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(HANSARD)**

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**FIFTY-FOURTH PARLIAMENT**

**FIRST SESSION**

**Book 4**

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**Tuesday, 4 April 2000**

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

## ROYAL ASSENT

Message read advising royal assent to:

**Courts and Tribunals Legislation (Amendment) Act**  
**Domestic Building Contracts (Amendment) Act**  
**Hire-Purchase (Amendment) Act**  
**Melbourne City Link (Amendment) Act**

## FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

*Introduction and first reading*

Received from Assembly.

Read first time on motion of **Hon. C. C. BROAD** (Minister for Energy and Resources).

## QUESTIONS WITHOUT NOTICE

### Inland ports: Bendigo

**Hon. G. R. CRAIGE** (Central Highlands) — As the Minister for Ports is a keen advocate both publicly and in this chamber for the establishment of inland ports, especially the establishment of such a facility at the Marong site near Bendigo, why has she personally allowed that important project for Victoria, particularly rural and regional Victoria, to fail?

**Hon. C. C. BROAD** (Minister for Ports) — Mr Craige is correct that I am a strong proponent of the importance of inland ports. My department is continuing to work with the commonwealth government in obtaining services from the Australian Customs Service and the Australian Quarantine and Inspection Service to ensure the success of such ventures. I will continue to support them. Unfortunately the government cannot guarantee the success or failure of individual initiatives.

### Electricity: network inquiry

**Hon. E. C. CARBINES** (Geelong) — Will the Minister for Energy and Resources inform the house of the government's response to the review of electricity network prices by the Office of the Regulator-General?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I thank the honourable member for her continuing interest in reliable electricity services.

**Hon. Bill Forwood** — I thought the question was about prices?

**Hon. C. C. BROAD** — And affordable prices. On behalf of the government I was pleased to make a submission to the Regulator-General's review of prices for the electricity distribution network. The submission focuses on two issues that particularly concern the government: the standard and quality of services and the prices customers pay for the distribution network.

On the standard and quality of services, clearly current standards for the distribution network are not fully reflected in performance in all areas. Honourable members know that has caused particular problems in a number of areas, most notably in Geelong. However, there is a long list of service problems that are occurring in other areas, such as the Wimmera, Mildura, Bendigo, Sunshine, St Albans, Ringwood North, Pakenham, Belgrave and Leongatha, to name just a few. The government is proposing a more detailed reporting arrangement to ensure services are fully reported. That will give customers a better opportunity of knowing whether they are getting the services they are paying for. The standard and quality of services is central to the delivery of a reliable electricity service.

In regard to prices, the Regulator-General has already noted in his issues paper that there is considerable potential for efficiencies in the network. If those efficiencies are achieved prices should fall. The government's submission reiterated its election commitment that all electricity users should benefit from price reductions.

### Inland ports: Bendigo

**Hon. G. R. CRAIGE** (Central Highlands) — I direct a further question to the Minister for Ports on inland ports, and importantly refer to her comments in talking up the Bendigo project, when she highlighted some significant issues. The minister said that rezoning was being pursued that negotiations were taking place, particularly with Freight Victoria and Vicroads regarding rail and road access, and that plans were well advanced to provide a rail siding 3 metres wide by 1500 metres long.

In view of that, Minister, will you admit that the Bracks government has failed in the project, and importantly, will you at least accept some responsibility?

**Hon. C. C. BROAD** (Minister for Ports) — The Bracks government and I, together with other ministers, will continue to take responsibility to ‘talk up’, facilitate and do whatever we can to ensure the success of individual regional development opportunities within Victoria.

I would very much like to be in a position to guarantee the success of each and every development proposal put before me and the government. Members of the opposition will be well aware — —

*Opposition members interjecting.*

**The PRESIDENT** — Order! I ask honourable members on my left to desist and to allow the minister to respond to the question.

**Hon. C. C. BROAD** — As I was saying, the Bracks government and I will continue to act as proponents for regional development in the state, which is a lot more than can be said about the previous Kennett government. I would like to be in a position to guarantee the success of every one of those proposals; unfortunately, as the opposition knows only too well, that is an entirely unrealistic expectation.

### **Growing Victoria Together**

**Hon. JENNY MIKAKOS** (Jika Jika) — I refer the Minister for Industrial Relations to the recent Growing Victoria Together summit and ask her to tell the house how the summit will contribute to improved industrial relations in Victoria.

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I thank the honourable member for her question. I am sure all honourable members are aware of the Growing Victoria Together summit that took place in Parliament House last week, which was attended by the Leader of the Opposition and the Leader of the National Party.

The summit brought together community, union, business and government leaders, who, although they represented diverse interests, discussed how they could work together to grow Victoria’s economy and create new investments and job opportunities.

One of the key workshops at the summit was on industrial relations. It was chaired efficiently, effectively and commendably by Mr Dennis Eck, the chief executive officer of Coles Myer.

**Hon. Bill Forwood** — A good man.

**Hon. M. M. GOULD** — He is a very good man, who did a very good job as chair of the industrial relations workshop.

**Hon. Bill Forwood** — Were you there?

**Hon. M. M. GOULD** — Yes, I was. Other participants in the workshop included representatives from the Australian Council of Trade Unions, the Victorian Trades Hall Council, the Victorian Employers Chamber of Commerce and Industry, the Master Builders Association, the Lutheran Church — —

**An honourable member** interjected.

**Hon. M. M. GOULD** — Yes, Brian Walsh was there. There were also representatives from the government. It was encouraging to see all the participants actively involved in constructive discussions on how, in working together, they could best achieve the aims and aspirations of all Victorians.

All the participants in the workshop agreed that if they were to achieve a successful industrial relations system in Victoria it would have to be based firmly on consultation and participation. That approach would be a refreshing change from the way industrial relations currently operates in Victoria under Minister Reith’s federal Workplace Relations Act, which encourages conflict and division.

The summit recommended that the industrial relations framework applying in Victoria be considered by a task force set up to examine the changing workplace in the local and the global context.

The government is giving serious consideration to the establishment of such a task force to build on the goodwill and thoughtful recommendations that came out of the summit.

*Honourable members interjecting.*

**The PRESIDENT** — Order! It is most unfair of honourable members to keep talking loudly while the minister is trying to answer the question. I ask them to desist.

**Hon. M. M. GOULD** — A task force could prove a useful tool for examining industrial relations in Victoria, with input from all the relevant experts and stakeholders. I will inform the house shortly of the decision about the establishment of such a task force.

### Growing Victoria Together

**Hon. BILL FORWOOD** (Templestowe) — I refer the Minister for Small Business to last week's Growing Victoria Together summit. In the *Age* of 20 March a spokesman for the minister is reported as saying that the summit would have equal representation from all sectors of the community. Given that honourable members know that around 25 per cent of participants at the summit were senior trade unionists, I ask the minister precisely how many representatives from small business attended the summit?

**Hon. M. R. THOMSON** (Minister for Small Business) — I know it comes as a disappointment to members opposite that the previous government did not think of bringing the various sectors of the community together. Approximately 30 representatives from the business community were present at the summit, and that included representatives of the peak bodies. Small business was well and truly represented at the summit.

### Growing Victoria Together

**Hon. R. F. SMITH** (Chelsea) — Will the Minister for Small Business tell the house how last week's Growing Victoria Together summit will assist Victorian small businesses?

*Opposition members interjecting.*

**The PRESIDENT** — Order! That type of questioning appears to be asking for an opinion rather than a substantive answer. I ask the minister to respond; however, I ask honourable members to bear in mind the nature of their questions and the answers they invite.

**Hon. M. R. THOMSON** (Minister for Small Business) — I thank the honourable member for his question. Small business was a very big part of the summit agenda. A number of participants at the summit raised issues relating to small business, which were considered in workshops in a number of areas.

One of the most important tasks ahead for small business is to address the changing economy, including the way businesses will work in the future. Everyone at the summit realised that we are in a changing environment.

**Hon. M. A. Birrell** — What about the goods and services tax?

**Hon. M. R. THOMSON** — That was raised, too — and by the business community. The question about whether or not small businesses and their staff and

employees are ready for those changes was discussed at great length at the summit.

One of the things that came out of the summit is the need to encourage small business to take up training options. The government will provide training facilities that small businesses can access. Small business needs to be motivated to take up traineeships and apprenticeships. The government will also ask small business to skill employees for the future. It is an important issue, because if small business is to compete, training is the key.

### Commonwealth Games: shooting

**Hon. R. A. BEST** (North Western) — The former government identified the Wellsford Forest rifle range near Bendigo as part of its bid for the 2006 Commonwealth Games. Will the Minister for Sport and Recreation confirm that the Wellsford Forest rifle range is still the preferred venue for the 2006 Commonwealth Games shooting events?

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — I can confirm that the Wellsford Forest rifle range is the preferred venue for the Commonwealth Games shooting events.

### Sport: Active Girls Breakfast

**Hon. G. D. ROMANES** (Melbourne) — Will the Minister for Sport and Recreation advise the house what action his department is taking to improve participation rates of young women in sport?

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — On 29 March I was fortunate enough to attend the Active Girls Breakfast at Melbourne Park. The breakfast is an initiative approved by me to implement the government's commitment to women in sport and recreation and to actively encourage female participation in school sport. The government hopes the Active Girls Breakfast will become a regular event in Melbourne and rural Victoria.

The inaugural breakfast was conducted and supported by Sport and Recreation Victoria. More than 600 people attended, and SRV received more than 1700 applications, many of which were from regional Victoria. Approximately 70 sporting role models attended to provide positive examples of career paths for young women in sport.

The breakfast was initiated to provide a forum for schoolgirls to meet and share experiences with positive sport role models and to promote participation in areas where the demographics show high drop-out rates. The

breakfast also aims to encourage a healthy and active lifestyle.

**Commonwealth Games: swimming**

**Hon. M. A. BIRRELL** (East Yarra) — I refer the Minister for Sport and Recreation to the 2006 Commonwealth Games to be held in Melbourne and ask him at what venue the swimming competition will be held.

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — A number of venues are being considered, one of which is a temporary pool to be established at the Melbourne and Olympic Parks Trust venue. Substantial cost savings would be a benefit, but there would be no long-term sporting legacy. One of the key factors in holding the Commonwealth Games is the opportunity to promote a long-term sporting legacy in Victoria.

Another possible site is the Melbourne Sports and Aquatic Centre, which already has a significant swimming infrastructure. The centre is probably a more acceptable location for the swimming venue, with the potential for a new swimming pool to be added to the existing development. That would provide a long-term sporting legacy for the community of Melbourne and Victoria.

**Pawnbroking: regulation**

**Hon. D. G. HADDEN** (Ballarat) — Will the Minister for Consumer Affairs inform the house of what action her department is taking to address alleged abuses in the pawnbroking industry?

**Hon. M. R. THOMSON** (Minister for Consumer Affairs) — The previous government — —

**Hon. Bill Forwood** interjected.

**Hon. M. R. THOMSON** — You can stand up for the ones I am about to denigrate — go right ahead, Bill!

The previous government deregulated the interest rate cap on pawnbrokers, and recent media reports have referred to exorbitant interest rates being charged. Under the legislation pawnbrokers are required to display in their windows the interest rates charged to enable patrons to view them before entering the premises. It appears that that is not happening with many pawnbrokers. The Consumer Credit Fund commissioned Good Shepherd Youth and Family Services to prepare a report on the pawnbroking industry. The government is waiting for a copy of that report, which was funded by the previous government.

There are a couple of areas of concern that will probably not be covered in the report. The most important one is payday advance loans. Under those loans pawnbrokers can retrieve money from people's bank accounts, but what is of real concern to the government is that it seems the loan contracts allow the pawnbrokers to vary the amounts. Apparently that is the practice in the United States, and it is now heading for Victoria.

