reform and I convey to him messages from the minister. He uses me as a conduit to convey messages back to her, too.

I believe this is effective and timely legislation, and will be supportive of small business people who are holders of packaged liquor licences and supportive of people who are supportive of me — namely, the members of the trading association of which I am also a member.

Mr CARLI (Coburg) — I am pleased to support the Liquor Control Reform (Amendment) Bill and its proposed amendments, and even more pleased to follow the contribution of the honourable member for Burwood. It is a pity that in this Parliament we have changed standing orders to reduce speaking time to only 20 minutes. Sometimes there is considerably more to be said about the commitment of this government to small businesses.

Mr Leigh — On a point of order, Mr Acting Speaker, why not ask for an extension?

The ACTING SPEAKER (Mr Seitz) — Order! There is no point of order.

Mr CARLI — It is important to express the government's strong commitment to small business. I, like most government members, have been fortunate to be present at meetings of small business people in our communities with the minister to talk about government policies and directions. That procedure, certainly in the Brunswick and Coburg area, has been a long time coming. It was great that the minister came and spoke to small business people there.

This amending legislation is another indication of the commitment to small business of the minister. The Minister for Small Business in the previous government used to say that '8 per cent means 8 per cent'. She said it on a number of occasions, but her statement did not remain true under that government. Woolworths, for example, when it had 106 licences, one licence short of its 8 per cent quota, applied for a whole bundle — 13 in all — and all in one go. That was clearly a breach of the rules and a clear indication that the previous minister was not prepared to protect small liquor retailers.

The 8 per cent rule was introduced some 19 years ago to protect the small liquor retailer, and it has mostly functioned effectively. Certainly my local community has maintained a number of good, small specialist liquor retailers, and has not allowed the Coles Myer group or the Woolworths group to wipe them out. Nevertheless, over the 19 years we have seen attempts by the two big companies to swallow up smaller liquor providers and smaller chains and to flout the rules to ensure that 8 per cent did not mean 8 per cent. They have found opportunities and the gaps in the previous legislation to come in and buy licences or to take hotel licences and convert them to full retail stores. There was a clear breach of the ceiling that was introduced 19 years ago to protect the smaller liquor chains and their ability to service communities.

This is an important amendment because it ensures that 8 per cent is 8 per cent, and the government seeks compliance from industry. Limits will be put on packaged liquor licences and the government will clamp down on the practice of taking hotel licences and converting them to packaged liquor licence outlets and, as the honourable member for Burwood indicated, will prohibit the granting of liquor licences to petrol stations.

The government is proud to introduce the bill, which is a response to a thorough review of national competition policy. It has recognised that there must be changes as a result of national competition policy and a phasing out of the 8 per cent rule. The government must ensure that industry is able to adapt and that business and marketing strategies are in place to help the liquor outlets to ensure they can be competitive.

The other thing that came out of the review is that Victoria has a competitive industry. The 8 per cent rule has not taken competition out of the liquor industry; it is highly competitive. It includes the two large companies that control a large component of licences. Something like 40 per cent of packaged liquor goes through the Woolworths and Coles Myer chains. Nevertheless, a series of smaller firms and chains throughout Victoria have been intensely competitive and have been able to build up a diverse range of outlets, meeting the increasingly sophisticated palates of Victorians while also meeting the increasing diversity of our lifestyle and entertainment.

Victoria has an industry that has done well through the establishment of caps 19 years ago, but clearly it is an industry that will have to undergo a series of changes. The government is trying to ensure that that is done in a sensible way that does not simply cause maximum damage to small liquor stores. Unfortunately, in terms

of national competitive policy, the 8 per cent rule will not of itself determine the survival of smaller outlets. Their ability to be innovative and meet market niches will ensure that.

The government is ensuring their survival in the short term and their ability to move and organise themselves for the period of change that is coming up. It is important that it is done in a sensible way, and the way the government has reacted and responded to national competition policy in a whole raft of areas ensures that competition does not just mean unleashing market forces in situations where people cannot cope. It provides for an orderly transition and, in cases where competition is not justified given the public good, for the government to take a stand and justify its position. That has been clear in many areas of government review.

The government wants to clamp down on what Woolworths has done. Recently the company bought out Liberty Liquors, which takes its share to 9 per cent. It has also indicated that it wants to buy the 25 Franklins liquor outlets, giving Woolworths an estimated 11 per cent of the liquor licence outlets, although it has considerably more than that in terms of market share. The company has challenged the government's position on the 8 per cent rule; it has flouted the current rules and has treated the government with a level of contempt in terms of its desire to maintain the cap at 8 per cent and to have an orderly transition where the 8 per cent is beginning to disappear.

Clearly, the legislation put in place by the previous government under which the former Minister for Small Business said that 8 per cent meant 8 per cent was toothless. This bill ensures that the government will act against Woolworths, which is clearly trying to defy the government by trying to find every loophole possible to increase its number of liquor licence outlets. The government is saying to Woolworths that it will not accept its defiance; it will not tolerate what the company is up to at the moment. The government wants to ensure a varied industry in terms of liquor licence outlets, but the industry should not be completely deregulated so that liquor can be sold in petrol stations and supermarkets. The government wants to be in the position of driving competition without completely deregulating the industry.

That is also important for public health. The honourable member for Burwood presented a compelling case for the importance of the government protecting young people. While liquor is there to be enjoyed, it has to be in moderation and there must be a level of understanding and education so far as alcohol is concerned. It is a flaw in previous legislation that alcohol could be sold at petrol stations, and that practice must be stamped out for the simple reason that there should not be an association between driving and drinking alcohol. The government is committed to driving down the road toll and ensuring safer road conditions. We do not want to create a nexus between alcohol and driving.

This bill has been driven by a minister who is committed to small business. She has done an outstanding job in visiting small businesses throughout Victoria, including those in areas that have not seen a Minister for Small Business or a Minister for Consumer Affairs in at least seven or eight years. Certainly ministers in the previous government never visited them. The former minister, now the Deputy Leader of the Opposition, oversaw the implementation of legislation that had no teeth. She had little interaction with small business and had nothing but compliments for the introduction of the GST, which has totally devastated small businesses throughout Victoria. Where was the Deputy Leader of the Opposition, the former Minister for Small Business, when the devastation caused by the GST commenced? She was nowhere to be seen.

The ACTING SPEAKER (Mr Seitz) — Order! I ask the honourable member to come back to the bill.

Mr CARLI — In recognising the hard work done by the Minister for Small Business it is important to realise that she has given the legislation teeth. More importantly, she is prepared to take on the big companies that are trying to swamp liquor licensing. The big companies defy governments and seek to dictate how they should legislate. They have total contempt for the legislation and seek to find every flaw and loophole in it. Victorians recognise the importance of governments taking a stand for small business battlers over big business — and if any piece of legislation reflects that, this bill does.

This is an important time for liquor licensing. Woolworths is in breach of the Victorian cap by a large number of licences. If Coles Myer finalises its $54 million takeover of the Australian Liquor Group, it will also go over the 8 per cent cap. That will not be good for the liquor market, because it will create a duopoly. If those two big giants abuse the legislation by forming a duopoly and exceeding the 8 per cent cap, the government will step in.

The government talks to small businesses and is prepared to stand up for them. It is important to draw

the distinction between the government and the opposition, which is prepared to bat for the big corporations.

The government will continue to introduce legislation of this type, because it protects those who need protection from preying giants. The government wants to clamp down on big businesses flouting the legislation by trying to find loopholes in the 8 per cent rule. The government wants to create responsibility in the marketplace and improve public health, which is why this important bill is before the house. The government also wants to ensure that service stations are not able to sell alcohol, so it is pleased with the proposed amendment.

The practices of Woolworths and Coles Myer have created considerable uncertainty. This bill will clarify once and for all that this government is willing to take a stand. I have some fantastic liquor outlets in my electorate, from whom I often buy alcohol. I often share a glass with those small business people, so I am pleased to stand up for them by supporting the bill. I am proud to say that I also stood up for small businesses when the GST was introduced — and I will continue to stand up for them. I will ensure that they have access to the Minister for Small Business and the government so that the consultative processes the government has begun can continue.

I emphasis that if it comes to choosing between the big conglomerates that are trying to corner the retail sector and small firms and shopkeepers, I will stand up for the latter, as will this government. It will ensure that it does everything possible to stop the preying practices of big business in the liquor marketplace and other sectors of the retail industry.

I am pleased to have followed the honourable member for Burwood, whose fine contribution emphasised what this government is about. I can only add to it by saying that the government has consulted and is still consulting in standing up for the battler.

We will continue to do that inside and outside the Parliament. It is a pity that we saw so little of the same backbone from opposition members in defence of small business when they were in government — and in particular, in response to the GST and other legislation affecting small business in the state.

Ms OVERINGTON (Ballarat West) — Before speaking on the Liquor Control Reform (Amendment) Bill, I state that I do not have any shares in any company that would affect or influence my contribution to the debate.

Honourable members interjecting.

Ms OVERINGTON — It was suggested by a previous speaker that that should be stated up front, and I am more than happy to do that.

The bill is mainly about the imposition of the 8 per cent limit on packaged liquor licences. We know what has brought this to a head — the Woolworths corporation exceeding the limit on licences for packaged liquor. In 1998 the then Minister for Small Business, Louise Asher, introduced legislation to contain packaged liquor licences to 8 per cent. Unfortunately, Woolworths is now testing the government and the market and is currently exceeding the number with 9 per cent of licences.

With the unfortunate demise of Franklins — I say unfortunate because there are two Franklins stores in my electorate — —

Mr Mulder — Have you got shares?

Ms OVERINGTON — I have no shares whatsoever. I do not play the share market. I am pretty puritan in that area.

As I said, I am concerned about the sale of Franklins. Unless the company is purchased by another like-minded supermarket chain it will mean job losses in Victoria. It seems that Woolworths is the most likely candidate and is showing an interest in buying up the Franklins chain. Is it interested because it will be able to sell more groceries or because it will be able to increase its share of packaged liquor licensing in Victoria to above 11 per cent? I suggest it is to take the share of the market above 11 per cent.