**An Honourable Member** — Is it happening?

**Hon. M. R. THOMSON** — The government believes there is one instance in Victoria, so the matter must be addressed quickly to ensure that we do not have a situation where such loans are not covered by legislation. We need legislation to cover the capacity of a third party to vary the amount in an account without ensuring the protection of the consumer.

The government is also concerned about the pawning of cars. A person can take his or her car to the pawnbrokers, obtain a relatively small amount, and find that if the car is not retrieved within the appropriate time or the necessary payments are not made the pawnbroker can sell the car and keep the money. Significant amounts of money are involved and in some cases the vehicles are worth up to \$12 000. The issue must be addressed.

The government is also concerned that there may be a prevalence of pawnbroking premises located around gaming venues. Vulnerable people are subject to being exploited at a time when they are most vulnerable, and that issue must also be addressed. Some pawnbrokers who offer reasonable interest rates and advertise and try to provide appropriate arrangements have contacted my office because they, too, are concerned about others in the industry who exploit people in vulnerable circumstances.

**QUESTIONS ON NOTICE**

**Answers**

**Hon. M. M. GOULD** (Minister for Industrial Relations) — By leave, I move:

That so much of the standing orders as require answers to questions on notice to be delivered verbally in the house be suspended for the sitting of the Council this day and that the answers enumerated be incorporated in *Hansard*.

The question numbers are: 218–262.

**Motion agreed to.**

## PETITION

### Legislative Council: proportional representation

**Hon. BILL FORWOOD** (Templestowe) presented a petition from certain citizens of Victoria praying that the method of electing members of the Legislative Council be changed to proportional representation so that the proportion of the vote that each party or Independent achieves is represented by their members in the total number of members in the Council (108 signatures).

Laid on table.

### AGRICULTURAL AND VETERINARY CHEMICALS (CONTROL OF USE) (AMENDMENT) BILL

*Introduction and first reading*

**Hon. C. C. BROAD** (Minister for Energy and Resources), by leave, introduced a bill to amend the Agricultural and Veterinary Chemicals (Control of Use) Act 1992, to provide for the labelling of meal derived from material of animal origin and for other purposes.

Read first time.

### SCRUTINY OF ACTS AND REGULATIONS COMMITTEE

*Alert Digest No. 4*

**Hon. M. T. LUCKINS** (Waverley) presented *Alert Digest No. 4 of 2000*, together with appendices.

Laid on table.

Ordered to be printed.

### PAPERS

Laid on table by Clerk:

Crown Land (Reserves) Act 1978 — Orders under Section 17D and 17DA granting leases at Euroa.

Drugs, Poisons and Controlled Substances Act 1981 — Standard for the Uniform Scheduling of Drugs and Poisons, No. 14, 17 March 2000, Amendment No. 2 and Minister's Notice regarding the amendment, commencement and availability of the Code (two papers).

Interpreting and Translating Services — Minister for Multicultural Affairs report of 20 March 2000 of receipt of the 1998–99 report.

Interpretation of Legislation Act 1984 —

Notice pursuant to section 32(3)(a)(iii) in relation to Statutory Rule No. 143/1999.

Notice pursuant to section 32(4)(a)(iii) in relation to State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade).

Judicial Remuneration Tribunal — Report on Judicial Salary and Allowances, 23 February 2000, together with a statement from the Attorney-General as to reasons for accepting the Tribunal's recommendations, 21 March 2000 (two papers).

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

Casey Planning Scheme — Amendment C2.

Dandenong — Greater Dandenong Planning Scheme — Amendment C8.

Geelong — Greater Geelong Planning Scheme — Amendment R253.

Melton Planning Scheme — Amendment C7.

Moonee Valley Planning Scheme — Amendment C5.

Mornington Peninsula Planning Scheme — Amendment C6 (Part 1).

Port Phillip Planning Scheme — Amendment C18.

Stonnington Planning Scheme — Amendments L38, L72 and L98.

Wyndham Planning Scheme — Amendment C7.

Yarra Ranges Planning Scheme — Amendment L110.

Yarra Ranges Planning Scheme (Healesville Chapter) — Amendment L125.

Statutory Rules under the following Acts of Parliament:

Conservation, Forests and Lands Act 1987 — No. 14

Fisheries Act 1995 — Nos. 15 and 20.

Magistrates Court Act 1989 — No. 22

Subordinate Legislation Act 1994 — Nos. 16 to 19 and 21.

Subordinate Legislation Act 1994 —

Ministers' exception certificates under section 8(4) in respect of Statutory Rules Nos. 16 to 22.

Minister's exemption certificate under section 9(6) in respect of Statutory Rule No. 14.

Wildlife Life Act 1975 — Notice of control of hunting, No. 2/2000, 18 March 2000.

The following proclamation of His Excellency the Governor in Council fixing an operative date in respect of the following Act:

Police Regulation (Amendment) Act 1999 — Whole Act (except section 7) — 2 April 2000 (*Gazette No. G13, 30 March 2000*).

## NATIONAL TAXATION REFORM (CONSEQUENTIAL PROVISIONS) BILL

*Second reading*

**Debate resumed from 21 March; motion of  
Hon. C. C. BROAD (Minister for Energy and Resources).**

**Hon. R. M. HALLAM** (Western) — The National Taxation Reform (Consequential Provisions) Bill represents the implementation of Victoria's basic obligations under the groundbreaking and welcome Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations, which was finally executed by the commonwealth, states and territories in late June last year. A range of specific legislative provisions taking up individual components of the fundamental agreement will follow the bill. I note that the third item listed for debate on today's notice paper is the First Home Owner Grant Bill, which goes to a particular feature of the general agreement.

I am delighted to participate in the debate. The bill represents the culmination of some years of hard work by a number of dedicated people across all tiers of government. It represents enormous political courage on the part of the Howard coalition government, given that it delivers the most far-reaching reform of tax in the history of this nation. It is generational. This bill is the first component of the reform. The bill also signals the end to the belittling process that confronted the states and territories in bargaining for their individual allocations from the commonwealth public purse each year. I will refer to that in detail because on that basis alone it is important legislation.

The opposition's formal position is that it will not oppose the legislation. I make it clear that that should not be construed as lukewarm support for the tax reform package. If the partnership stance were driven by the contents of the bill, I am sure we would have formally supported the legislation. However, the partnership's decision was influenced by the rather churlish and petty attitude of the government in its presentation of the bill and its articulation of the fundamental principles that underpin it. We have made a decision not to oppose, but that decision has more to do with the Bracks government's stance and presentation of the bill rather than the effect of the legislation.

The bill signals the achievement of major tax reform across all tiers of government. On that basis it is not only extremely welcome but also symbolic and significant. Against that background, the minister's second-reading speech is disappointing. It might well be that the Australian Labor Party cannot bring itself to embrace the concept of the goods and services tax (GST). Notwithstanding that it was Paul Keating who first seriously advocated the introduction of a broad-based goods and services tax.

**Hon. R. F. Smith** interjected.

**Hon. R. M. HALLAM** — I am happy to have that on the record. Perhaps the Australian Labor Party cannot bring itself to embrace the concept of the GST. However, it must be admitted, even by government members in this chamber, that there was a need for tax reform. Honourable members could reach a consensus on that and on the fact that the main beneficiaries of the changes are the states and territories. Surely there would be general agreement on that.

Surely people would also agree that the pursuit of that agreement between the commonwealth on the one hand and the states and territories on the other hand was a brave political direction for the Prime Minister to take. It is not telling any secrets for me to acknowledge that the political graveyard holds many who had the temerity or bravery to suggest a shift in Australia's tax structure.

History will judge the federal coalition government kindly because the Prime Minister, John Howard, not only pursued the tax reform package but also took the package to a general election. He used the tax reform structure as the central plank of his election platform. To anyone who is prepared to listen I suggest that his action took a great deal of political bravery — and at least that much could be acknowledged across the chamber. The opposition is disappointed that the Minister for Energy and Resources was not prepared to acknowledge those facts when she introduced the bill. The second paragraph of the minister's second-reading speech complains of the state's need to claw back embedded tax savings of about \$100 million a year. In the grand scheme of things and in the context of the enormous amount of work and negotiations that led to the agreement that is the genesis of the bill the minister's comments seem peripheral, if not petty. I shall return to the issue of embedded tax savings.

After months of an enormous amount of work being done by a number of people across Australia the best the Bracks government can say about this groundbreaking legislation is that it will require

embedded tax savings of around \$100 million. I will return to the illogicality of the approach that in the grand scheme of things can only be described as petty.

It is hard to find anybody in Australia who would support the existing tax structure. It is about the one thing one can rely on to provide consensus across partisan lines in politics. If one were to look for agreement on anything one would get it over the existing tax structure: it is a nightmare to administer, and a dog's dinner to comply with. Australia's tax structure has cost the nation dearly for some generations.

When the Prime Minister first suggested the need for major tax reform and the consideration of the concept of a broad-based consumption tax I personally resolved to do something about it notwithstanding that I understand as well as anybody in this place — perhaps better than some — that you step across certain divisions in Australian politics only with advance due consideration and respect. I carry a few scars for having shifted across those boundaries over the years.

However, in this case I decided that partisan politics had to be put aside. The tax issue needed to be addressed in a statesmanlike way. Against that background I conveyed my support to my commonwealth colleagues: some were surprised and others were delighted to receive it. I set about conducting a series of regional seminars to involve communities in the debate that underpinned the breakthrough agreement that represents the basis of the bill.

To anybody who stood still long enough to listen to my pleadings on the tax issue I strongly suggested that now was the last opportunity in a generation to do something real about the tax structure that has bedevilled the nation for years. The least Victoria could do was give support to somebody brave enough to tackle the tax problem. I am not suggesting I talked him into it but it is a matter of record that the former Premier, Jeff Kennett, took a similar stance, although he conducted his campaign at a level much higher than I had access to. History will judge him kindly for it. He was prepared to put partisan and divisional politics to one side and to advocate strenuously the need to reform our tax structure. He became a powerful advocate and he deserves much credit.

I will not bore the house with the detail of the presentation I made on that travelling circus when I conducted regional seminars but I am reminded of some of the key factors upon which I relied. It was generally accepted that Australia's tax structure — that

is, the one that will be changed only after the passage of this legislation and the introduction of the GST to apply from 1 July next — clearly stifles endeavour. I remember that for years people were reporting they were not prepared to chase the additional overtime or job because, they said, 'What is the point given that much of the additional earnings would go directly to the Australian Taxation Office?'. More people were caught up in the creep in marginal rates.

In 1950 the average taxpayer would need to earn about 19 times the average weekly earnings of Australians before he or she would pay the highest tax on part or all of his or her income. Today that multiplier is about 1.2. In other words, the average taxpayer in Australia now has to earn only about 1.2 times the national average of earnings across the nation before some of his or her income falls within the top marginal rate.

It was clear that something had to be done about the tax structure if what I have described as the stifling of personal endeavour was to be overcome. It was clear to anybody who thought it through that the system had become incredibly unfair given its reliance on wholesale tax rates and its coupling with the high rates of income tax.

Given that more Australians were falling into the higher marginal rates the real incentive was to address the definition of what constituted income. A whole new industry was beavering away trying to make sure so far as it could that the earnings in any particular year were minimised on the basis of what constituted income. It became even more unfair when one considered that the rate of tax to be paid by a taxpayer could be determined by how much he or she could afford to spend on the best professional help to arrange affairs and thus to minimise what qualified as income. At the top end example after example showed that high-profile Australians were reputed to be paying little tax. How could the country support a system that at one end was reputedly having that effect while at the other end of the scale an extensive black financial market was ensuring that an increasing amount of income, particularly in some particular professions, was habitually missing the till?

How could one support a taxation system that was so open to manipulation? I remember describing the incentives as D words. There were about 30 of them, but the most important were that one could deny the income, delay its recognition, distribute it before the tax fell due and finally decamp before the tax assessor arrived on the doorstep.

The third issue I relied on heavily was that the system was out of date. The wholesale sales tax, which presumably the Australian Labor Party wants to preserve, was born in the 1930s. It introduced a 2.5 per cent tax on a restricted range of goods. Although it may have been appropriate for the relatively unsophisticated economy of the 1930s that was not so in the 1990s when the economy was much more sophisticated and when services had become more prevalent. The rate that began at 2.5 per cent became a standard 22 per cent and peaked at 45 per cent. I am talking now about an animal of a different colour; there was no comparison between the original system and that which Australia ended up with, and the wholesale sales tax on each transaction was undisclosed. The average person in the street did not understand that a consumption tax already applied. It happened to be wholesale sales tax and nobody saw its presence or effect.

I remember talking about the incredible complexity of the taxation structure. I am an accountant by profession but must confess that the system was difficult to understand and even more difficult to administer. There were thousands of pages of technical legislation across three tiers of government. The only people who gained any enjoyment out of the administration of that taxation hierarchy were the tax consultants. They finished up with a degree of specialisation that no-one could have anticipated. People became not only taxation consultants, but specialists in particular areas, such as fringe benefits tax, company tax, sales tax and so on. The structure had become so complex that the tax consultants of the nation had to have almost grown up with it to understand it. The three tiers of government with different ranges and rates of tax made it worse.

To make it more bewildering there were complex sharing arrangements across the tiers of government about the aggregate tax cake. If there were to be a final insult, politicians were able to hide behind that complexity. They could pass the buck and hide behind the fact that few people in the community understood what was taking place. The classic example is road funding where the three tiers of government have separate responsibilities for parts of the road infrastructure and receive funding from different sources. Over generations politicians at all levels have been able to dodge the real responsibility for road maintenance. Because of that complexity it was impossible to maintain the discipline that should have been evident.

It was generally conceded across all parties that something had to be done. This was a golden opportunity for the Prime Minister and the federal Treasurer to take on the major issue of tax reform. They

were prepared to do so in advance of the election and tax reform formed a plank in their platform to the electorate. That would have been a better opening comment for the minister to make than the churlish comment about having to get back embedded tax savings. That is a sad situation.

The real nub of the issue is the relationship between the tiers of government. Mr President, I have not been here as long as you, but in the 15 years I have been here I have taken an interest in public sector administration and the reporting of public sector finances. One matter I have seen consistently over those 15 years has been the complaints from successive treasurers and finance ministers about the annual round-up in Canberra. The state and territory ministers had to go to Canberra with their begging bowls and argue not only against the federal bureaucracy and politicians but also their counterparts across states and territories. They had to line up to argue about a fair distribution of the annual tax cake. Some were good at it. There was some theatre and posturing, some of which I saw at close quarters. However, beyond that it was denigrating and humiliating. It was no way to operate a modern economy and the business of government.

That system has now been effectively replaced with the states and territories being given access to a guaranteed and predictable growth tax. They can now better predict revenue flows, plan for the future and frame annual budgets for the years beyond. If the minister could not bring herself to welcome the goods and services tax and say that the agreement struck between the states and the commonwealth was appropriate, at least she could have commented on the passage of the former commonwealth–state relationship that was such an embarrassment to so many.

This major breakthrough relieves state leaders of the humiliation of heading to Canberra each year to argue not only against their counterparts in the states and territories, the federal Treasurer and the Prime Minister but also the army of bureaucrats whose job it was to make life difficult for those taking part in the round-up.

It is the most welcome change in the operational structure of government that I have seen in my time. On that basis, the bill is welcome. Its schedule sets out in full the intergovernmental agreement hammered out between the commonwealth and the states and territories. I suggest the schedule will be visited in years to come by historians and students because of its importance and symbolism. Beyond that, it is a good read. I commend the architects of the agreement — I presume they were commonwealth bureaucrats. The

legislation is framed in everyday language, and I commend those involved.

It is important to put in context the pettiness of the Bracks government. The agreement has been signed by the commonwealth and all the states and territories. The signatures include the Honourable Robert John Carr, Premier of the state of New South Wales, the Honourable Peter Douglas Beattie, Premier of the state of Queensland and the Honourable James Alexander Bacon, Premier of the state of Tasmania.

Those signatories to the intergovernmental agreement are relevant because they head up Labor administrations. As it happens the list includes other heads of government, particularly the Honourable Jeffrey Gibb Kennett, who was proud to sign the agreement on behalf of the state of Victoria.

The agreement was signed, without duress from any quarter, by all the leaders of the states and territories. If nothing else, that is a commentary on the way it has been addressed in the second-reading speech. I will not go through the intergovernmental agreement in detail, but I note that paragraph (2) on page 32 states:

The Commonwealth, States and Territories are in agreement that the current financial relationship between levels of government must be reformed ...

The agreement is of breathtaking importance because it acknowledges that the relationship between the levels of governments had to be reformed:

... to facilitate a stronger and more productive federal system for the new millennium.

That is the best possible reason for the Bracks government to say, 'This is very good legislation'. Why do we have to be hung up by a by-product of the agreement? Why can the government not say, 'This is an historic outcome for the people of Australia.'?

The agreement goes on to state:

- (3) While a majority of the States and Territories support the introduction of the Goods and Services Tax (GST), the agreement of New South Wales, Queensland and Tasmania to the reform of the commonwealth–state financial relations does not imply their in-principle endorsement of the GST.

That was the out. There was no duress or elbow in the process. It was agreed in advance that the signing of the agreement did not constitute an endorsement by those three states of the GST. The agreement then outlines the timing and the process.

It is important to reflect on the terms of the intergovernmental agreement. On page 33 it is agreed,

among other things, that the objects of the reforms include:

... the elimination of a number of existing inefficient taxes which are impeding economic activity.

We agreed to abolish those taxes that are 'impeding economic activity'.

I make the point again that the agreement is of enormous significance. All the states and territories have agreed to the deletion of a range of taxes. Can honourable members imagine another circumstance in which such an agreement might have been struck? I return to the point that I made by way of introduction — that is, that the agreement represents bravery of the sort that is seldom seen in politics. On that basis alone, the bill is important.

The parties acknowledged the need to pursue the ongoing reform of commonwealth–state financial relations. The document is not the end of it; the heads of government agreed to continue to pursue the best outcome for the people of Australia.

As to the specific issues in the reform agenda, paragraph 5(i) states:

The commonwealth will legislate to provide all of the revenue from the GST to the States and Territories and will legislate to maintain the rate and base of the GST in accordance with this Agreement.

So the first point is that all the income from the GST is to be dedicated to the states. As I said, the Bracks Labor government could at least have acknowledged that. The agreement provides that Victoria now has access to a growth tax that past generations just dreamed about. Now that it is being delivered, the government cannot find a good word to say about it.

The agreement commits the commonwealth to cease from 1 July the application of wholesale sales tax and:

... temporary arrangements for the taxation of petrol, liquor and tobacco under the safety net arrangements —

which are mainly to do with excise. That is understood. It also provides that:

The payment of Financial Assistance Grants will cease on 1 July 2000.

Imagine the states and territories blithely giving up a major component of their income! That is but a part of the most significant agreement one could imagine, which is the point I am trying to make.

The commonwealth agrees also that it:

... will continue to provide Specific Purpose Payments ... and has no intention of cutting aggregate SPPs as part of the reform process set out in this Agreement, consistent with the objective of the State and Territory Governments being financially better off under the new arrangements.

The crunch is that the federal government is prepared to commit to an arrangement that is driven by the notion that the states and territories will be better off, not just this year but under the system that will apply from 1 July onwards. Is that mentioned in the second-reading speech? No! I again make the point that that is a sad treatment of a critically important piece of legislation.

The states and territories agreed on the taxes that would be discontinued, as spelt out in appendix A. They include bed taxes, which will cease to apply from 1 July — as it happens, that does not affect Victoria; financial institutions duty and stamp duty on marketable securities, which will cease from 1 July 2001; and debits tax, which will cease from 1 July 2005. That date is significant — and we have our friends the Democrats to thank for that.

Further, under the terms of the agreement the ministerial council will, by 2005, review the need for retaining stamp duty on other documents such as bills of exchange, cheques, promissory notes and so on. Again, Victoria has a commitment on a major income stream on which it has relied in the past. I make the point again that this is break-through legislation. Paragraph 5(viii) of the agreement provides that:

The States and Territories will adjust their gambling tax arrangements to take account of the impact of the GST on gambling operators.

Just as an aside, that is not a free kick; it simply recognises that it would be a double take if the GST were applied beyond the current high tax on gambling operators.

In paragraph 7 the commonwealth gave the following critically important and clear commitment on the distribution of the revenue derived from the GST:

The Commonwealth will make GST revenue grants to the States and Territories equivalent to the revenue from the GST subject to the arrangements in this Agreement. GST revenue grants will be freely available for use by the States and Territories for any purpose.

The commonwealth has said to the states and territories not only, 'Here is access to this new taxing regime', but also, and importantly, 'There are no strings attached'. Why does that not rate a mention in the second-reading speech? The commonwealth is committed to giving the states access to a growth tax for years beyond this without any strings attached. I again make the point that

that is critical. Paragraph 8 of the agreement provides that:

The Commonwealth will distribute GST revenue grants among the States and Territories in accordance with horizontal fiscal equalisation ...

That is a bit of a mouthful, but it means that there will be some equity across the states and territories. That will be disputed because it is subjective, but it is a formula designed to introduce a degree of equity that would not be there otherwise.

In respect of transitional arrangements — it is a complex shift across the administration of a range of taxing issues — the following points are made in paragraph 10 of the intergovernmental agreement:

In each of the transitional years —

two years are nominated —

following the introduction of the GST, the commonwealth guarantees that the budgetary position of each individual state and territory will be no worse off than it would have been had the reforms set out in this agreement not been implemented.

The commonwealth is prepared to give to the states a black and white commitment that they will be no worse off. Not only was that not mentioned in the second-reading speech, but the minister argued it was unfair that there should be an insistence that embedded tax savings be clawed back. How pathetic and absolutely petty in the grand scheme of things. Paragraph 12 states:

To meet this guarantee, the commonwealth will make transitional assistance payments to each state and territory, as necessary, over this period. These payments will take the form of interest-free loans and grants in July 2000–01 and grants paid quarterly in subsequent years and will be freely available for use by the states and territories for any purpose.

Transitional payments will ensure the states and territories are no worse off, and those payments are made without strings being attached. That is a very good deal, given the background against which it is negotiated.

**Hon. C. C. Broad** — That is just to stay level.

**Hon. R. M. HALLAM** — This is a growth tax, Minister. You have not been listening. I am sorry you have not taken this in. It is acknowledged it is a growth tax.

**Hon. C. C. Broad** — In future, not now.

**Hon. R. M. HALLAM** — The minister has been given a commitment that the state will be no worse off and will have access to a growth tax in the future, and

she wants to argue about it. She wants to nitpick and make snide comments about the way in which the tax is applied. It is pathetic and it shows that the Bracks government has no soul and no understanding of the historic background of the negotiations; that it is driven by petty partisan politics rather than by an outlook of what is good for Australia. Paragraph 14 states:

After the second year following the introduction of the GST, GST revenue grants will be determined on the basis of HFE principles. That is —

it is the first time I have seen horizontal fiscal equalisation described in that way —

after the first two years, any state or territory which is receiving more than would have been received under the current arrangements will retain that excess.

That is a tricky definition of horizontal fiscal equalisation. Again I make the point that this is a good deal.

The agreement goes on to talk about the first home owners scheme, an important component of the agreement. I will not go into any detail in that area because I have noted that the legislation that arises directly as a result of paragraphs 15 and 16 regarding the first home owner scheme is listed for debate later this day. Paragraph 17 states:

The parties intend that the commonwealth, states, territories and local government . . . will operate as if they were subject to the GST legislation. They will be entitled to register, will pay GST or make voluntary or notional payments where necessary and will be entitled to claim input tax credits in the same way as non-government organisations.