At the moment Woolworths is flaunting the legislation. To allow it to exceed beyond the current 9 per cent to 11 per cent is not — —

Mr Baillieu — Flouting rather than flaunting perhaps?

Ms OVERINGTON — I do not care what the word is — perhaps because I did not have the benefit of one of those private schools like you did!

Honourable members interjecting.

Ms OVERINGTON — No, mine was a good old Catholic school. It was a bit like — —

Mr Mulder — On a point of order, Mr Acting Speaker, perhaps the honourable member would like to provide a financial analysis of her statement of how the

change from 9 per cent to 11 per cent will impact on the Victorian economy.

The ACTING SPEAKER (Mr Seitz) — Order! There is no point of order.

Ms OVERINGTON — I commend the City of Ballarat for the fabulous display it has had in Queen's Hall over the past two days. It has been absolutely brilliant! It was a wonderful display of our local wineries. Over the past few days, if anybody wanted a taste of beautiful Ballarat they had only to visit Queen's Hall and partake of the wine.

In Ballarat we also have a number of small business liquor outlets — some of them are very small. They are family businesses and they have to compete with supermarket chains which currently open seven days a week. They open liquor outlets to extraordinary hours at night and small family outlets cannot compete. Previously the 8 per cent limit gave them protection. To exceed the limit will wipe them out.

Honourable members interjecting.

Ms OVERINGTON — The government has been supportive of small business. It has provided $774 million in business tax cuts of which the small businesses who retail packaged liquor in Ballarat — —

Honourable members interjecting.

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

Ms OVERINGTON — Many small businesses in Ballarat retailing packaged liquor will benefit from the $774 million tax cuts. I congratulate the Minister for Small Business for consulting so broadly, including many of the small corner stores in my electorate. The minister came to Ballarat on a number of occasions to consult with small liquor outlets. All of them told her that the government must retain the 8 per cent rule. These are small businesses that the government says are the source of employment growth.

An opposition member interjected.

Ms OVERINGTON — Members opposite use that line all the time. Small businesses are the source of growth in employment in this state. When the Minister for Small Business came to Ballarat those small businesses told her that the government must retain the 8 per cent rule, because if it does not they will be overrun by Woolworths, Coles and the rest.

Some honourable members will know that I have a council history. I want to raise another issue that forms the background to this legislation, and that is the need to strengthen the prohibition on the granting of a liquor licence for premises within a petrol station. People right around the state have attempted to find loopholes in the legislation to enable them to establish more liquor outlets, particularly at service stations. A planning application came before the council of which I was a member. It was from a multinational-owned service station that wanted to incorporate a liquor outlet in its premises. That proposal was not agreed to. The company sought to take the matter further and go to the Victorian Civil and Administrative Tribunal, but there was a very small Chinese takeaway in Sturt Street — —

Honourable members interjecting.

Ms OVERINGTON — It had good fried rice. We were talking about loopholes in legislation. Unfortunately the company concerned purchased the little Chinese takeaway located next door to the service station. It then applied for a liquor licence, and because it was on a separate title the company was able to establish the petrol station and the liquor outlet on the same site. I know that with planning applications one should stick to the planning regulations, but there are times when the moral situation comes into play. Ballarat High School, which has 1400 students, is across the road from the service station. The police submitted an objection to the granting of the application.

Ms Duncan — As they should.

Ms OVERINGTON — As they should. However, the application got through because the properties were on different titles. We now have a huge petrol station with a liquor outlet tacked onto the side on a separate title. That means that at 10 o'clock at night you can rush down there to get a sixpack. You can drive in, get your petrol and get your beer, and if you hide it you can drink it on the way home.

Ms Duncan — Do they sell cigarettes?

Ms OVERINGTON — I am not getting into cigarettes. I would, but I was pleased to have the opportunity to speak on the tobacco bill.

Opposition members interjecting.

Ms OVERINGTON — They did see the Ballarat *Courier* today.

Mr Holding — What was on the front page?

Ms OVERINGTON — Ballarat is blooming, darling, and so were the begonias.

The ACTING SPEAKER (Mr Seitz) — Order! On the bill!

Ms OVERINGTON — This bill and the amendment to be made to it close the loopholes in the legislation. Those loopholes need to be closed. At the moment there are giant corporations out there who think they can do what they like because of their perceived power and their intimidation of governments and the corporate world. Those outlets must be closed and those corporations must adhere to the legislation and the 8 per cent limit.

This government is providing assistance for small business. This legislation will protect small business. It will keep family firms in business, and I commend it to the house.

Mrs Peulich — On a point of order, Mr Acting Speaker, there has been a call from the same side of the house for a number of speakers, I believe between six or eight. The bill is not being opposed by the opposition, and I would like to draw your attention to page 58 of *Rulings from the Chair 1920–2000* and previous Speakers' rulings on calling in proportion to ratio of members.

Mr Holding interjected.

Mrs Peulich — Everybody has a right to raise a point of order, and I would appreciate it if the honourable member for Springvale kept his mouth shut for the duration of this point of order.

The ACTING SPEAKER (Mr Seitz) — Order! Please speak through the Chair.

Mrs Peulich — I would like to quote from *Rulings from the Chair*. It states in relation to the call in proportion to ratio of members that:

> The determining factor has always been to see that a relative proportion of members on each side of the house receive a call and that the call alternates from side to side.

In view of that, Mr Acting Speaker, given that the bill is not being opposed and that there has been a consistent call from the same side of the house, I seek your guidance on the obvious filibustering and wasting of the valuable time of this Parliament in the continuation of this debate.

Mr Robinson — On the point of order, Mr Acting Speaker, I draw the attention of the house to a document which was affixed to the volumes of statutes on the other side of the table when I passed a few minutes ago. It contains a list of opposition speakers who at some stage today indicated to the managers of opposition business that they wished to speak on the bill. I do not know what the other side has arranged, but it might be that it has decided to gag its speakers. Clearly there was an intention that there be a debate. Members on this side who wished to speak indicated their intentions earlier in the day and the week. All we are asking is that those honourable members be given an opportunity to speak. If the opposition chooses to gag its members and not contribute to the debate, that is a matter for its members to sort out for themselves.

The ACTING SPEAKER (Mr Seitz) — Order! I have heard sufficient on the point of order. There is no point of order. If honourable members stand in their places, the Chair must recognise them, and which way they will speak is not for the Chair to guess until they get up and speak. Those are the standing orders and the rules I will abide by.

Ms GILLETT (Werribee) — It is my pleasure to make a contribution to debate on the Liquor Control Reform (Amendment) Bill and specifically to the amendment to the bill that has been circulated. It is my privilege to chair the Scrutiny of Acts and Regulations Committee. I have served on the Scrutiny of Acts and Regulations Committee in the 53rd and the 54th parliaments, and for the first time in a very long time the committee was privileged to receive from an outstanding minister — who forms part of an outstanding government that is not afraid to subject itself to parliamentary scrutiny of any description — a house amendment for comment.

Mr McArthur — On the bill!

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

Ms GILLETT — Without assistance indeed. This is the first time in the many years of the 53rd and 54th parliaments that the Scrutiny of Acts and Regulations Committee has received such an amendment, this time from an outstanding minister, a courageous minister, who is part of an outstanding government. This is the first time the committee has been given the privilege of scrutinising a house amendment so that this Parliament could be adequately informed of an important change being made to Victoria's constitution. The amendment was sent to the committee. Unfortunately it is required because the proposed legislation changes section 85 of the Constitution Act, which alters or varies the jurisdiction of the Supreme Court. As all honourable

members know, that is what section 85 of the Victorian Constitution Act is all about. The Scrutiny of Acts and Regulations Committee is an outstanding committee that can have vigorous debates about changes to section 85 of the constitution.

An honourable member interjected.

Ms GILLETT — The committee chair is only as good as the wonderful members she is privileged to work with.

Mr Helper — A committee is only as good as its chairperson.

Ms GILLETT — That is so kind; the honourable member for Ripon is an outstanding member. The amendment deals with section 85 of the Constitution Act relating to the jurisdiction of the Supreme Court. As I said, unfortunately it is required because of actions taken by a large and powerful corporation. That corporation, in the full knowledge of the act and with full participation in negotiations, decided that it would try it on, in the Australian vernacular. That large corporation — Woolworths — decided it had heard what the government intended to do. It understood — as it had heard it from the former Minister for Small Business, the current Deputy Leader of the Opposition — that 8 per cent was 8 per cent. Clearly, it did not believe her and she was not prepared to do anything about it.

However, Woolworths heard it from the Bracks government, and its competent Minister for Small Business took this action seriously. She decided that she would put her money where her mouth is and say to Woolworths that 8 per cent is genuinely 8 per cent, and here is the amendment that proves it. Woolworths might be large and powerful, but it should not have taken on the Bracks government in such a flagrant way and try to undermine what the government is trying to do.

The amendment came before the Scrutiny of Acts and Regulations Committee for review. Although I have enormous faith in my colleagues from both sides of both chambers, I was a little concerned that some awful element of politics might creep into our discussions. One must always keep that consideration in mind. I was surprised and pleased that the full committee debate was gloriously and harmoniously supportive of the amendment.

An Honourable Member — That is constructive.

Ms GILLETT — Very constructive. Overall, discussions were harmonious, especially when it was pointed out on one or two occasions that the former government had introduced the legislation but that the Bracks government was giving it some grunt. The Bracks government was saying that it would push through what the former government proposed but could not push through.

The amendment is all about saying that it is fine to have the words but you must have the deeds to back up what you want to do. The deeds are necessary to look after people — in this case small business people — who are not cared for by large corporations. In 2001 small business people are almost the same as the workers of 100 years ago — that is, they are largely unrepresented and it is extraordinarily difficult for them to organise themselves.

Because it is what we believe and feel, honourable members on this side of the house know the balancing factor to organised capital is organised labour; it is the harmonious balance in the universe. When there is no organised labour, capital gets out of control. Unfortunately, that is the case — —

Mrs Peulich — On a point of order, Mr Acting Speaker, I draw your attention to standing order 99 which says that no member shall digress from the subject matter of any question under discussion. I suggest that the honourable member for Werribee is canvassing issues far and wide, and I ask that you bring her back to the bill.