The rules of the game are that each of the tiers of government will operate as though the GST applied to it. There will be a presumption of no windfall gains. Under the Bracks government Victoria will have open and accountable reporting. All the tiers of government will operate as though the GST applied to their field of operation. That is part of the deal struck, yet in the very first page of the minister's second-reading speech it is suggested it is tough to expect embedded tax savings to be clawed back. Further on in the minister's speech it is stated that the attitude on windfall gains depends upon who expects to benefit.

How is that consistent with the notion of openness and accountability? In one breath the government argues for a windfall gain — for someone in Victoria to be protected. Not only is it petty to talk about the clawing back of embedded tax savings; it is absolutely inconsistent with the structure of the agreement. It is those double standards which prompted the opposition to determine that while it might welcome the legislation

it was not prepared to signify support for it — rather, that it would not oppose it. I am trying to get the chamber to understand that the opposition did not adopt that position lightly and the decision was arrived at after considerable discussion of the issues involved.

It is agreed that the GST will not apply to some taxes and compulsory charges and that a list of those deemed to be outside the scope of the GST will be agreed on between the jurisdictions. Even in those circumstances the states and territories were invited to be part of the process, to have a go at the taxes and compulsory charges that would be held to be outside the GST regime. It is important that paragraph 22 states that the list of taxes and compulsory charges outside the scope of the GST will be subject to ongoing review and adjusted as necessary in consultation with the ministerial council. It is the best possible deal that could have been hoped for. In this context just the list of taxes and charges outside the GST is itself to be the subject of ongoing negotiation.

The bill details reciprocal taxation being progressed on a revenue-neutral basis through the negotiation of reciprocal taxation agreements. Those agreements will have the following objectives:

- (i) improving the transparency of tax arrangements between all levels of government;

Not just denying them but improving them — —

- (ii) ensuring tax neutrality; and
- (iii) replacing the statement of policy intent (SOPI) for the taxation treatment of government business enterprises with tax arrangements which are broader in scope.

It is a good deal.

Lest the cynics in local government offer criticisms — which, sadly, I have come to expect in some quarters — I point out that paragraph 25 states:

Local government organisations will be consulted with a view to making the NTER —

that is, the national tax equivalent regime —

for income tax operational for wholly owned local government business enterprises from 1 July 2000 and including local government in the reciprocal tax agreement at a later date.

Local government will be treated as a full partner in the process. It will be invited to be part of the negotiations as well.

The agreement goes on to talk about the monitoring of prices and the responsibility of the Australian Competition and Consumer Commission.

Part 3 of the agreement talks about the management of the GST rate. Again I remind the chamber that the house is talking about an agreement that bears the signatures of the heads of all states and territories as well as of the commonwealth. Part 3 talks about what will happen to the original rate of the GST. Paragraph 31 states:

After the introduction of the GST, a proposal to vary the 10 per cent rate of the GST will require:

- (i) the unanimous support of the state and territory governments;

Any one state or territory can block any proposal to vary the 10 per cent rate — up or down.

This is momentous legislation. All jurisdictions get the chance to be involved in the future. It is certainly a good deal. Amendments to the legislation require the unanimous support of all jurisdictions, including the endorsement of the commonwealth government and the consequent passage of legislation through both houses of the Australian Parliament.

In response to the concerns expressed about the GST being introduced at an initial rate of 10 per cent and then being increased down the track, I point out that the intergovernmental agreement can be subject to variation only with the unanimous support of all jurisdictions. There is little chance of the GST rate being increased and none at all without the agreement of all jurisdictions. Surely that addresses the criticism from various quarters that the tax would be introduced at 10 per cent and then increased by stealth. Under the intergovernmental agreement the states and territories must compensate the commonwealth for the agreed costs incurred by the Australian Taxation Office for the administration of the GST. The deal was that the states and territories would receive the benefits of the GST but in return they must meet the costs of its administration.

I remind honourable members that the intergovernmental agreement was signed for and on behalf of all states and territories and the commonwealth government. Against that background I must say I am saddened that the Victorian government has used the rhetoric it has. The government almost wants us to believe it is introducing the legislation because of its obligation to honour the previous Kennett government's commitments. The minister's second-reading speech states:

The Victorian government is obliged to honour the previous government's commitments which were made under the intergovernmental agreement.

How churlish! The concerns of several generations of Victorians about the reform of the taxation structure have been answered. The legislation answers all the questions asked in this chamber about the lack of discipline resulting from the complexity of the taxation structure; about the lack of fairness of the taxation system because it can be manipulated by individuals; and about the belittling process states and territories have had to go through each year when trying to get a fair share of the national tax cake. The government, through the minister, has been incredibly petty to make the comments to which I have referred.

In case any honourable member is under the misapprehension that the legislation is all one way, I point out that the commonwealth government has agreed to reduce its income tax take by an estimated \$13 billion through the combination of the shift in marginal tax rates and the lifting of the tax free threshold. Whatever else Australians might say about politics, I do not believe anyone could challenge the fact that the combination of those two issues will provide enormous relief at the lower end of the tax scale. I hope there is agreement that that is where relief is most sorely needed. The bill provides that relief and for that reason alone it is welcome.

In addition, the commonwealth has agreed to introduce additional pension entitlements and incentives to encourage Australians to take up private health insurance. My friends and colleagues in country Victoria were delighted about the agreement on fuel excise which, off-road, will be reduced to zero — it will be wiped out completely. That is a massive breakthrough for enterprises in rural and regional Victoria and is a fundamental shift in operational costs across the rural economy. It will benefit not only country Victoria but also country Australia.

Honourable members should be clear about the impact it will have on transport costs. I have had experience in managing a business in country Victoria. I saw what freight costs did to my charges. I knew the extent to which I had to operate at a disadvantage when compared with my metropolitan counterparts. Everything I saw, smelt, touched and heard had a freight component incorporated in it, and a large part of that could be directly traced to the cost of fuel. Under this legislation the commonwealth has agreed to reduce the excise on diesel consumed by heavy transport from the current level of 43 cents to 18 cents a litre.

If I was not convinced by all that, I would be convinced by the abolition of provisional tax. During my travelling roadshow in country Victoria I was repeatedly told that provisional tax hits people the hardest. Provisional tax is designed to make the system fairer between those who pay tax on a weekly basis and those who have their tax assessed annually and pay the tax for one year at some time in the next financial year. Try explaining that to the average taxpayer whose attitude is that he or she has not even earned the income so how can he or she be taxed in advance! It was difficult to explain that the scheme was designed to put those people on the same playing field as those who pay their tax weekly. I am delighted that provisional tax is being abolished completely. As I said earlier, this is momentous legislation.

The projected share for states and territories for the first two years of application beyond the transitional stage is estimated to be \$370 million in 2003–04 and \$1.25 billion in 2004–05. That is not chickenfeed. It is a taxation structure that is anticipated to have a substantial growth factor in line with economic activity. Victoria must be the only state that is sneering at this agreement. It has to be the only state where acceptance is begrudging.

I acknowledge there were some complications because the Australian Democrats insisted that the GST should not apply to a number of items, particularly food and education services. Despite that, it is clear that all jurisdictions will be better off. No-one would argue that we should return to the days we are emerging from and take our chances in the annual round-up in Canberra. It would have been nice for the Bracks government to acknowledge that the commonwealth government has just about got it right — that the system will be better in the future. Why is the government insisting on making the point that it is obliged to honour the promises of the former Kennett government?

Why has so much of the second-reading speech been reduced to that sort of petty point scoring? Are Victorians to assume that the Bracks government is an isolated case in not being able to recognise the problems the nation has had? I do not want to believe it is that bad! Are we to believe that the Bracks government is not convinced that the nation will benefit from the changes? Are we also to believe it is not convinced that the states themselves will benefit? Surely we are not being asked to believe the Bracks government is yet to be convinced that individual taxpayers will be better off under the changes?

Why the hang-up about the clawing back of embedded tax savings, given that the agreement the government

now says it supports explains why the clawing back is consistent with the general tenor of the agreement? The structure is not designed to produce windfall gains. The government goes to great lengths to show the community how open and transparent it is, yet in the next breath it argues that those who receive the windfall gains should be allowed to take advantage of them. Not only is it petty to put that in the second paragraph of the second-reading speech, it is also illogical. More than anything else that has driven the opposition to say it does not oppose the bill rather than saying it actively supports it.

The second-reading speech then refers in some detail to the concept of circular taxation. The opposition has been led to believe that this open and transparent government is opposed to circular taxation — in other words, a tax on a tax. I have great sympathy for that approach, because under the previous tax system the wholesale sales tax was imposed on the landed cost, which included the freight component, which in turn included excise — a tax on a tax. Of all the arguments I could have mounted in opposition to the wholesale sales tax, perhaps the strongest would have been that it was a tax on a tax and met the criteria of circular taxation. However, I was delighted to read in the second-reading speech that there is at least token support for the concept of deleting double taxation.

The second-reading speech says:

While the commonwealth has amended its GST legislation so that the GST will now apply to insurance premiums that are exclusive of the states' stamp duty, thus avoiding an instance of circular taxation, it has not to date been prepared to do so with respect to taxation of rental business.

That is a criticism of the federal government. Why is that significant, apart from the fact that it is cheap and nasty? The next sentence reads:

The state is not able to eliminate stamp duty from some other tax bases on which GST will also apply —

I hope some bureaucrats feel guilty not only for doing that but also for writing about it —

as the abolition of the wholesale sales tax means there could be an overall net loss to state revenue.

That's the justification — circular taxation!

The members of this open and accountable government are saying, 'We are opposed to circular taxation — oops, unless it affects our revenue base'. Talk about double standards! It is a wonder they can sleep at night.

The second-reading speech goes on to say:

Because the wholesale sales tax base on motor vehicles is large, after 1 July 2000 the state would experience a substantial fall in its stamp duty on motor vehicle transfers if it were to apply it to GST-exclusive prices.

The justification is that the impact on revenue would be too great to contemplate, so they say, 'Whoops, we are opposed to circular taxation, but in this case we have changed our minds'. It is not the concept I mind but the double standards. I would have preferred the minister to say, 'The government is opposed to this, but the impact is too high so it will do X, Y and Z'. Victorians are apparently being invited to assume that the legislation will apply forever and a day, that the opposition to circular taxation is applicable only when it is convenient and that the government hopes it will not have too much of an impact on the bottom line. I dismiss those comments: they are frivolous at best and a double standard at worst. The speech continues:

The overall gain to state revenue from the application of stamp duties to GST-inclusive prices has been calculated by the Department of Treasury and Finance to be very small.

If that is the case, why not pass the gain on to the customers, given in particular that on page 1 of the speech the government says it resents having to claw back the tax savings because it thinks they should become windfall gains to those standing in the right place? Talk about double standards!

The government's rhetoric on such marginal and petty issues is disappointing given the real gains to be achieved through the reform agenda.

I remind the chamber that the bill signifies the most courageous and far-reaching reform of the Australian tax system in recorded history. The reform involves the replacement of a taxation system acknowledged by all sides of politics to be archaic, unfair and costly. It would have been appropriate for the Bracks government to have congratulated those who had the courage to pursue the reform agenda and the foresight and tenacity to implement it.

The day in June last year on which the agreement between the jurisdictions was struck will go down in history as a red-letter day for our nation because of the impact the agreement will have on the operation of all tiers of government, resulting in great benefits to Australians at large.

Today we are debating the first round of the reforms. Other changes are coming — and as I have mentioned, one is already on the agenda. The bill is not only important but also historic, and the Liberal and National parties wish it a speedy passage.