Ms GILLETT — On the point of order, Honourable Acting Speaker, I am going to the fundamentals of the bill and the philosophy behind it. I am not in any way digressing from the bill but merely going into the reasons why this particular amendment is critical.

The ACTING SPEAKER (Mr Phillips) — Order! On the basis that previous speakers have been allowed a little licence I do not uphold the point of order. All honourable members know that they must speak to the bill and not digress from it. At this time the remarks of the honourable member for Werribee are relevant. However, she should address the bill.

Ms GILLETT — As I was saying, the bill is necessary to protect the interests of people who, because they work long hours in highly competitive situations, do not necessarily have the capacity to organise themselves so that collectively they have real muscle — —

An Honourable Member — Grunt.

Ms GILLETT — Yes, I love that word! They find it difficult to organise themselves so that collectively their voices can be heard as loudly as the voices of organised capital. In the finest Labor traditions, through this bill the government is saying, 'We'll help to be your voice. We'll help to make sure that the voices of the financially powerful and the financially controlling will not be able to be heard more loudly than yours'. The long and the short of it is that if this government — —

An honourable member interjected.

Ms GILLETT — Short things are very good, but not short speeches on this occasion. This is an important piece of legislation, and there is also an important house amendment that honourable members will need to deal with. Although some of my colleagues on both sides of the house may feel I am overstating the point, it nonetheless needs to be made. Small business working people are often badly catered for and find it difficult to have their voices heard in any concerted way.

I am proud to be part of a government that says, 'We recognise all working people'. Even working people who traditionally might not be connected to Labor need us now, and we are not so bigoted and biased as to not represent them. Ours is a government for all Victorians, as we have said on many occasions in the past.

The Liquor Control Reform (Amendment) Bill has three main aims apart from the one I consider to be pivotal — that is, to protect working people. The first is to ensure compliance with the 8 per cent limit on packaged liquor licences; the second is to clamp down on the abuse of hotel licences whereby hotels are effectively being converted into packaged liquor outlets, as has been well covered by speakers before me; and the third is to strengthen the prohibition against granting liquor licences at police stations.

Just to set the record straight, at the time the legislation was being prepared the Woolworths chain bought out Liberty Liquors. That action increased Woolworths' share of retail liquor licences in Victoria to 9 per cent, which everybody realises is a clear breach of the statute.

Woolworths have since indicated to the government that it is prepared to buy out the Franklins chain, which consists of 25 stores. That would increase Woolworths' share of liquor licences even further above the 8 per cent limit to somewhere around 11 per cent. Woolworths has clearly — and I think foolishly — challenged the state government over the 8 per cent cap.

I am proud to say that the government has responded firmly. The amendments to the bill will invalidate the licences Woolworths holds above the 8 per cent limit if it does not divest itself of the excess within a year.

It needs to be remembered that the previous government promised that 8 per cent meant 8 per cent. However, the principal legislation — perhaps it is not so much the legislation as the previous government's lacking the will to assert itself in the fact of a powerful constituency — —

Mr McArthur — Mr Acting Speaker, I draw your attention to the state of the house.

Quorum formed.

Ms GILLETT — As I was saying before the call for a quorum, Woolworths is trying to defy the Victorian government, but this government will not tolerate that. We are putting forward legislation to stand up for Victoria's small businesses against what is, in Woolworths, a vast multinational. Victorians do not want liquor sold at supermarkets, and our legislation will prevent that.

Going back to the work of the Scrutiny of Acts and Regulations Committee, it is important to realise that the Parliament is looking at imposing limitations on an industry sector. The committee is saying that that could potentially trespass on rights and freedoms, but it has to be undue trespass. The debates we have on the committee are vigorous, as one would imagine.

If the committee is content that there has been no undue breach of rights and freedoms, it is able to report to Parliament — as it has done on the house amendment relating to this bill — that it has examined the proposed change to section 85 of the Constitution Act, notes the minister's statement in the second-reading speech and accepts that the provisions are consistent with the purposes of the bill.

It is important to note that, in an area where there could have been division and difficulty, the Scrutiny of Acts and Regulations Committee said it is fair enough — in fact, it is right and just and proper — for the Victorian Parliament and the government to say, 'We will not have the legislation flouted'. We will not. 'And we will act to make sure it cannot be flouted. We will protect the interests of working people and ensure that vulnerable small businesses are not trampled on by those who are larger and more financially powerful'. Small business realises it does not have a friend in the

Howard government any more. The GST put that myth firmly to bed. This legislation firmly establishes the Bracks government as a government that is prepared to look after working people, whether they are working in small businesses or whether they are just ordinary, working-class people.

I commend the bill and the house amendment, which comes with a glowing report from the Scrutiny of Acts and Regulations Committee to this house, and I wish them a speedy passage.

Mr HOLDING (Springvale) — It gives me great pleasure to contribute to the debate on the Liquor Control Reform (Amendment) Bill. I commence by congratulating the honourable member for Werribee, whose work as chair of the Scrutiny of Acts and Regulations Committee I watched closely. It was a privilege to listen to her draw on her experience on that committee and provide the benefits of her observation to the house. I also congratulate the parliamentary secretary, who has worked closely with the Minister for Small Business on the development of the legislation. I will refer later to the extensive consultation process that has underpinned the bill. It is appropriate to acknowledge both his work and the work of the Minister for Small Business.

The purpose of the legislation has been canvassed extensively by other honourable members, but I would like to go to some of the background of the legislation. The bill deals with a range of matters, but principally it seeks to close the loophole in section 23 of the principal act, the Liquor Control Reform Act, which established a regime of controls and regulations for liquor licensing throughout Victoria. It has become increasingly apparent in recent years that some large companies are using some of the shortcomings of section 23 to collect more than 8 per cent of the licences granted for the sale of packaged liquor, and that has undermined the credibility of the section. It is tremendous that we are now going to close off those loopholes and eventually facilitate a process to fulfil our obligations under national competition policy.

It is appropriate to put this important piece of legislation in its historical context. I would like to share with honourable members some of my concerns about the regime of liquor licensing in Victoria and the way some of those loopholes have been exploited. Perhaps we can canvass some ways to improve our liquor licensing regime and ensure that it operates in a fairer and more appropriate manner.

I take honourable members back to the election of the Kennett government in October 1992. I am informed, and I take as my source an article that appeared in the *Herald Sun* of 24 April 1993, that in mid-December 100 dozen bottles of wine commemorating the victory of the Kennett government were delivered to Mr Kennett's Treasury Place office. On 29 January 1993 Mr Kennett was granted a licence to sell $10 000 worth of wine.

Mr McArthur — Mr Acting Speaker, this is such a riveting speech, so informative and, I am sure, of such interest to many honourable members that they should all have the opportunity to hear it, so I draw your attention to the state of the house.

Quorum formed.

Mr HOLDING — Prior to the interruption I was sharing for the benefit of honourable members the circumstances following the election of the Kennett government in October 1992 in which approximately 100 cases of wine were delivered to the then Premier's Treasury Place office in mid-December, yet it was not until 29 January 1993 that the former Premier and former honourable member for Burwood, Mr Kennett, was granted a licence to sell $10 000 worth of wine.

Honourable members would be aware that if any member of the public or indeed the Premier of the state wishes to sell wine they are required to apply for and obtain a licence under what was formerly the Liquor Control Act and is now the Liquor Control Reform Act, which is the principal act under consideration in this debate. The former Premier had not done that, so on 31 March the present Minister for Health was able to tell the Parliament that Mr Kennett had sold some of the wine without a licence, and the former Premier was forced to admit outside Parliament that he had been selling wine before Christmas despite the fact that he did not have a licence.

On 1 April 1993 Mr Kennett produced in Parliament a bottle of Bob Hawke wine and tried to draw some parallels with that. On 3 April 1993 the deputy police commissioner in charge of operations, Mr Bob Falconer, announced he would be investigating the matter. On 20 April 1993 the police interviewed Mr Kennett, but they refused to indicate at that time whether he would be charged. I am able to inform the house that on 23 April 1993 the police announced that Mr Kennett would be charged on summons under section 123 of the Liquor Control Act, which was the forerunner to the principal act now being considered by the house.

The matter finally went to court. The now Minister for Health was able to inform the hearing that he obtained

his information on the former Premier's wine-selling activities from a disgruntled public servant who was annoyed at his colleagues being made to sell the wine. So we have the absurd situation of the former Premier forcing — —

Mr McArthur — On a point of order, Mr Acting Speaker, I raise a matter of relevance. It would seem to me that what the honourable member is now canvassing is far outside the ambit of this bill, which is a technical amendment to the principal act and which has very narrow confines indeed. Even providing for the Chair's normal latitude in allowing honourable members to stray beyond the strict confines of a bill during a second-reading debate, you will probably agree the honourable member has exceeded those bounds of generosity and is now going way beyond the pale. He is canvassing issues arising from court appearances almost 10 years ago.

If he wants to canvass issues about appearances in courts, sworn evidence and the honourable member for Albert Park, perhaps he might care to canvass the issue of possible perjury before the royal commission because it would be just as relevant. But I am sure you would find, Mr Acting Speaker, that that has no relevance to this debate and neither does the path the honourable member is now going down.

The ACTING SPEAKER (Mr Phillips) — Order! On the point of order, I ask the honourable member to consider how his comments relate to the bill.

Mr HOLDING — On the point of order, Mr Acting Speaker, previous Speakers' rulings in *Rulings from the Chair 1920–2000* extensively canvassed the fact that honourable members in their second-reading contributions can deal not only with the piece of legislation before Parliament but also with the principal act or any forerunner to it. In my remarks I made it clear that I was dealing with a range of issues relating to liquor licensing reform as they pertain to both the principal act and the bill before the house.

Mr Perton — On the point of order, Mr Acting Speaker, I suggest that many rulings have been made in similar circumstances. Where you have this sort of bill in which the purposes are quite narrow — that is, essentially to preserve the efficacy of the 8 per cent limit, various provisions relating to the 8 per cent limit, and to prevent people misusing purchases of companies to get around the 8 per cent limit — speeches on the 8 per cent limit in previous acts would be appropriate.

The lead speaker for the opposition is generally given latitude, but subsequent speakers on either side of the house are required to confine their contributions to matters that are relevant to the purposes of the bill. In this case the honourable member is attempting to slur a previous member of this house. He is referring to matters that are quite outside the ambit of the bill. If the case he was talking about had anything to do with the ownership of an outlet it might be relevant, but the circumstances that he mentions have nothing at all to do with the purposes of the bill. I ask you to uphold the point of order made by the honourable member for Monbulk.

Mr Robinson — On the point of order, Mr Acting Speaker, I will make two comments. Firstly, this has been a very wide-ranging debate. The honourable member for Murray Valley took us on an interesting trip into the nuances of bread rolls, breadmaking and bread cartage, which was fascinating in itself. He also took us back to the contributions of honourable members from some 30 years ago or more, so it has been a broad debate.

Secondly, the constant theme of the proposed legislation and the contributions to the debate so far have centred on abuses of liquor licensing arrangements. I put it to you, Sir, that the example cited by the honourable member for Springvale is very much in keeping with that theme. It again highlights an abuse of a liquor licensing arrangement. I further put it to you that the principal bill being amended by this legislation responded to the abuses that are being cited by the honourable member. For those reasons I believe the point of order ought not succeed.

The ACTING SPEAKER (Mr Phillips) — Order! I have heard enough on the point of order. We seem to be going through a filling-in period until about 10 o'clock which is causing honourable members to get a bit excited. Although honourable members know they have to speak on the bill, and the bill only, lead speakers do set up parameters which tend to allow other members to stray. I am not aware that it is only the lead speakers who have the licence to stray from the bill. On the basis that the person who is being spoken about is the former Premier, that might be the reason why honourable members are appearing to be more touchy towards the subject than they normally should be. However, all honourable members are required to speak on the bill. I ask the honourable member to adhere to those principles. At this time I do not uphold the point of order.

Mr HOLDING — So former public servants were forced into a situation where, according to the evidence presented in court, they were being compelled to sell liquor on behalf of the former Premier. That was a very

sad situation. I hope the amendments that honourable members are considering this evening, whatever further reforms to our liquor licensing laws occur in the future as well as those that have been introduced in the past, will ensure that the difficult situations that Parliament faced in 1993 due to the former Premier's conduct will not be repeated.

Sadly, that was not the only occasion on which the former administration got itself into a spot of bother when dealing with Victoria's liquor licensing regulations. Honourable members will recall the Employee Relations Bill that was introduced into Parliament in 1992 and substantially changed the industrial relations environment in Victoria. I refer the house to comments in an article in the *Herald Sun* of 27 November 1992 when the former Minister for Industry and Employment, the Honourable Phil Gude, said he had found the cure for the state's economic — —

Mr Perton — On a point of order, Mr Acting Speaker, no matter how wide your ambit is and how generous you are, there is no way in which the former industrial relations legislation or an article in the *Herald Sun* about the former Minister for Industry and Employment can possibly be relevant to this bill. You, Sir, were very generous and tolerant with the honourable member in your last ruling. On this occasion I think he has stretched the friendship too far.

The ACTING SPEAKER (Mr Phillips) — Order! I am not still prepared to uphold the point of order and I am still prepared to be tolerant, but I ask the honourable member for Springvale to relate his remarks to the bill. If he is going somewhere with these comments he should get there very quickly.

Mr HOLDING — Thank you for your guidance, Mr Acting Speaker. The point I wanted to make was one of consultation. The Bracks government believes consultation is a significant part of the legislative process. Indeed, an extensive consultation process preceded the framing and introduction of the Liquor Control Reform (Amendment) Bill. During 2000 the Department of State and Regional Development was commissioned to undertake, with the assistance of an expert reference group, a comprehensive review of the 8 per cent rule. It is important that honourable members are aware that this consultation process has ensured that the views of a whole range of stakeholders were considered prior to the bill being introduced into the house. Compare that to the consultation process that went into the Employee Relations Bill — —

Mr McArthur — On a point of order, Mr Acting Speaker, I draw your attention to standing order 109 which, for the benefit of the honourable member for Springvale, deals with irrelevance or tedious repetition. I will read standing order 109 for the benefit of government members. It states:

> After the Chair has called the attention of the House or of the Committee to the conduct of a Member who persists in irrelevance or tedious repetition —

and this is the important part —

> either of his own arguments or of the arguments used by others Members in debate, a motion may be made 'That Mr Speaker (or the Chairman) do direct the Member to discontinue his speech ….

Mr Acting Speaker, I draw to your attention the fact that since about 6.00 p.m. the house has heard the honourable member for Mitcham discuss, among other things, the consultation that went into the bill. The honourable member for Seymour also discussed the extensive consultation that preceded the development of the legislation, and then the honourable member for Burwood canvassed the extensive consultation involved in the development of the legislation, followed by the honourable member for Coburg, who did the same.

The house then heard the honourable members for Ballarat West and Werribee talk about extensive consultation. Now the honourable member for Springvale is canvassing the extensive consultation that preceded the development of the legislation!

To date seven government members have run the same line and covered exactly the same ground. That clearly conflicts with standing order 109.

The ACTING SPEAKER (Mr Phillips) — Order! I have heard enough on the point of order. I do not have the wisdom of previous Speakers, but my understanding of the standing orders is that each member is entitled to make a contribution, which can be short or last up to 20 minutes. Whether in the same debate a member says something similar to what another member says is not relevant. Relevance requires that members comply with the standing orders and that their speeches relate to the bill or matter being debated.

At this point the honourable member for Springvale is being relevant to the bill, and the Chair believes it is irrelevant if he says something similar to the comments made by an earlier speaker. On that basis I am not prepared to uphold the point of order.

The house appears to be heading into a period of silliness. For some unknown reason members are unnecessarily putting the Chair in a difficult position by raising what appear to be spurious points of order based on comments made by other members. I ask all honourable members to relate their comments to the bill.

Mr HOLDING — I thank the honourable member for Monbulk for wasting my time.

The ACTING SPEAKER (Mr Phillips) — Order! I thank the honourable member for Springvale for his shortened contribution.

Ms DUNCAN (Gisborne) — I have pleasure in contributing to the debate on the Liquor Control Reform (Amendment) Bill, the purpose of which is to amend the Liquor Control Reform Act to ensure the effectiveness of key aspects of Victoria's liquor licensing framework. It is important to bear in mind that the house is talking about a liquor licensing framework that is being put in place for sound reasons. The act is being amended to ensure the sanctity of that framework.

Recently the 8 per cent rule has been challenged by large retailers. The reason for phasing out the rule is to give retailers the necessary time to consider their business strategies. That will enable the government to continue to work with the industry to develop innovative and long-term strategies to help small liquor retailers build on the strength of their current businesses, which, as honourable members know, are under threat from larger corporations or major chains — as are lots of other small businesses.

The Victorian public expects to see Parliament protect small businesses, as other honourable members have said. Small business is the lifeblood of employment in Victoria. Most employment is generated by small business, and it is critical that that be protected.

An opportunity exists under the act for an applicant to circumvent the 8 per cent rule on packaged liquor licence holdings by obtaining a general licence, which is usually held only by a hotel, to permit it to sell packaged liquor. Although the loophole has not been widely exploited it is likely that that may occur more frequently. Clause 8 amends the act to ensure that where the predominant activity is the sale of packaged liquor, an application for a general licence is not used as a means of circumventing the 8 per cent rule.

In a case where the applicant's holdings are above the 8 per cent limit the amendments require that the director of liquor licensing not approve an application for the grant or transfer of a general licence if the predominant activity of the licensed premises would be the sale of packaged liquor. The amendments will not prevent applicants whose holdings are above the 8 per cent limit from obtaining a general licence where the predominant activity is not the sale of packaged liquor. In such instances clause 6 provides that it is a condition of the general licence that the predominant activity is not the sale of packaged liquor at any time during which their holdings are above 8 per cent.

Section 23 of the act provides that packaged liquor licences must not be granted if, at the time of the application, an applicant holds more than 8 per cent of the total number of such licences. There has been a great deal of uncertainty about the interpretation of the phrase 'at the time of application'.

Clause 8(2) will remove any legal uncertainty that may have arisen. Section 23 makes it clear that the 8 per cent rule applies at the time of the determination of the application by the director of liquor licensing. As the director considers and determines each application individually, the amendment will ensure the director can grant a licence only up to the point where the 8 per cent limit has been reached.

The amendments will apply prospectively to the granting or transfer of a licence on an application made on or after 23 January 2001, the date on which the public would have received advice from the government in the form of a media release and letters to individual licensed retailers. The press release of 19 January by the Minister for Small Business in another place states:

> … it has been possible for an application to be made for a general (hotel) licence when effectively it is a packaged liquor outlet.

I quote the minister — —

Mr Perton — On a point of order, Mr Acting Speaker, the honourable member is filibustering and wasting the time of the house. I am happy to invite her to table the document rather than have her read the press release in full. It adds nothing to the credibility of the house that the honourable member for Gisborne is reading her stock standard caucus notes — and even with them in her hand she is now reading the minister's press release. I invite her to table the document and proceed with some original material.

Mr Robinson — On the point of order, Mr Acting Speaker, as I recall the last few words the honourable member for Gisborne uttered before the point of order was taken were 'the minister', whom she was then

commencing to quote. It stands to reason that prior to being interrupted by the honourable member for Doncaster she had not been quoting. Logically, his point of order cannot stand if the honourable member had not commenced quoting from the press release.

The ACTING SPEAKER (Mr Phillips) — Order! Before ruling on the point of order I ask the honourable member whether she has been quoting from a document.

Ms DUNCAN — I am about to.

The ACTING SPEAKER (Mr Phillips) — Thank you. Again, and I am not sure why, the Chair has been put in a difficult position. Points of order, although relevant, may not recognise that honourable members' contributions can be difficult. Honourable members on both sides of the house have on occasion been quoting verbatim from documents. I ask all honourable members to be a little tolerant. The honourable member for Gisborne, although competent on her feet, is fairly new to the house. Still, she must comply with the rules of the house, and her contribution must have relevance to the bill.