**Hon. JENNY MIKAKOS** (Jika Jika) — I support the bill, which gives legislative effect to the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations that was signed by the previous Premier on 26 June 1999. I note that, as the Honourable Roger Hallam mentioned, the intergovernmental agreement is unique in that it is included as a schedule to the bill. I commend that inclusion and encourage that practice in future legislation.

It is important to note that paragraph (3) in the preamble to the agreement states that New South Wales, Queensland and Tasmania wanted it recorded for posterity that their signing of the intergovernmental agreement did not imply their in-principle endorsement of the goods and services tax (GST). Victoria did not seek to record its opposition to the GST at that time because, as honourable members know and as the Honourable Roger Hallam has reminded the house, the previous coalition government championed the GST and the previous Premier saw himself as its godfather.

The Bracks government does not support the GST, but it is obliged to honour the former government's commitments under the intergovernmental agreement.

The Howard government's GST will mean that Victorians will pay more for a broad range of state government services. In addition, the state government will have to find more than \$100 million each year in departmental savings, in the form of embedded tax savings, which will place extra pressure on government services. The intergovernmental agreement does not allow the embedded tax savings to be passed on to consumers of Victorian government services.

Clause 7 provides for the state to be able to increase by up to 10 per cent all Victorian government fees and charges that are not declared by the commonwealth Treasurer to be GST free. As part of the government's truth-in-pricing policy the GST component on all state government fees and charges will be clearly identified.

The intergovernmental agreement provides for the state itself to become a major taxpayer. For reasons of competitive neutrality clauses 5 and 6 of the bill provide for Victorian public sector entities to pay GST-equivalent amounts to the commonwealth from 1 July 2000. The state is required to withhold amounts equivalent to any unpaid GST from its grants to local government. The intergovernmental agreement also provides for financial assistance grants and revenue replacement payments for the commonwealth to the states to cease from 1 July 2000 and for the states to share in revenue raised by the GST. Further, the

agreement provides a guarantee by the commonwealth that Victoria will not be worse off financially because of the GST. This guarantee is very important, given that the Department of Treasury and Finance estimates that Victoria will not be revenue positive until 2007–08, and the commonwealth will be required to make up the revenue shortfall.

The intergovernmental agreement also provides for an offset of the impact of the GST for first home buyers, and later today the house will consider in a separate bill the establishment of the first home buyer rebate scheme. The bulk of this bill relates to the abolition or reduction of particular state taxes.

I now turn to part 5, which deals with the abolition of the financial institutions duty (FID) from 1 July 2001 and includes certain transitional provisions. I welcome the abolition of the FID, as it is a regressive tax that unfairly penalises all Victorians who operate accounts with financial institutions.

Part 6 ensures that the GST will be excluded from the deemed wages of contractors from 1 July 2000. This is to ensure that contractors and employment agencies are not at a competitive disadvantage. Payroll tax payable by contractors and employment agencies will exclude the GST.

Clause 15 in part 7 provides for the abolition of stamp duty — —

**Hon. R. H. Bowden** — On a point of order, Mr Deputy President, it is common practice for honourable members to refer to copious notes, but without doubt the honourable member is reading verbatim. I have no objection to copious notes, but I do not think the honourable member is entitled to read her speech.

**The DEPUTY PRESIDENT** — Order! I have watched and listened very closely while the honourable member has made her contribution. Clearly under the standing orders of the house honourable members are not permitted to read speeches. It is just as clear that they are allowed to refer to copious notes. I suggest to the honourable member that she not read her contribution, but she is able to refer to the notes she obviously has.

**Hon. JENNY MIKAKOS** — Thank you, Mr Deputy President. I will continue to refer to my copious notes, and anyone who cares to look at my handwriting will understand why I am looking at them so intently.

Part 7 relates to the abolition of stamp duty on listed marketable securities from 1 July 2001. In addition, the liability for stamp duty on the transfer of used cars will move from the dealer to the purchaser so as to put used cars on a par with new cars. Part 7 also seeks to ensure that the GST will be excluded from amounts received on rental agreements and special rental agreements as provided for under the Stamps Act.

**Hon. Bill Forwood** — Do you support the bill?

**Hon. JENNY MIKAKOS** — I agree with that aspect of the bill because it is important to ensure there is no circular taxation on businesses that undertake rental business activities. Further provisions in the bill that relate to livestock activities have the same effect.

Part 8 abolishes stamp duty on bookmakers' statements from 3 July 2000, because the revenue take from bookmakers' statements has steadily declined over the years. The imposition of a GST and stamp duty would be a considerable burden to people in that industry.

Part 9 provides for changes to gambling tax as required under the intergovernmental agreement. The provisions in that part of the bill are quite complex, so I do not propose to go through them in great detail. I note the effect of the provisions is to ensure that there will be no net gain to the state, gaming operators or gaming venues from the introduction of the GST. Part 9 also ensures a reduction of state taxes by an amount equivalent to 9.09 per cent for wagering, lotteries and electronic gaming machines, which is the anticipated impact of the GST on those activities.

Part 9 also alters the distribution of proceeds from electronic gaming machines to ensure revenue neutrality where statutory payments from gaming operators to venue operators are subject to the GST.

Part 10 provides — —

**Hon. Bill Forwood** — How many parts are there?

**Hon. JENNY MIKAKOS** — There are 10 parts, and I am up to the last one, you will be pleased to know.

Part 10 contains a number of miscellaneous amendments, the most important of which is the cessation of state off-road diesel subsidies from 1 July 2000. They will be taken up by the commonwealth under a 100 per cent rebate system for its petroleum excise and customs duty. Also, part 10 provides for a continuation of the state subsidy for cellar-door and mail-order wine sales, which is currently equivalent to

15 per cent of the wholesale price of cellar-door and mail-order wine.

In conclusion I note that the Honourable Roger Hallam waxed lyrical about the GST in his contribution to the debate. The honourable member purports to speak for small businesses, workers and families in his electorate, who are no doubt bracing themselves against the GST, as are small businesses and consumers in my electorate. Members of the government have on numerous occasions in the house referred to the level of angst and anxiety felt by small businesses across Victoria because of the pending commencement of the GST later this year. The Prime Minister promised much when he campaigned on the need for tax reform before the last federal election. No doubt there is a need for an ongoing review of Australia's tax system, but the GST is not reform — it is inherently regressive and unfair because it seeks to shift the revenue base from income to consumption.

The legislation passed by the Liberal, National and Democrat parties in the federal Parliament has left Victorians with a system we all have to bear. The measures contained in the bill arise from the obligations left behind by the previous Kennett government. It is with a great deal of concern for Victorian consumers and small businesses that the Bracks government has introduced the bill. It seeks to ease the burden on Victorians as much as possible within the parameters set by the previous government in the intergovernmental agreement.

It is with a great deal of reluctance and concern that the government has introduced the bill to give effect to the measures contained in the intergovernmental agreement. I urge support for the bill.

**Hon. C. A. STRONG** (Higinbotham) — As has been noted by previous speakers, the bill implements major parts of the intergovernmental agreement for the reform of federal–state financial relations consequent on the introduction of the goods and services tax (GST) on 1 July. The bill forms only part of the story because other legislation will be introduced to implement all those changes. Nevertheless, it is a fairly important part.

Although the government uses the GST as part of its federal campaigning posture, history will clearly show that in its previous manifestations it supported such a tax. The Howard government has taken a courageous stance by doing what is right for Australia, rather than running a campaign on what might be perceived to be politically expedient. The introduction of this reform is a major change to the way the Australian economy is managed and will significantly benefit Australians.

Victoria will particularly benefit from the changes brought about by the GST because a large part of its economy is based on the manufacturing industry. Manufacturing will be advantaged by the switch from various wholesale sales taxes to the GST. The GST will significantly reduce taxes on many outputs and redistribute some of that tax burden over the service industry which, unlike most goods produced in Victoria, is not in the traded segment.

Honourable members have mentioned the significant reduction in fuel excise. Victoria produces many manufactured goods, and the fuel excise and transport cost is a major element of the competitive nature of Victorian goods. There are clearly significant freight imposts on Victorian goods that have to be hauled to Queensland, New South Wales, South Australia and Western Australia. The GST will be a positive seminal change to the way Australians are taxed. We should not forget that a tax system unfortunately tends to drive the economy in all sorts of ways that the creators of the tax system may never have appreciated or understood. However, a tax system that reduces costs on the goods we have to sell overseas and does not disadvantage locally produced goods compared with imported goods will be extremely good for Australia.

It is worth detailing why that is so. Australia's tax system is currently structured in a way where all indirect taxes basically fall on things that are produced and manufactured in the traded goods sector. That means they have to compete against goods in the world market when they are exported from Australia, and they have to also compete in Australia with imported goods. If Australian produced goods that compete against both imported goods and on the world stage carry a tax burden that goods from other countries do not, we are adding a significant burden that is not needed.

What does the GST do? Rather than apply all the tax burden to goods in the traded sector, a tax will be applied to the things that are services which do not have to compete with overseas goods. The service sector is semi-protected because many services cannot be exported and do not compete with imported goods; therefore, it makes a lot of sense to apply the taxation burden equally. It could be argued that it also makes sense to apply more of the taxation burden to the services sector rather than to the traded goods sector, but making them equal is important.

The changes to the tax system will provide an important boost to the Australian economy of about \$13 billion a year in direct taxes. That amount will be pumped into things on which people spend money. Businesses and

services will be able to use the extra money so that more funds will be available to the economy.

The rhetoric emanating from the federal Labor opposition, and dutifully mouthed by its colleagues in the Victorian government, mentions only the imposts and not the cuts in taxation. Some tax cuts are set out in the various appendices to the bill — for example, on 1 July wholesale sales tax and bed taxes will be abolished.

On 1 July 2001 Victoria's financial institutions duty and stamp duty on marketable securities will be eliminated. On 1 July 2005 the debits tax will be abolished. In 2005 a major review will be conducted of many other indirect taxes. The aim of the review, with ministerial council agreement, will be to abolish other taxes such as stamp duty on conveyancing transactions on non-residential properties, leases, mortgages, bonds, debentures and other loans, securities, credit arrangements and so on.

The other major part of the arrangements prescribed in the bill is how the new taxation arrangement will flow through into commonwealth–state financial structures. The states will receive what they have been looking for for many years — that is, a tax that will grow. They will receive the full benefit of the GST revenue raised by the commonwealth but because the GST is considered a growth tax it is estimated that for the first couple of years its revenue will not equal what the states now receive. Therefore, the bill contains a guarantee that no state will be disadvantaged. The cynics could argue that state–federal financial arrangements can lead to a state being disadvantaged because the commonwealth holds the purse strings.

When dealing with the federal Treasurer, who has most of the money to divvy out, one must be careful about trying to set in place systems that guarantee the states a fair financial return. A significant part of the agreement dealing with the transitional arrangements to be put in place provides a maximum assurance and safety in those circumstances. The federal government has tried to take politics out of the financial guarantee by making it subject to the advice of heads of Treasury departments; their advice to the ministerial council will ensure the implementation of the guarantee. Neither the federal Treasurer nor state Treasurers will be able to play politics because the Treasury departments of the states and territories will work through an agreed methodology that has already been set out in a document that deals with the methodology of estimating the components of the guaranteed minimum amount. The bill guarantees that the transitional arrangements will be fair and equitable and, so far as is

humanly possible, will fall outside politics. That guarantee is important for a state government that may be trying to deal with the federal government on a money matter.

I refer to some of the positions adopted by the government in its introduction of the bill. Unfortunately it has taken what I call a narrow and short-term political position rather than a longer term position that what is good for Australia is good for Victoria. Comments sprinkled throughout the second-reading speech try to play party politics with what is a major reform to the Australian economy.

Any major change such as that contained in the bill will lead to a little turbulence here and there and will create unexpected problems, but for the benefit of Australia, of which Victoria is a part, it is a pity that some of the nitpicking points made by the Bracks government could not have been put aside.