All honourable members are reminded that they are not allowed to read their speeches. They must present their speeches in their own words.

Ms DUNCAN — To quote from the press release that was put out at the time by the Minister for Small Business:

> We want to protect the diversity and competition in the marketplace by allowing small independent retailers, particularly in regional Victoria, to operate fairly and equitably …

That is what we are on about here tonight. An 8 per cent rule is an 8 per cent rule, and a rule is a rule is a rule. The Labor Party went to the election with a commitment to maintain the 8 per cent rule, and as members on this side of the house know full well, we honour our election commitments. I commend the bill to the house.

Mr PERTON (Doncaster) — Members of the Labor Party seem intent on talking out the Liquor Control Reform (Amendment) Bill. I note that the next bill on the notice paper is the Tobacco (Further Amendment) Bill, to which, as is well known, the honourable member for Gippsland West wishes to move amendments that would have the effect of prohibiting smoking — —

Mr Helper — On a point of order, Mr Acting Speaker, although the honourable member has barely commenced his contribution, he appears to be heading down a path that bears no relationship to the bill and merely reflects on the processes of the house.

The ACTING SPEAKER (Mr Phillips) — Order! I thank the honourable member for Ripon. His own opening remarks make it very easy for the Chair to rule on his point of order. The honourable member for Doncaster has just started his contribution, and the Chair will therefore give him an opportunity to get mobile. I do not uphold the point of order.

Mr PERTON — The structure of the debate so far tells us a story. The last speaker for the Liberal opposition was the honourable member for Bentleigh, and the last speaker for the National Party, the honourable member for Murray Valley, concluded his contribution at 6.07 p.m. Since then there has been a solid phalanx of Labor speeches by the honourable members for Mitcham, Seymour, Burwood, Coburg, Ballarat West, Werribee and Springvale, plus the honourable member for woodchips and killing off the powerful owl, the honourable member for Gisborne.

It is clear that most government members' contributions on most bills in recent times have been relatively short, and there have been relatively few speakers. Now, all of a sudden, government members are obsessed with talking out the bill and reading out their caucus notes. During the contribution of the honourable member for Springvale the honourable member for Monbulk and manager of opposition business raised a point of order in respect of tedious repetition. You, Mr Acting Speaker, generously allowed the honourable member for Springvale to continue speaking, despite the point of order.

The reality is that in those eight government party speeches there was not one original contribution. Each contributor spent his or her time reading caucus briefing notes, and even then the honourable member for Gisborne was so lost — —

Mr Stensholt — On a point of order, Mr Acting Speaker, the honourable member has now had sufficient time, and I direct your attention to the fact that the honourable member is digressing quite seriously from the bill. I ask you to direct him to return to it.

The ACTING SPEAKER (Mr Phillips) — Order! At this point I will not uphold the point of order, on the same principles that I expressed earlier. All honourable members, however, are again reminded that they must refer to the bill before the house.

Mr PERTON — The bill is supported by all parties and could be dealt with quickly. It ought to be dealt with expeditiously. The government is scared of debating the next bill and being put to the test about tobacco regulation. Its members are scared that the Minister for Health might have to vote against measures for which he campaigned actively when in opposition. That is a disgrace.

The government has so little respect for this house and for important issues that need to be debated that it is filibustering its way through the evening. You spoke earlier, Mr Acting Speaker, about honourable members putting you in a difficult position. The reason they are doing that is that the house is sick and tired of the filibustering — —

Ms Duncan — On a point of order, Mr Acting Speaker, the honourable member for Doncaster has now been speaking for over 4 minutes and has not yet mentioned the bill. I draw your attention to the fact that he is being completely irrelevant.

Mr PERTON — On the point of order, Mr Acting Speaker, so far in my contribution I have referred to each of the speakers from the other side who have made a contribution, to the content of their speeches and to their manner of delivery. When the honourable member for Gisborne rose on the point of order I was referring again to the fact that her contribution was quite inept and ineffective, so much so that she was about to head down the path of reading a press release — —

The ACTING SPEAKER (Mr Phillips) — Order! I have heard enough on the point of order. Again, I am not prepared to uphold the point of order on the basis that the honourable member is at present debating passionately. Although he has not yet gone to the content of the bill, he has started off by referring to the contributions of other honourable members. Again, I remind all honourable members that the bill before the house is the subject of the debate. Let us refer to the bill.

Mr PERTON — As I said before, the bill is common ground between the parties. The 8 per cent rule is accepted by all three parties. When the government came to us and said that one of the players in Victoria was seeking to avoid the rules through legal devices, it was easily accepted by both the Liberal and National parties that this legislation ought to be debated quickly and passed. I do not think that any member of the public or the opposition could have believed the government would then spend so many hours in debate on this bill to avoid debate on other matters.

The honourable member for Mildura sits in here as one of the Independents who signed a charter that talked about the house being treated with respect. It talked about the right of Independent and private members to bring matters before the house. Through deliberate repetition and use of common materials by members of the Labor Party the house has seen a deliberate attempt to prevent other honourable members from being able to bring their amendments before the house.

There are lots of things this Parliament would like to hear from the honourable member for Gisborne, and there are lots of things her constituents would like to hear from her, not just the tedious repetition of caucus notes or the re-reading of a press release. We want to hear her talking about issues that count to her local voters. In the wonderful consultation process talked about by the government did the honourable member for Gisborne go to pubs in the Trentham area to find out the sorts of issues people are concerned about? Had she done so she would have found common ground on the 8 per cent, but she also would have found that the voters were pretty upset about her breaking her other election promises.

During her contribution she talked about the government keeping election promises. She was the honourable member who stood in the shopping centres of her electorate collecting petitions against woodchipping and logging in the Wombat Forest. Under her government and during her membership of the house you, Mr Acting Speaker, know very well that she has broken her promises. Not only has she broken them but she has been a party to government conduct that is utterly bizarre. Propaganda produced by the Department of Natural Resources and Environment inconsistent with the truth and inconsistent — —

Mr Robinson — On a point of order, Mr Acting Speaker, I know it has been a wide-ranging debate, but I fail to see what forest management has to do with a liquor reform bill. The honourable member has now been speaking for the best part of 8 minutes. He has certainly referred to a tobacco bill on at least two occasions, but he has referred only once to the bill before us by name. He is now drifting into areas that are clearly irrelevant to the discussion before the house.

Mr PERTON — I was referring to matters mentioned by the honourable member for Gisborne.

The ACTING SPEAKER (Mr Phillips) — Order! At this time the Chair is not prepared to rule on the point of order on the basis that the woodchipping part of the honourable member's contribution is irrelevant because of its being ancillary to the legal part of the

debate. I again ask all members to observe the standing orders of the house. We are nearly there; the debate will last only another 4 minutes. Honourable members should refer to the bill.

Mr PERTON — The public of Victoria would be absolutely disgusted to see the performance of members of the Labor Party. It would be disgusted to see that the honourable member for Mildura has not stood up on behalf of the Independents to make sure the house keeps to its business program.

Mr Stensholt — On a point of order, Mr Acting Speaker, this is a robe of speculative cobwebs embroidered with flowers of rhetoric and steeped in the dew of sickly sentiment, to paraphrase two famous authors. I ask you to direct the honourable member to come back to the bill.

The ACTING SPEAKER (Mr Phillips) — Order! The Chair is feeling a bit more comfortable on the basis that it was all coming from one side but it is now coming from the government benches as well. All honourable members know the rules. I do not uphold the point of order. The honourable member for Doncaster should conclude his speech.

Mr PERTON — As I indicated, Mr Acting Speaker, I am concluding. The public of Victoria would be rightly disgusted by the performance of the government. Government members could not even keep straight faces as they participated in this filibuster, and the honourable member for Mitcham is now putting a look of mock shock on his face.

This debate has been a disgrace. The bill was supported by all three parties and its principles were readily accepted. But for the Labor Party to have nine speakers since the last opposition speaker indicates that it is scared of debating matters that are of substantive difference between the parties. In particular, it has prevented the honourable member for Gippsland West from moving her amendments in respect of tobacco controls within gaming venues.

The ACTING SPEAKER (Mr Phillips) — Order! Earlier the honourable member for Monbulk queried standing order 109 with the Chair. At that time I was not prepared to uphold the standing order. For the benefit of all honourable members, standing order 109 refers to honourable members who are repeating either their own speeches or the speeches of others. In the event that honourable members feel that that is not appropriate, it is up to the individual member to move a motion for that member to no longer be heard. That motion must then be voted on by the house.

The honourable member for Keilor has 2 minutes.

Mr SEITZ (Keilor) — I support the traders of St Albans. Woolworths has already leased land in the middle of the shopping centre for another packaged liquor licence outlet when it gets the extra licence. A stone's throw away a private business has a bottle shop. It would be detrimental to that small family business if Woolworths were able to build an outlet in the middle of the St Albans shopping centre, forcing out an individual family businesses trying to make a living. I am sure honourable members have heard from the St Albans traders groups on other issues, and this issue is affecting people in my electorate.

The honourable member for Doncaster has denied me the right to elaborate on why the legislation is important to me. One of the big monopolies is waiting to pounce and put its liquor shop on a piece of land it has leased. The land was occupied by a petrol station. The company has pulled it down, decontaminated the site and put a fence around it, and it is waiting to see whether the government will let it have another licence and put a small business out of action in the electorate of Keilor.

The DEPUTY SPEAKER — Order! The time for government business has expired.

Debate interrupted pursuant to sessional orders.

ADJOURNMENT

The DEPUTY SPEAKER — Order! Under sessional orders the time for the adjournment of the house has arrived.

Springvale Road–Princes Highway intersection: safety

Mr LEIGH (Mordialloc) — In raising a matter for the attention of the Minister for Transport I call on him to come into the house — given that he is the Leader of the House I know he is around somewhere. The matter concerns the no. 1 road black spot in Victoria.

The intersection of Springvale Road and the Princes Highway is the worst accident black spot in Victoria — some 90 casualty accidents have occurred at the intersection between 1993 and 1997. Princes Highway carries approximately 58 000 vehicles and Springvale Road carries approximately 35 000 vehicles through the intersection each day. More than 8000 cars an hour travel through the junction during peak periods, and vehicles experience delays of around 1 minute.

Prior to the election of the Labor government plans were under way to upgrade the intersection. The honourable members for Springvale and Dandenong North applied for funding for the intersection through the black spot funding campaign. Those two characters, with their Kirner government Guilty Party minister Mr Mal Sandon in charge of the program, could not get funding of $30 million for the no. 1 black spot in Victoria. With a budget surplus of more than $1.5 billion those two blubbery characters were incapable of getting $30 million to fund the no. 1 black spot of Victoria!

A lovely photo of the two honourable members appeared in the local newspaper after they tried to make heroes of themselves by claiming they would get the money. However, they then talked to the Minister for Transport, who said, 'No, that money is for small events. We can't help' — and he dumped them. I must say I also applied for the funding, but the people involved in the black spot funding campaign did not have the decency even to reply.

I ask the minister to come into the house and explain to the people of Victoria why he will not provide funding for the no. 1 black spot in Victoria. His refusal does not help the people of Dandenong. The chief executive officer of the City of Greater Dandenong, Mr Warwick Heine, said the council's many attempts to gain special funding for that intersection had been ignored.

The plans have been done, yet with all the money in the budget those two honourable members are so incompetent they cannot get a measly $30 million from the person in charge, Mal Sandon, a member of the former Kirner government. I call on the minister to show the people of Victoria that he is not just about playing games but wants to save people's lives — —

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

Bridges: Echuca–Moama

Mr MAUGHAN (Rodney) — I direct to the attention of the Minister for Transport a matter concerning funding for a second bridge across the Murray River at Echuca. The existing bridge is on the register of the national estate. The bridge was opened in 1878 and because of its historical significance it must be retained in perpetuity. Agitation about building a second bridge began in December 1965 — that is, 36 years ago. In 1977 a site was agreed to but subsequently opposed by the Echuca City Council, so the project did not go ahead.

In 1998, when I first raised the issue in this house, I pointed out that of the 22 bridges across the Murray River between New South Wales and Victoria, excluding the national highways, the one at Echuca–Moama was by far the most important. At that time the bridge carried some 16 000 vehicles a day, and studies showed the traffic would increase by more than 20 000 vehicles a day by the end of 2006. In fact, the number is increasing at a faster rate than that.

The bridge, which carries well over $100 million worth of produce a year, services the vibrant and rapidly growing tourism industry of Echuca–Moama. I mention in passing that Echuca is one of Victoria's fastest growing towns, and Moama on the other side of the border is one of the fastest growing towns in New South Wales.

In February 1999 the commonwealth government confirmed that it would provide $44 million for bridges at Echuca, Corowa and Robinvale, of which $15 million was for the bridge at Echuca. The Vicroads–Road Traffic Authority study group was expected to make public its preferred route option within the next couple of months, and it was anticipated that work would commence either late this year or early next year — that is, until yesterday.

Yesterday the Treasurer announced a miserly total contribution of $700 000 for bridges at Corowa, Cobram, Echuca and Robinvale in the 2001–02 financial year — a measly $700 000 for those four bridges! I seek an assurance from the minister that this government will not welsh on its commitment to Echuca–Moama and country Victoria and that the commonwealth funding will not now be jeopardised because of the Victorian government's refusal to provide its share of funding for what is after all the 100 per cent responsibility of the New South Wales and Victorian governments.

Kew Cottages

Mr STENSHOLT (Burwood) — I direct to the attention of the Minister for Community Services a matter concerning Kew Cottages. I ask her to act to ensure that all parties are consulted in the implementation of the recent excellent decision about the cottages and the residents who currently live there.

I have spoken previously in the adjournment debate about the future of Kew Cottages and the residents. My constituents who are parents or other relatives of people living at Kew Cottages have consistently brought to my attention the conditions at those residences and the uncertainty about their future. Many honourable

members will recall the unfortunate consequences of the disastrous fire there a number of years ago.

I was privileged to be present when the Premier and the minister made the historic announcement on the future of the residents of Kew Cottages, and honourable members will be aware of the details. As I recall, homes for 50 to 100 residents will continue to be available on the site in Kew. Other residents will be able to move to small houses and residences throughout the state, and the land will be sold. Importantly, funds from the sale will be used to help people with disabilities. They will not go into state coffers but will also be used to employ an additional 200 carers.

The parents of the residents have raised the issue of consultation. They are concerned about the futures of their children, many of whom have been at the cottages for many years and may suffer from the dislocation and change. They are concerned because they do not know enough about what will happen. They have asked me to ensure the minister takes appropriate action by making certain that they are fully consulted, that they understand what is happening, and that the futures of their children — many of whom have been at Kew for 30 years or 40 years — is assured.

Bushfires: Upper Beaconsfield refuges

Mr MACLELLAN (Pakenham) — I raise a matter for the attention of the Minister for Police and Emergency Services. I had anticipated raising the matter with him in person, because I had hoped he would be in the house.

Honourable members interjecting.

Mr MACLELLAN — I thank the minister for being here. I am sorry I did not realise he had been put on the second bench!

The minister would be aware that the Upper Beaconsfield Association has written to me regarding its concern about the removal of the identification of fire refuge areas as a result of suggestions that claims of legal liability could arise from the use of those refuge areas.

Those of us who were in the thick of, survived or experienced the aftermath of the Ash Wednesday fires were debriefed and told that identified refuge areas — identified on, say, a *Melway* map — were essential, especially at the interface between rural areas and the metropolitan area.

Upper Beaconsfield was devastated by the fires, as was Cockatoo. Refuge areas have been established at various schools so that the school population will be able to move into a safe building during a fire emergency. For the general community, where more people are involved from the wider district, recreation grounds have been established and identified as fire refuge areas. It is there that emergency services such as Red Cross expect to help those who are facing an emergency.

In Upper Beaconsfield we do not want to again have 150-odd people in a tin shed on one side of the road, with a policeman trying to keep them there to prevent panic and further devastation while gas bottles explode on the other side of the road. That is what happened on Ash Wednesday.

I ask the minister to take action to make sure that the Upper Beaconsfield Association's views on the matter are respected. It says that we must not allow an insurance issue to get between people and an identifiable and safe place to go and that we should not allow the possibility of legal claims for damages to prevent the establishment of an assembly point that is safe and identified as the best available site for people in these situations.

I ask the minister to be sympathetic to the idea and to advise me, firstly, and in any event the Upper Beaconsfield Association, in response to the thoughtful letter the association has written.

Werribee: State Equestrian Centre event

Ms GILLETT (Werribee) — I raise for the attention of the Minister for Major Projects and Tourism a matter relating to the 2001 Melbourne three-day equestrian event.

Members on both sides of the house will be aware that Werribee is privileged to have the State Equestrian Centre, which is an important part of the growing and vibrant tourism precinct in the region. In addition to the equestrian centre we have the Mansion Hotel, the beautiful mansion, the Werribee Open Range Zoo and a number of other expanding venues and events.

I ask the minister to find some funding to assist the organisers to promote and market the three-day equestrian event, which is to be held at the equestrian centre. It is all very well for communities to have wonderful venues and terrific attractions, but they are of little use if those communities cannot sing their own praises and successfully promote and market events so the good news is spread far and wide.

It is important to communities like mine that they gain the self-esteem and financial benefits that come from

holding such events. Promoting such events well can only add to the benefits they gain. I ask the minister to see whether, from the goodness of his heart and the Treasury coffers, he can do something to assist my community to promote itself and the wonderful event in Werribee.

Members: CPA study tours

Mr SAVAGE (Mildura) — I raise an issue for the attention of the Premier. The state of Victoria makes an annual appropriation to the Commonwealth Parliamentary Association of some $250 000. In view of the inconsistent outcomes of some of these CPA trips I ask the Premier to consider reviewing this appropriation. Many fact-finding CPA trips have produced very good outcomes and benefits to this Parliament. However, some of the reports have been shockers, and I have two in my possession which deserve some scrutiny. The honourable member for Mordialloc went on a five-week CPA trip in June 1989 — —

Government members interjecting.

The DEPUTY SPEAKER — Order! The government benches!

Mr Leigh — On a point of order, Madam Deputy Speaker, the honourable member is most welcome to raise whatever he would like about me, but I understood that if honourable members want to make allegations about other members they should do so by substantive motion. Other than that, I am very happy for him to go on. I did not do anything wrong.

The DEPUTY SPEAKER — Order! I do not uphold the point of order. At this stage all the honourable member for Mildura has done is refer to the honourable member for Mordialloc. However, the honourable member for Mordialloc is correct: if an honourable member wants to make any allegations, they should do so by substantive motion.

Mr SAVAGE — This report was double spaced, with a 1¼ inch margin. It is a gem. I suggest a primary school student would have produced a better outcome. To make matter worse, it took four years for this report to be submitted. I have worked out that it cost $100 per word because the report has fewer than 300 words. At $100 per word it is a very poor outcome. One quote from the report is, 'I visited the Parliament of Jersey' — not a very good outcome for the $25 000 price.

Another report relates to the former member for Evelyn and former Speaker, who visited Vanuatu. This report comprises six pages; it is concise and well written. It is an excellent assessment of Vanuatu. There is one problem — it is a plagiarised version of an entry in the *SBS World Guide*. It is almost word for word — even the brackets have been copied from the book to the report. This is another example of our not getting good value. I call on the Premier to review this process so that when reports are tabled in this place their authors are accountable to every member of the Parliament and the people of Victoria. We cannot continue to make these trips — —

Honourable members interjecting.

Mr SAVAGE — We have some censorship here. Honourable members do not like to hear the truth.

Mr Mulder — On a point of order, Madam Deputy Speaker, it is totally inappropriate for the honourable member to cast aspersions on other members of the house, particularly as he has received of the order of $1 million in his budget for the year. That money is not accounted for — no public comment, no public accounting!

The DEPUTY SPEAKER — Order! There is no point of order. The honourable member is using debating points.