In specific detail the bill deals with certain issues that arose from the intergovernmental arrangements. Some are worthy of comment. An important issue on how the economy is being run is the way the service sector, particularly the labour service sector, is to be handled under the GST. Many parts of the economy engage labour under various labour service agreements, whether they be in the contracting or, as in many cases, the clerical industries. Many get their labour through various organisations that engage labour and then add a margin to their payrolls to cover their administrative costs. The employment of people in that way would be significantly disadvantaged were the GST to apply to the full costs of those agencies. The government has decided that state payroll tax will apply only to the deemed wages of such employment agents. Rather than payroll tax applying and the GST being then applied, the taxation arrangements for employing labour either directly or through organisations that hire labour will be equalised.

Much has been said by other honourable members about circular taxation. The second-reading speech makes clear that the Bracks government is happy to have circular taxation when it helps Victoria's revenue situation. The government has taken the theoretical position that it does not like circular taxation but it is happy to get its fingers into the cookie barrel when circular taxation helps the bottom line.

Rational decisions have been made in other areas. The administration and collection of bookmakers' duties rendered the tax not worth while, and it is abolished. Opportunities to streamline various charges and duties have been taken in other areas.

Another area of particular importance is the fuel excise, which will have a significant impact as it flows through to the economy. It will be of particular use to Victoria, which sells many of its goods throughout Australia.

The bill goes into detail on how the goods and services tax will roll out throughout the state's economy, how it will impact on the way the state currently collects revenue and how it will change in the future. The bill is of enormous importance because it implements a new taxation system that will benefit the whole of Australia and in particular Victoria. I have pleasure in commending the bill to the house.

**Hon. G. W. JENNINGS** (Melbourne) — I support the National Taxation Reform (Consequential Provisions) Bill. The contributions in the other place and this place show that the government is not necessarily in love with the legislation but is happy to be a proponent, which places it in contrast with the opposition. Mr Hallam indicated that the opposition loves the reforms, the package and the bill and will not oppose it. That is somewhat out of kilter with what one would normally expect when a government introduces legislation. One would expect an opposition to be somewhat cautious in its approach to the underlying principles and processes that underpin the legislation. The government has to convince it of the worthiness of the legislation. In this case the opposition is saying it is in love with the spirit and intent of the bill.

The legislation is essential for the people of Victoria and the commonwealth to ensure the smooth transition of the new taxation arrangements that will be implemented on 1 July this year. Mr Hallam spoke at length about some aspects of the implementation of the package about which the government is alarmed. In his lengthy and considered contribution he returned time and again to the government's concern about the embedded tax that will have to be extracted from various Victorian commercial enterprises to achieve savings to provide for a cash neutral state position. Mr Hallam would have one believe it was the sole item of the second-reading speech. When the extremely lengthy second-reading speech was delivered in this place the opposition was concerned about the treatment of the various elements of the bill.

The second-reading speech outlines that the bill has been introduced to:

... implement the state's obligations under the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations, which was signed by the commonwealth and all states and territories in late June 1999.

The Victorian government is obliged to honour the previous government's commitment made under the agreement. Part 2 of the bill outlines the undertakings the Victorian government has entered into in complying with the spirit and intent of the taxation reform. According to the second-reading speech part 3 of the bill:

... establishes the capacity of the state entities — including local governments — to pay voluntary GST equivalents and for the Treasurer to direct them to do so.

According to the second-reading speech part 4 provides the opportunity for the Victorian government to make regulations by Governor in Council to enable state taxes and charges to be increased by an amount equivalent to the goods and services tax (GST).

The bill also deals with the capacity of the state to claw back those items that are integral to the cost neutrality of the package. However, there may be cases where the state, local government, the community and the private sector have difficulty identifying embedded taxation. The abolition of wholesale sales tax and other taxes that are embedded in the cost structures of certain goods and services will ensure those savings are correctly identified and obtained. That is a significant issue because there is potential for community groups funded by the state government to be caught short in their allocations because of embedded taxes. It is clearly a significant issue and one the government highlighted in the legislation. The opposition has attempted to give the impression that the savings are easily identified and accounted for. In fact, the cost neutrality of the package would be easy to establish.

The government has estimated that embedded tax savings of the order of \$100 million per annum are needed to make the package cost neutral. To ensure the state complies with its obligations under the commonwealth–state package, part 4 gives the government the opportunity of increasing taxes on the provision of state services by the equivalent of 10 per cent.

Part 5 gives the state an opportunity to abolish financial institutions duty. I am sure there will be a spontaneous 'Hear, hear!' from all members of the chamber in response to that.

**Hon. M. A. Birrell** — It's overwhelming. I'm surprised Hansard can get the debate down for all the 'Hear, hears!'.

**Hon. G. W. JENNINGS** — The opposition should settle down in expressing its enthusiastic support for the bill! The agreement identifies the opportunity to

remove a number of taxes and other imposts not only on the citizens of Victoria but on commercial activity in the state.

One of the differences between this side of the house and the other side is the government's awareness of the limited scope of the eradication of the taxes and charges. The package allows for the removal of only some 10 per cent of the regressive taxes charged by all state governments. Clearly the current government has a difficulty with reducing the burden of payroll tax. That has been a concern for all Victorian governments given the effect payroll tax has on employment and job growth. Unfortunately the reform package that opposition members have so enthusiastically embraced severely limits the government's capacity to get rid of some of those regressive state taxes and charges in the long term.

That is one of the reasons why the government is less than totally embracing of the tax reforms. Although the government recognises that there may be some benefits in streamlining the taxation arrangements that apply throughout the Australian economy, including the adoption of a more transparent and broad-brush system, it is also aware that many of the regressive and dampening aspects of the current state tax regime will remain.

Part 7 of the bill, which deals with the Stamps Act, will among other things allow the government to alter the current gambling tax arrangements to enable the application of a cost-neutral regime across the gaming industry. However, in introducing the bill the government flagged the need for work to be done on the state taxation credit system — specifically, on the tax that applies to the casino.

I refer to the swings-and-roundabouts effect the GST revenue package will have on the state's financial arrangements. In return for the GST revenue the state will have to give up its financial assistance grants. It will also give up the revenue replacement payments that were made in 1997 after the High Court found that the state business franchise fees on petroleum, tobacco and alcohol were unconstitutional. From 1 July 2000 the financial institutions duty and stamp duty on marketable securities will be removed. Subject to a review by the ministerial council, the debits tax will be removed from 1 July 2005. State gambling taxes will be reduced commensurate with the GST on gambling operators.

Today the government will introduce a bill to provide for a first home owner's scheme, which I hope the house will pass. That will run in parallel with the

undertakings the Victorian government has given on this measure. It will provide a financial package to help first home owners overcome the impost of the GST.

It may be true that the theory was that the implementation of the suite of measures in the package would be cost neutral for the states. The opposition has given the commonwealth government much credit for the reforms, claiming that the implementation of the overall package will be cost neutral. However, the Bracks government is concerned that for at least the first eight years the scheme will not be cost neutral and that instead Victoria will have to rely on top-up payments from the commonwealth. Today the opposition has pointed out that the GST is a growth tax and that it will provide for increases in state revenue. However, it is clear that for a significant period following the introduction of the GST the ledger will have to be artificially balanced by the government to ensure that state revenue does not fall below where it would have been had the package not been introduced.

**Hon. Bill Forwood** interjected.

**Hon. G. W. JENNINGS** — Mr Forwood is quibbling about the word artificial. Perhaps mine was not a generous description. However, it has been acknowledged that there will be a requirement to top up the package — —

**Hon. Bill Forwood** — An undertaking.

**Hon. G. W. JENNINGS** — There is an undertaking. Nonetheless, there will be a requirement to guarantee a cost-neutral position for the next eight years.

As I said, among the specific changes in the package is the abolition of the financial institutions duty — for which I almost heard a 'Hear, hear!' from the opposition. The FID is clearly an inefficient tax that has no positive role to play in encouraging economic activity. It will be abolished from 1 July 2000 through amendments to the Stamps Act and the Financial Institutions Duty Act. The passage of the bill will reform those acts to ensure that outcome is achieved.

As I have indicated, a subsequent bill will be debated in the house later this day — namely, the First Home Owner Grant Bill. The first home owner scheme runs as a corollary to the bill and will be administered by the State Revenue Office. Some \$7000 in cash or kind will be provided by way of an offset of stamp duty costs, thereby limiting the exposure of first home owners to the imposts introduced by the GST.

One contentious issue is the circular nature of the GST and its relationship with state stamp duties. It has been the intention of the government to try to eliminate the possibility of taxes impacting upon one another, resulting in a spiral with the imposition of taxes on taxes. Because of the variation in the application of stamp duty depending on the circumstances, the suite of measures impacts somewhat differently on different areas of economic activity mentioned in the bill. During the course of his contribution to the debate Mr Hallam indicated that he saw the government as applying a double standard.

It is not a double standard: the government has made it clear that its intention has been to remove the capacity for stamp duties and GST to impact upon one another, but because of the way in which stamp duties are currently applied it has not been possible to guarantee that outcome consistently. For example, there is a difference between the way the stamp duty affects used car dealers and the rental property sector.

It is not the application of double standards by the government but a mere reflection of the way different pieces of stamp duty legislation require that certain matters be dealt with in different ways. It has been the government's intention not to double up and, where possible, to remove the capacity for such doubling up.

I am surprised opposition members have not pointed out that the government will be benefiting and protecting contractors.

**Hon. Bill Forwood** — I was not here for the whole debate, but I am pretty sure it was mentioned.

**Hon. G. W. JENNINGS** — In demonstrating that the government is not ideologically driven in this matter — —

**Hon. Bill Forwood** — 'In this matter' are the important words.

**Hon. G. W. JENNINGS** — There is nothing wrong with having an ideology.

**Hon. Bill Forwood** — But yours is a failed ideology — since the wall came down.

**Hon. C. C. Broad** — I would have thought yours was at the last election.

**Hon. Bill Forwood** — It is the difference between ideology and the result of actions.

### The ACTING PRESIDENT

(**Hon. Jenny Mikakos**) — Order! Members will desist from debating across the chamber.

**Hon. G. W. JENNINGS** — Hansard may be excused for believing members had shifted from the chamber to somewhere else in the building.

The government has acted to ensure that contractors do not have to pay the GST on wages paid to employees. Contractors will not be disadvantaged vis-a-vis direct employees. In the competitive marketplace wage-earners and those who work for contractors will be on equal footing in the provision of services. The GST will not adversely impact on the contracting of services.

A number of subsidies applied by the state government in certain areas of private sector activity will be removed as part of the package. The state government is concerned to ensure that when those subsidies are removed the equivalent payment structure will continue to exist. The intention of the commonwealth has been to pick up the slack regarding some of those rebates.

The subsidies provided to the wine industry were provided almost on a fifty-fifty basis between the state and commonwealth governments, thereby providing ongoing support for that sector. The state will continue to subsidise cellar-door sales by 15 per cent based on the wholesale price, while the commonwealth will pick up 14 per cent. That subsidy will be limited to small wineries with an annual wholesale value of up to \$300 000. Partial support will extend to wineries with an annual wholesale value of \$580 000. The exposure of the states and the commonwealth is limited by restricting the size of the business concerned, so the commonwealth and states are sharing the responsibility equally.

The state will no longer pay the off-road diesel subsidy, which currently costs Victoria about \$50 million a year. The state government is concerned that protection be provided for users of off-road diesel to ensure they are not disadvantaged by the introduction of the package.

Measures that are to be applied to the gaming industry will see a reduction in state taxes. The tax rate that applies to Tattersalls and Tabcorp will be reduced by some 9 per cent, which the government estimates to be the tax-neutral position for those entities. In the case of the casino industry in Victoria, a proper review of the state tax credit scheme, overseen by the Victorian Casino and Gaming Authority, needs to be conducted. Some work still needs to be done to ensure a cost-neutral situation in the gaming industry.