AWU: funds

Mr WILSON (Bennettswood) — I ask the Minister for Police and Emergency Services to refer to the Victoria Police for investigation the allegation that the Australian Workers Union received payments from the commonwealth government for work never completed or undertaken. In 1995 the AWU entered into an agreement with the Keating government to provide workplace enterprise bargaining facilitation services. The agreement had the commonwealth providing $55 000 of the associated costs, with the AWU to provide $19 500.

The allegation is that the commonwealth industrial relations department paid its share of the agreement but the AWU never provided the contracted services. Those services included providing enterprise bargaining facilitation services to 16 companies listed in a letter the AWU sent to the department dated 12 October 1995. A further letter from the AWU to the department dated 15 November 1995 sets out details of moneys allegedly owed by the commonwealth to the AWU and claims that the union's part share had been or would be paid.

If the claims that the AWU did not perform the contracted services but sought and received payment from the commonwealth are correct, it is imperative that an immediate inquiry take place. In this context I

refer to the minutes of the national executive of the AWU of 15 February 1996, which state:

> This national executive notes the wide-ranging debate on a call for a royal commission into the internal affairs of the AWU. The national executive notes in initiating this call for a royal commission, a shadow has been cast over the honesty and integrity of all key employees and officers of the AWU.

Child care: funding

Ms BARKER (Oakleigh) — I refer the Minister for Community Services to community-based child-care services and ask what action she will take to ensure that funds are available for community-based, not-for-profit child-care services to enable them to upgrade their premises to meet statutory requirements.

Honourable members would be aware that regulations require many long-day care and occasional care centres to upgrade their fencing, toilet areas and play spaces to comply with new standards. There is a target date of 1 June 2003 for compliance with those regulations. While it appears that there is ample time for child-care services to upgrade their facilities and therefore comply with the regulations, honourable members would agree that it is important that they receive assistance sooner rather than later.

The knowledge that safety standards are being met will provide the peace of mind parents should have when leaving their children in child-care centres, whether it be occasional care or long-day care. There is no doubt that upgraded facilities such as secure fencing, good toilet areas with good observation, proper junior toilets, and improved indoor and outdoor play spaces provide the best possible environment for the care of children. I am sure the house would agree that all children deserve the best possible care.

The importance of high-quality, safe and secure child care cannot be emphasised enough. Children are entitled to it, and parents rightly demand that services be of a high quality — not only the programs the centres deliver but also the environment in which they leave their children. Staff also rightly expect to work in a quality environment. In that way they can get on with providing the services and programs knowing that the children they have in their care are in a safe and secure environment.

For many community-based child-care centres the requirements for fencing or upgrading of toilets could be met at a small cost — as low as $400. However, I suspect for many of them that it is more in the range of $4000 to $10 000. I know that many centres have requested funds to ensure that they can get the work done sooner rather than later. For many not-for-profit community-based child-care centres funds are hard earned. Those centres deserve support. On a number of occasions the government has committed itself to ensuring that we have high-quality and viable child-care services. I ask what action the Minister for Community Services is taking to ensure that these child-care centres receive some assistance in the form of funding to ensure they comply with the regulations sooner rather than later.

Police: Yarra Valley

Mrs FYFFE (Evelyn) — I refer the Minister for Police and Emergency Services to the insufficient numbers of police at the Warburton and Yarra Junction police stations. These stations are operating on half of their gazetted entitlement. I am led to understand that within a few weeks Healesville police station will also be operating at below 50 per cent of its gazetted entitlement. The Lilydale and Mooroolbark stations are also undermanned.

We are very fortunate to have police officers of the calibre we have in the Upper Yarra. They are dedicated and caring and work extremely long hours, often performing duties in their own time, but they are stressed and overworked. Why after 18 months of the Bracks Labor government do we have fewer police in the Yarra Valley than we had 18 months ago? I ask the Minister for Police and Emergency Services to investigate why there is a shortage and to take this matter up with the Chief Commissioner of Police.

VUT: Footscray campus

Mr MILDENHALL (Footscray) — I raise with the Minister for Post Compulsory Education, Training and Employment the need to upgrade the northern wing of the Beanland Pavilion at the Victoria University of Technology (VUT) TAFE campus in Nicholson Street, Footscray. The site is historic. The building is 84 years old and is the original site of Footscray tech. It has a long traditional relationship with the Beanland family, whose members are celebrated and eminent figures in the history of training in Victoria.

The building is not in good condition. During the years the Kennett government was in power it fell into significant disrepair and became a victim of the then government's policies of indiscriminate privatisation, contracting out and the deliberate running down of public sector assets and resources to assist the private sector and devalue the public training system.

The Bracks government set out to commence the repair job last year. Some $1.4 million was allocated for the upgrade of the ground floor of the southern wing of this historic and critically needed building. Victoria University TAFE contributed $1.9 million to assist. The north wing of the building now requires an upgrade. That part of the building is structurally unsound, uninhabited, unusable and for the most part inaccessible. It could be used for information and communications technologies purposes or multidisciplinary areas, but it cannot be used at the moment. The building symbolises the disgraceful treatment of public sector assets by the former Minister for Tertiary Education and Training, the honourable member for Warrandyte.

I ask the minister to assess the situation under the government's priorities and see if funds are available to assist with the redevelopment of this critically located and urgently needed facility in the heart of the western suburbs TAFE network at the Nicholson Street campus.

Hampton: land acquisition

Mr DIXON (Dromana) — I refer the Minister for Housing to a constituent of mine, Mr Reg Mounsey, who when he was on active service in the Navy during World War II had a block of land in Hampton compulsorily acquired. He had saved up to purchase the land and when he returned from active service he was shabbily treated by the housing department, as it was then. He was forced to accept £40 for his land. He has harboured deep resentment over his treatment because at the time he was on active duty serving his country.

On his behalf I am asking the minister to do one of three things. Firstly, to reimburse Mr Mounsey for the current value of the land, which has inflated considerably since 1945; secondly, to provide a written apology to him for the actions of the then Labor government to an active serviceman; or thirdly, and very unselfishly, to repeal section 14 of the Housing Act, which enables compulsory acquisitions to still take place when a serviceman is on active duty.

I conclude by quoting from Mr Mounsey's letter:

> If by chance the Victorian Labor government refuse point blank to change section 14(1) of the Victorian Housing Act of 1983, which apparently is similar to the Housing Act of 1943 … then it would be most obvious to the whole world that the present Victorian Labor government could be accused of being equally guilty for condoning their own earlier World War II government's uncaring, ungrateful, insensitive, atrocious and unforgivable actions against those who voluntarily put their lives on the line so they could live without fear in this country.

Mr Mounsey greatly resents the way he was treated and would like some decisive action taken to either reimburse him or, as I said, very unselfishly, ensure that that will not happen again to anyone else.

Responses

Mr HAERMEYER (Minister for Police and Emergency Services) — The honourable member for Pakenham raised with me the serious matter of fire refuges. The notion of fire refuges arose from the investigations into the Ash Wednesday bushfires in 1983, and at the time they were identified as the way to go. No official move away from that position has occurred. The view of fire authorities about whether people should stay in their homes or move on has changed a bit and debate is occurring about what is the appropriate response in those circumstances.

I am concerned about the honourable member's allegation that councils are removing the identification of fire refuges because they are concerned about insurance liability. If there is a justifiable view on operational grounds that fire refuges are no longer appropriate, that needs to be made explicit. However, insurance liability should not drive public policy on community safety. I take seriously the matter raised by the honourable member for Pakenham. I will raise the issue with the Country Fire Authority and the Emergency Services Commissioner and seek an appropriate response. I will ensure that the honourable member for Pakenham receives an appropriate reply to the matter he has raised.

It has been a matter of bipartisan concern that public safety in these sorts of circumstances needs to take precedence over any commercial considerations. If the matter is as the honourable member for Pakenham suspects, I will be most unhappy. I will ensure that the emergency services commissioner and the fire authorities take this matter further.

On the other hand, the honourable member for Bennettswood raised what I regard as a frivolous issue, making wild, serious but unsubstantiated allegations about the Australian Workers Union. That is understandable because members on the other side hate unions and union members. They hate workers — that is, anybody who works for a living. Given what the honourable member for Bennettswood told the house, there is absolutely nothing that would cause me to go to the police and credibly say, 'Hey, you ought to investigate this'.

If the honourable member for Bennettswood has evidence of any gravity whatever, I suggest he make his

complaints directly to the Victoria Police. He is entitled to do that as a member of Parliament or as a member of the Victorian public. He does not need to come into this house to do it. Any member of the public can make a complaint to the Victoria Police if they think a criminal act has been committed. He does not need to make allegations under parliamentary privilege that he would not dare express outside the house.

If he has allegations to make, let him go to the Victoria Police directly. I can assure him that, as they would have done under the previous government, as they do under this government and as they would under any government, the police will investigate any allegations properly. I repeat: the honourable member for Bennettswood can go directly to the Victoria Police. I will not lend any credibility to the loose, flimsy and defamatory remarks he made in this place tonight.

In the same vein, the honourable member for Evelyn complains about insufficient police numbers at Warburton, Yarra Junction, Healesville and Lilydale.

Opposition members interjecting.

Mr HAERMEYER — I find it absolutely extraordinary — —

Opposition members interjecting.

The DEPUTY SPEAKER — Order! I ask the opposition benches to allow the minister to answer.

Mr HAERMEYER — I find it absolutely extraordinary that a political party that came to office promising 1000 extra police spent its last four years in office taking 800 members out of the police force. Victoria ended up with substantially fewer police than were in place when the coalition came to office.

The Bracks government is out there fixing the problem. Over the term of this Parliament we will recruit 2500 additional police for a net gain of 800 officers. Honourable members opposite sat around for seven years while their government cut police numbers. Then they had absolutely nothing to say, but suddenly, when the problem is being fixed, they find their voices and complain.

There are now more than 150 police over and above the number in October 1999. Three hundred and ninety trainee police are currently attending the police academy. We will achieve our target of a net gain of 800 additional police, and we will achieve all the targets we set at the time.

Police stations in the Yarra Valley need not be concerned about police numbers. If they are concerned about any shortages they may have at the moment, they should look no further than the members on the other side, who were busy licking Dictator Jeff's boots during the last four years of his government's term in office.