One issue Mr Hallam was passionate about in his contribution to the debate was the application of the package to the private sector and the local government sector, in a sense becoming equal partners. It would be good if local councils saw themselves as equal partners.

The intergovernmental agreement provides for payments to be withheld from local government if it does not comply with the provisions of the agreement. That may be fair and reasonable in theory but the government is concerned that some of the compliance obligations on local government, small businesses and other sections of the community may be onerous. It will ensure that compliance is not onerous by providing support to identify the theoretical embedded tax savings. Although it will have the capacity to withhold payments to local government, the government will not exercise that obligation with any glee and will instead ensure support is provided so local government can comply with its obligations.

It is clear that the Victorian government is cautious about the introduction of this taxation reform. In theory it will deliver a streamlining of future financial relations. I respond to the challenge issued earlier by Mr Hallam and acknowledge that all parties should recognise that the structure of the state's financial relations have been in need of reform for some years.

**Hon. Bill Forwood** — Since Federation.

**Hon. G. W. JENNINGS** — Possibly since the states gave up their rights to impose income tax, because that decision led to their ongoing financial vulnerability. The loss of ongoing earnings capacity was compounded by the ideological decision to sell public assets. That decision was made partly on the basis that it would reduce public debt, but it had the consequence of reducing the state's capacity to receive ongoing revenue. These issues are always driven by some form of ideology, but clearly there was and is a need for reform of the commonwealth–state financial arrangements to provide the states with some certainty about their ongoing revenue.

Unfortunately there are limits to the scope of the national taxation reforms and some regressive state taxes will continue. The government will be challenged when looking at ways to reduce that tax burden and there may be further taxation reform in the future. However, the government is cautious about further reform because of the interrelationship between certain stamp duty arrangements and the introduction of the goods and services tax (GST) to ensure as much as possible there are not taxes on taxes. The government is concerned to identify cost savings to ensure cost

neutrality. It is relying on the compliance of the commonwealth government to address its undertakings to top up future state income and to ensure there is no disadvantage because of the introduction of the GST.

It is incumbent on the government to introduce a suite of measures. It is totally appropriate that the government should flag that it is cautious about the introduction of the reform package and pursue the issues I have mentioned with due diligence. I am confident the legislation is well considered and is part of a coherent package of reforms that will address the government's obligations to the intergovernmental agreement and will protect the people of Victoria, including those sections of the Victorian economy that are relied on to provide ongoing, secure jobs.

I have confidence in the work done by the Treasurer, the Minister for Finance and their respective departments in the preparation of the bill. I support the bill.

**Hon. R. H. BOWDEN** (South Eastern) — The passage of the commonwealth legislation last year was an important landmark. It will be seen in the history of Australia to be a turning point in the ability of the nation to exercise greater control over planning and the costs involved in a modern world economy. The commonwealth, states and territories should be congratulated for the far-sighted and mature way in which they arrived at an intergovernmental agreement that will ensure federal legislation will pass with a consequential requirement for state legislation, such as we are debating today.

Although previous speakers have said that the legislation will give effect to the intergovernmental agreement, never before in the eight years I have been in this place have I seen such a half-hearted and unwilling performance by ministers and the government of the day. I am being generous in describing their performance as half-hearted. The bill is important and valuable because it will benefit all Australians enormously.

Nineteen forty-two was an interesting year, being the year in which I arrived on this earth. It was also the year in which the federal–state taxing arrangements were changed. The states gave up a growth tax, which was important at the time and which would have become more important as time went on. However, 1942 was an extremely difficult time. World War II was raging, and in the national interest the states transferred their income-taxing powers to the commonwealth. It is a simple fact of life that since 1942 federal governments of several persuasions have not treated the states as they

should have to enable them to finance their responsibilities. The bill is a landmark piece of legislation because for the first time the states will have unambiguous access to and control over the funding they need to provide the services that the citizens of a modern state require.

I will not dwell in detail on the 10 parts of the bill, which encompass amendments to a wide range of legislation, including the Gaming Machine Control Act, the Liquor Control Reform Act, the Pay-roll Tax Act and the Stamps Act. Nonetheless, I will highlight the major changes. As I have said, the goods and services tax (GST) is a growth tax. For its part the commonwealth will honour the agreement by providing for a transitional period of seven or eight years, which will ensure that the agreement does not have a negative impact on the states. That is an important part of the bill.

As all Australians know, a goods and services tax of 10 per cent will be introduced from 1 July. Under the agreement all GST revenue will flow back to the states and territories. There is nothing in the agreement to allow the commonwealth to withhold from the states any moneys collected under the GST. The states will have rights to such funds for the first time since 1942, when, as I said, the earlier arrangement was entered into. That is a valuable and necessary part of the bill.

Clause 10 of the agreement contains a guarantee that during the transition years Victoria's budgetary position will be no worse off than it would have been had the reforms not been implemented. A shortfall will occur as the GST is implemented, but that shortfall will be well covered. The new measures are designed to be revenue neutral, so Victoria will not be worse off. Several taxes and charges will be abolished following the implementation of the bill. For example, the financial institutions duty and stamp duty on quotable marketable securities will be abolished from 1 July.

Victoria has been and will continue to be an important financial centre. As a result of the reforms traders of marketable securities will gain substantial relief, and the state will be considerably more attractive to investors. I note that later today the house will be debating the First Home Owner Grant Bill, another of the beneficial aspects of the agreement with the commonwealth.

I refer honourable members to some valuable information I have drawn from a lengthy document prepared by the office of the federal Treasurer, the Honourable Peter Costello, entitled 'Tax Reform — not a new tax, a new tax system'. Under the heading 'How

will the GST apply to state and territory governments?', the document makes three points that will be of interest to honourable members. Firstly, the GST will not apply to most state and territory activities. For example, the GST will not apply to the police force. State and territory taxes such as motor vehicle registration fees will also be unaffected by the GST. Secondly, the states and territories will benefit from the estimated net saving of \$500 million that will result from the removal of the wholesale sales tax structure. Thirdly, the states and territories will benefit from the reduced tax burden on diesel fuel, which will in turn reduce transport costs and cut the cost of running rail networks.

In a country as large as Australia, transport costs are extremely important. I was pleased to see that the document contains detailed Treasury estimates of the benefits to the nation of reducing industry costs. On page 157 under the heading 'The impact on industry costs and consumer prices', the authors of the document estimate that industry costs will fall by an average of 3.2 per cent. I suggest to honourable members that for a trading nation like Australia, which depends a great deal on the quality and quantity of its exports, a reduction in industry costs of 3.2 per cent will be enormously beneficial.

Under the heading 'Impact of tax reform on industry costs and consumer prices — costs in 2000–01 values', table 5.1 on page 158 of the document contains some interesting indicators. Australia prides itself on being a high-quality exporter of agricultural products. In the agricultural sector cost savings are estimated to be \$1.140 billion — that is, \$1140 million! In the mining industry the savings will be much greater — \$2.970 billion, which represents 4.4 per cent of Australia's total mining sales. In the food sector cost savings are estimated to be \$1.910 billion. In the wholesale and retail trade sectors an estimated \$3.510 billion will be saved. When all those figures are added up they result in estimated savings of 3.2 per cent in industry costs. Australians depend on the quality and quantity of their exports, and they can look forward to the benefits those fantastic savings will provide.

Table 5.2 on page 159, headed 'Impact of tax reform on the cost of final demand', refers to an estimated private investment saving of 6.9 per cent and an estimated government business enterprise investment saving of 4.5 per cent. As I said earlier, exports are important, so Australians can look forward to carefully estimated 3.5 per cent savings in final demand costs. That will transfer an enormous benefit to Australia's economy, currency and standard of living.

The performance of the country's manufacturing sector is also important. Under the GST the sales tax on manufacturing will be eliminated and many other taxes and charges will be reduced or eliminated. According to the Treasury estimates the cumulative effect of the reforms will be overall cost savings of 3.2 per cent.

People refer to a figure of 10 per cent, but that is not correct. In the documents, which were credibly prepared and were examined and debated in federal Parliament to ensure confidence in the adoption of this important legislation, the national and state economic impact is estimated to be 3.2 per cent.

I can think of no more important task governments in Australia have than raising and protecting the standard of living of their constituents. That is the fundamental reason for my being here. The commonwealth, state and territory governments understand that, and we will make our contributions as legislators towards improving the standard of living of Victorians by adopting this important legislation. We are fundamentally lowering costs and ensuring that Victoria plays its full part for the benefit of the Australian economy at large. The Victorian economy is an important, integral part of the national economy.

I am pleased that thus far in the debate honourable members have recognised the importance of passing the legislation and making sure the governmental machinery and taxation arrangements are in place so that the benefits will start to flow through to the community on 1 July.

I turn to some important specifics. I believe the continuation of the state subsidy on cellar-door and mail-order wine sales is important, because the continuation of the subsidy will ensure that Victoria's important wine and tourism industries are protected. There is a natural cohesion between the strength, growth and prosperity of wine and tourism activities in Victoria and across Australia. I was therefore pleased to see recognition by commonwealth, state and territory governments of the need to ensure that smaller, high quality wine producers such as we have in Victoria are clearly covered in the legislation.

I am also pleased that rental agreements will not be subject to the GST. For many families a high percentage of income is spent on rent, and I am pleased the bill recognises the importance and cost of housing.

I believe that as legislators all Victorian members of Parliament have a challenge to make the system work and to ensure that we play our collective part in ensuring that the arrangements, provisions and

accommodations for state government agencies and departments and local government bodies operate smoothly. There is no point in being petulant or arguing. The legislation is here, the legislation is clear, and the legislation will become effective on 1 July.

I would like to believe that come 1 July local government bodies, state governments and other instrumentalities and sectors will enthusiastically play their parts to ensure that the new taxation system, which will lower costs and make us stronger as a nation, will flow through to the benefit of all Australians.

**Hon. S. M. NGUYEN** (Melbourne West) — I congratulate you, Madam Acting President, on your first time in the Chair. I wish you well and I am sure you will do a good job in Parliament.

I wish to contribute to debate on the National Taxation Reform (Consequential Provisions) Bill, which is important to every Victorian, and will be especially important when the goods and services tax (GST) is implemented on 1 July.

There has been much debate on tax reform since the Keating government was in office. The Howard government has worked with the Democrats to introduce its tax reform and get it through the upper house in Canberra.

The federal legislation will impose costs and charges on everything one can think of. The state government has introduced this bill to fill the gaps and ensure the state and the commonwealth reach agreement on taxation issues. The Kennett government signed the intergovernmental agreement with scant regard for the people of Victoria. The role of the state Parliament is to make laws which benefit Victorians when the GST comes into effect on 1 July.

All GST revenue will flow to the states and territories and the commonwealth will cease to apply wholesale sales taxes from 1 July. The federal taxation reform bill, which comes into effect later this year, is a blight on Australia. It implements the GST, which is for all intents and purposes an attack on the people of Victoria, particularly those who are disadvantaged and struggling with low incomes, Australians who do not have family trusts and must line up on Thursday mornings in front of the bank to withdraw their pensions.

I say that because my constituents and the general Australian community have said that publicly.

I refer the house to several newspaper articles about the GST. An article in the *Herald Sun* of 28 February

reports that the effect of the GST on public transport will force fares up 10 per cent. It states:

Train and tram tickets will rise by almost 10 per cent when the GST is introduced on 1 July, according to transport operators.

The price of a yearly zone 1–2–3 ticket will rise by more than \$143 and a daily zone 1–2 ticket by 65 cents.

A zone 1–2–3 ticket will be pushed to more than \$10.

An article in the *Herald Sun* of 17 February reports on the effect of GST on trucks and on country Victorians. When the GST is added to fuel prices, delivery costs to supermarkets will increase. The article also refers to a representative of the Australian Trucking Association telling a Senate inquiry last year that costs should fall by between 5 per cent and 15 per cent. That is not true because everything will go up as a result of the increased cost to trucks.