Suddenly opposition members are hopping up and talking about police numbers. When the previous government was ripping numbers out of the Victoria police force, they had absolutely nothing to say. They were part of the problem.

I give some leeway to the honourable member for Evelyn, because she was not a member of this Parliament between 1996 and 1999. However, I also remember looking through the newspapers in her area, a lot of which my electorate shares, and at no stage during her candidacy do I recall her expressing any concern about cutbacks in police numbers. Suddenly, we hear their expressions of concern. Police numbers are increasing, and we will get them up to the level we indicated they would reach, no thanks to the Liberal Party.

Mr PANDAZOPOULOS (Minister for Major Projects and Tourism) — The honourable member for Werribee raised an issue regarding the 2001 Melbourne three-day international equestrian event, which is to be held in Werribee between 8 and 11 June.

The government is aware of the importance of equestrian events not only to Victoria but also to Australia and of the great contribution the Werribee national equestrian centre makes in focusing attention on those events.

A few months ago Werribee Park hosted the world cup polo championships, which the honourable member for Werribee and a few other honourable members participated in. That event was important to the government, because part of our focus is on ensuring that not all major events are staged in the inner city. The polo championships highlighted the possibility of the outer suburbs of Melbourne being appreciated as growing tourism regions. The Werribee precinct, for example, is becoming a great tourism area, with its Open Range Zoo, the mansion at Werribee Park, the wineries and the state rose garden. It is linking even closer with the Geelong community, expanding the experience between Melbourne's western suburbs fringe and Geelong and the Great Ocean Road area, so it is important that we held the world cup polo event.

Mr Leigh — On a point of order, Deputy Speaker — —

The DEPUTY SPEAKER — Order! I hope it is a valid point of order.

Mr Leigh — I am wondering how the house is supposed to operate when the honourable member concerned, the honourable member for Werribee, is not even in the chamber.

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

Mr Leigh — The minister is answering and the honourable member is not here.

The DEPUTY SPEAKER — Order! The honourable member for Mordialloc will sit down and stop being disorderly.

Mr PANDAZOPOULOS — The opposition was never good at supporting events outside central Melbourne.

Honourable members interjecting.

Mr PANDAZOPOULOS — Here we again have points of order and interjections from the opposition. They still do not support events out of central Melbourne. The State Equestrian Centre is an Australian and now world-recognised, high quality facility that can handle all sorts of equestrian events, but the honourable member for Werribee has been keen to ensure that there is an Australian and Victorian focus on events. She has been keen to support the 2001 Melbourne three-day international equestrian event. It is one of the oldest three-day equestrian events in Australia.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! There is too much audible conversation. I ask honourable members to lower their voices.

Mr PANDAZOPOULOS — I know that those organising the event are keen to ensure that there are some marketing dollars not only to maximise the number of visitors to the State Equestrian Centre at Werribee but also to ensure we market ourselves interstate and overseas so that the Werribee area is branded a tourism destination in its own right. They have applied to Tourism Victoria seeking financial support to assist with TV promotion and coverage of the event not only to attract the maximum number of visitors on this occasion but also to let people from interstate and overseas know about the great tourism facilities at Werribee that they may wish to be able to visit.

I am pleased to advise the honourable member for Werribee that the events unit of Tourism Victoria has assessed the application and has agreed to provide $15 000 as a marketing — —

Mr Richardson — On a point of order, Madam Deputy Speaker, as a horse lover from way back I want to know how many chukkas the honourable member for Werribee played in and how many ponies she exhausted in those chukkas.

The DEPUTY SPEAKER — Order! The honourable member for Forest Hill is being disorderly. Has the minister concluded his answer?

Mr PANDAZOPOULOS — Without interjections, I would like to conclude the answer. Tourism Victoria has assessed the application for cooperative marketing funding and has agreed on a $15 000 contribution to assist in the marketing of the event around Australia. I congratulate the honourable member for Werribee on her continuing support of the great tourism facilities at Werribee.

An opposition member interjected.

The DEPUTY SPEAKER — Order! The honourable member for Forest Hill should behave himself.

Honourable members interjecting.

The DEPUTY SPEAKER — Order! The honourable member for Mordialloc! We will continue when the Minister for Community Services can be heard. I ask honourable members to be quiet.

Mr Richardson interjected.

The DEPUTY SPEAKER — Order! The honourable member for Forest Hill is severely testing the patience of the Chair. I ask him to behave in an appropriate manner or leave the chamber.

Ms CAMPBELL (Minister for Community Services) — I thank the honourable member for Burwood for the matter he raised concerning Kew Cottages. The fourth of May was a proud day in Victoria's history. It was the day that the redevelopment of Kew Cottages was announced. It is a significant event to mark the beginning of the 21st century that, on the eve of the centenary of Federation, Victoria was able to say the Kew Cottages site would be redeveloped and the century-old institution would be closed. The honourable member for Burwood was present on that significant occasion, and I want to reiterate what I said on that day.

The Premier and I were delighted to be able to make this significant announcement. The antiquated infrastructure should have been put out to pasture long ago, but this government had the great privilege of being able to say that the 460 people whose residence is currently the Kew residential services facility will be placed in a new home environment in the future. I have worked closely with the Kew Parents Association, the staff, the Office of the Public Advocate and the community visitors to ensure that the closure of the residential services is done sensitively and is based upon the needs of the residents.

The 460 people with an intellectual disability will have a much better quality of life as a result of the government's decision. For example, the residents will in future have their own bedrooms and private space. They will have generous shared living areas. They will have access to full-time day programs and activities. They will have lifestyle opportunities that compare favourably with the rest of the community. That is something of which each and every one of us should be very proud.

I want to give an assurance to the honourable member for Burwood and other honourable members who may have members of the public ask them whether the Department of Human Services and the Bracks Labor government will behave as the Kennett government did during the 1999 election campaign, when it went out and just carte blanche announced that Kew was going to close. There had been no consultation preceding that announcement and there was to be no consultation following it. This government, in contrast, has worked to assure the families, the staff, the residents and the community visitors that each and every resident of Kew will have a needs assessment done to ensure that, whatever their support needs are, they will be met in the future. That has now been completed.

The second component of planning for the future is to work with families or significant others to ensure that where the current residents of Kew residential services will be residing in the future is based, firstly, on their needs, and secondly, on links to significant others. The honourable member for Burwood should be able to reassure any family members who feel a little uncomfortable because they still remember that election campaign when the then Premier and then minister went out and said, 'That's it. No consultation. We are doing what we like' that that is not the approach of the Bracks Labor government. We will proudly move residents sensitively, and it will be done based upon their needs, links with their families and consideration of the staff involved.

The honourable member for Oakleigh, who raised the second matter, rightly pointed out the importance of community-based child care and the essential nature of occasional child-care centres and, more importantly, referred to meeting the children's services regulations that come into operation mid-2003. I am pleased to inform the honourable member, who expressed so eloquently why it is essential that we have high quality infrastructure and why we need to have high quality programs, that this government will be providing capital upgrade grants to be paid this financial year to community-based child and occasional care centres.

In the southern metropolitan region, the honourable member's region, 48 services will receive $186 000. Every region in the state will receive funding for a capital upgrade. In Gippsland, 22 services will receive $147 000; in the Hume region, 24 services will receive nearly $200 000; in Barwon, 15 will receive nearly $200 000; in the Loddon–Mallee region, 9 will receive $72 000; and in the Grampians, 8 services will receive $57 000. The western metropolitan region is getting a grand total of $661 000 for 37 services. As this government is only too well aware, many of the community-based child and occasional care centres desperately need an injection of funds for their capital upgrades.

Ms KOSKY (Minister for Post Compulsory Education, Training and Employment) — The honourable member for Footscray referred to the requirement for a further upgrade of the Footscray campus of the Victoria University of Technology (VUT). In presenting yesterday's budget the Treasurer announced a record $103 million investment in training infrastructure. This record investment will ensure that TAFE institutes not only come up to scratch but are world-class facilities so that the training that occurs in them underpins skills development, ensuring it is at the cutting edge of training around the state, and underpins economic development.

We are aware that Victoria needs innovative training approaches to help drive the economy forward. As part of that record investment the government will provide $19 million over three years to upgrade information and communications technology in our TAFE institutes. I am pleased to tell the honourable member for Footscray that as part of that additional $19 million VUT will receive $1.2 million from the Growing Victoria infrastructure reserve to refurbish the ground floor of the north wing of the Beanland Pavilion at the Footscray campus. This work will increase teaching flexibility and improve learning outcomes. That comes on top of the $2.1 million in funding that I announced this morning at the Sunbury campus of VUT, together

with the honourable member for Sunbury, for the Melba conservatorium, which is another exciting initiative.

The funding for the Footscray campus will be used to upgrade facilities, including the establishment of an open access space for 100 computers on custom-built pinwheel workstations, with a resource area and help desk; four laptop docking discussion rooms with operable walls; and a foyer area that has a secure entry and audio-visual display. It means that students in the western region will be getting top-class training facilities, which will then flow on to the western region economy and beyond.

It is a very exciting initiative. I am pleased to be able to provide that funding. I must say it will be nice to get the honourable member for Footscray off my back, given that he has lobbied hard for the upgrade, as have members of VUT. This is a pleasing announcement. The honourable member for Footscray has done very well in making me aware of the degraded facilities at VUT, which will now be fixed.

The honourable member for Mordialloc raised a matter for the Minister for Transport regarding Springvale Road and the Princes Highway, and I will pass that on to the minister.

The honourable member for Rodney raised for the attention of the Minister for Transport a matter regarding funding for a bridge in Echuca–Moama. I will bring that to the minister's attention, and I am sure he will respond.

The honourable member for Mildura raised for the attention of the Premier a matter concerning the tabling of reports on Commonwealth Parliamentary Association trips, and I will draw that to his attention.

The honourable member for Dromana raised for the attention of the Minister for Housing a matter concerning the compulsory acquisition of a gentleman's property while he was on duty during the war. I will draw that to the attention of the Minister for Housing, who I am sure will respond.

House adjourned 10.55 p.m.