Another example refers to clothing and supermarkets. A consumer bought clothes from a supermarket to which 10 per cent was added to be applied from 1 July. Many supermarkets — for example, a Big W store — have put 10 per cent on top of every item. They are supposed to take the wholesale tax off before adding the 10 per cent but a lot of stores have added 10 per cent to every item so that goods will cost 10 per cent more. Many people cannot afford to live if everything is increased by 10 per cent. People are frightened because living costs will be more expensive. The government will need to do more to ensure those retailers will not put 10 per cent on top of every item. It will cost Victorians dearly, especially those on low incomes who are not confident with the new tax. The cost of hotel rooms will also increase with 10 per cent added to their prices.

An article in the *Herald Sun* of 24 February reports on the effect of the GST on school extras:

Schools will be hit with GST on hot cross bun stalls, second-hand uniform sales and library books ...

If parents want to send their children to school camps, accommodation will increase by 10 per cent. Computer upgrades will increase by 10 per cent. A school raising funds through a chocolate drive or a sausage sizzle will be hit too. The article further states:

Hire fees for musical instruments, sets of class books, excursion tickets and some first-aid items are also deemed taxable.

The GST will affect schools and school children. GST should not hit education items because we like to encourage parents to buy more educational items to

assist children during their schooling. Extra GST will hit many school kids around Australia.

The bill is important for the future of Victoria. I highlight four key agreements at the heart of the intergovernmental agreement (IGA): firstly, certain state taxes will be abolished or reduced; secondly, states will share in the revenue raised by the GST; thirdly, the financial assistance grants and revenue replacement payments from the commonwealth to the states will cease; and fourthly, a guarantee by the commonwealth that Victoria's finance will not be worse off because of the GST. The IGA requires the state government to extract in excess of \$100 million per annum from the government sector in embedded tax savings and does not allow those savings to be passed on to consumers of government services.

The bill will also provide for the abolition of financial institutions duty; changes to gambling tax arrangements; changes to stamp duty arrangements; an end to the state subsidy for off-road diesel; amendments for continued subsidy of cellar-door and mail-order wine sales; and amendments to protect deemed wages of contract labour.

**Hon. B. N. Atkinson** — Are those good things?

**Hon. S. M. NGUYEN** — They are good things.

**Hon. B. N. Atkinson** — It is a good bill.

**Hon. S. M. NGUYEN** — It is a good bill.

**Hon. B. N. Atkinson** — It is good taxation reform.

**Hon. S. M. NGUYEN** — The government for the first time will become a major taxpayer. GST will apply equally to the public and private sectors.

I refer to the gambling tax arrangements to be put in place following the introduction of the GST. The changes to gaming tax will be revenue neutral and will result in no net gain to the state. The bill provides that the taxation rates applying to wagering, lotteries and electronic gaming will be reduced by the equivalent of 9.09 per cent. Alterations will be made to the distribution of proceeds from electronic gaming machines to ensure revenue neutrality where statutory payments from gaming operators to venue operators are subject to the GST.

The government will also abolish bookmakers' duty. The level of turnover tax is already low. The reduction of the tax to take exact account of the GST would leave a rate of taxation which collects little revenue while imposing an administrative burden on bookmakers.

**Hon. B. N. Atkinson** — What was abolished from 3 July?

**Hon. S. M. NGUYEN** — Bookmakers' duty. The Victorian government hopes the bill provides confidence to the Victorian community, especially to those who have to pay taxes and service charges. Recently members of the community have become concerned about the likelihood of the 10 per cent GST being applied to local government service fees. The government is unsure whether the GST will lead to ratepayers paying 10 per cent more for municipal services because, for example, building inspectors will have to pay the 10 per cent. Will the GST be applied to, for example, the hire of car baby capsules or to garbage collections?

**Hon. B. N. Atkinson** — But there are offsets.

**Hon. S. M. NGUYEN** — Yes. Ratepayers are asking their members of Parliament whether ratepayers will be hit with increases resulting from the imposition of the GST.

**Hon. B. N. Atkinson** interjected.

**Hon. S. M. NGUYEN** — Yes, but from the federal government. There is confusion about the GST applying to services. I hope the federal Treasurer will provide better information to explain to the community which services will attract the GST and which will attract no additional tax. At present the situation is confusing. I strongly support the bill.

**Hon. P. A. KATSAMBANIS** (Monash) — As has been said by previous speakers, the opposition does not oppose the National Taxation Reform (Consequential Provisions) Bill. It is a pleasure to contribute to debate on the bill which, as other honourable members have said, introduces the necessary measures to enable the government to give effect to the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations.

On 1 July next Australians will experience the greatest fundamental change to federal taxation policies since uniform taxation was introduced by the federal government in 1942 in what was then regarded as a temporary measure. Other honourable members have highlighted the fact that the so-called temporary measure became permanent. It removed from the states the opportunity to access an appropriate growth tax that would guarantee the states their own revenue streams.

From 1942 until now, and particularly from the early 1970s through the years of the Whitlam, Fraser, Hawke and Keating federal governments, the extent of the

financial imbalance between state governments and the commonwealth government went from a small concern to a huge gulf. State governments are charged with delivering a number of key services, particularly in the fields of health, education, roads, and law and order. To ensure the continuance of the provision of those services the states had to engage in an annual exercise of begging the federal government, whatever its flavour, for additional funds.

**Hon. B. N. Atkinson** — A charade.

**Hon. P. A. KATSAMBANIS** — Mr Atkinson calls it a charade, and that was so in many cases. But often the exercise was born out of mutual frustration at the federal and state levels because the system was no longer feasible or smart in the conduct of politics and government service delivery throughout Australia. At the same time globally business and business structures have changed to such an extent that the primary tool for taxing income, whether in the form generally regarded as wage and salary income or in capital growth income in the way we tax capital gains, is not an efficient method of providing the commonwealth or the states with revenue while allowing businesses to compete not only within national borders but internationally.

In the debate not only about the goods and services tax (GST) but about taxation reform generally other honourable members have said in this house and in the community that the system of taxing income in Australia has reached the absurd situation where the operation of a wholesale sales tax negatively impacts on our exporters in a manner not imposed by local taxation systems on exporters of other nations.

Australia has always been a trading nation and has relied on exports. Many years ago Australia rode on the sheeps back. Over time agriculture expanded beyond sheep and into mining. As it enters the new century Australia will continue in part not only to rely on agriculture and mining but also increasingly on export earnings from information technology, intellectual property, growth of the information age and the new economy.

If the existing taxation provisions continue they will hamstring export-earning corporations and deny the government an effective revenue stream. It is essential that the taxation reform introduced on 1 July be supported equally by federal and state governments. It is a win-win situation that gives our export corporations the opportunity to compete globally without the debilitating wholesale sales tax that makes goods uncompetitive. States will have access to an effective growth tax for the first time since uniform taxation was

introduced in 1942. All GST revenue will flow to state governments and none will be kept by the federal government.

**Hon. B. N. Atkinson** — That is why Carr and Beattie did not complain about it.

**Hon. P. A. KATSAMBANIS** — Not only that, they queued up to sign the intergovernmental agreement. The new taxation system recognises the absurdity of levelling taxes, in this case wholesale sales tax, on goods at a time when the Australian economy's reliance on goods is declining and the predominance of growth is in the services sector. Focusing on one component of wealth generation in Australia leads to a narrow taxation base. Arguments have been made that broadening the base will provide a fairer taxation system. That will happen on 1 July. As Mr Atkinson pointed out in his interjection, it was not only the Liberal states that queued up to sign the intergovernmental agreement; stories have been recounted many times that when the federal and state governments came together to sign the agreement it was Bob Carr and Peter Beattie, the Labor premiers of New South Wales and Queensland respectively, who beat the other premiers out of the way to ensure they were the first to sign up. They did so because they knew the agreement was not only good for the nation but also for their states and their ability to run governments in their states.

The Victorian government was then represented by the able Kennett coalition. Victoria became a signatory to the intergovernmental agreement because it will provide the best possible opportunity to effect positive taxation reform and provide a taxation regime that allows Australia to grow into the 21st century.

The GST will not only be of benefit to Australia but also to Victoria. All GST revenue will flow to the states and over time will give them a strong ability to control their destinies without having to go begging cap in hand to Canberra every few years for a few scraps to fund essential services such as health, education, police, courts and roads.

Federally the Labor Party has finally embraced the concept of taxation reform. Mr Beazley has said that if he ever becomes Prime Minister he will not repeal the taxation reform that is being introduced on 1 July, and will not repeal the GST. He has suggested there may be some rollbacks but has not specified them. He has left open the other spectre of increasing income taxes. That is what he is about and, by implication, that is what the Bracks government might be about. We will give the Bracks government the opportunity to point out

whether it is in favour of increasing income taxes and whether it will request of Mr Beazley, whenever he comes up with a federal taxation policy, to rule out any income tax increases.

This bill has been introduced to give effect to the agreement Victoria made with the other states on the reform of commonwealth–state financial relations. It is not template legislation that is being introduced uniformly across every state. It contrasts with the First Home Owner Grant Bill which will be debated in this place and which used template legislation based on a standard pro forma first drafted in South Australia before being introduced in all the other states. Only slight differences exist between each state based on administrative provisions that are unique in those states.

However, this bill is unique to Victoria with a range of benefits for Victorians that flow from the introduction of the raft of taxation reform to be introduced on 1 July. The new tax system, including the GST, will ensure that Victoria's financial institutions duty is reduced or repealed. In due course many benefits will be passed on to Victorians. As always, the devil is in the detail. The devil in the bill, from which the government has tried to hide, is a combination of the provisions of the bill and the points made by the minister in the second-reading speech.

It is important when interpreting the way the bill will operate that the government comes clean and assures Victorians that it will adjust state government charges, prices and fees only where it is essential to recoup the costs imposed by the introduction of a goods and services tax. It is essential that this government assures Victorians that it will not use the new taxation system and the GST to arbitrarily increase government fees and charges by 10 per cent and use the GST as an excuse to profiteer on the introduction of the new system.

**Hon. B. N. Atkinson** — And 10 per cent is not a given.

**Hon. P. A. KATSAMBANIS** — I will get there, Mr Atkinson. Not only is 10 per cent not a given, but in many cases enormous savings and offsets will result from the introduction of the GST.

I am glad that government members, including Mr Nguyen, have highlighted the concerns of their constituents about profiteering and the effect of the package on people on fixed incomes. Mr Nguyen will be aware that the federal government has ensured that pensioners will be no worse off as a result of the introduction of the GST. It has guaranteed that there will be a minimum pension increase of 4 per cent and

that if prices rise by more than a given amount pensions will be further increased. That will ensure not only that pensioners are no worse off but that they will have 1.5 per cent more net income than they would have had prior to the introduction of the GST.

However, along with other Victorians pensioners are subject to the fees and charges levied by the state government. That is in the government's hands. It cannot blame the federal government, the former Kennett government or the tooth fairy — although it will try to do so. It will have only itself to blame if it increases fees and charges by more than an appropriate amount in an attempt to profiteer from the introduction of the GST.

Clause 7 of part 4 contains the following power:

The Governor in Council, on the recommendation of the Minister, may make regulations providing for a fee or charge set by a statutory rule ... to be increased by an amount or a percentage specified in the regulations.

In layman's terms, the clause gives ministers the opportunity of increasing a fee or a charge set by a statutory rule outside the normal operation of the Subordinate Legislation Act. The process includes a public consultation period, during which the costs and benefits of the increase can be assessed. That is fine if it is exercised judiciously on a one-off basis to offset any necessary increase as a result of the introduction of the GST.

In her second-reading speech the minister said:

The Victorian government has carefully assessed the embedded tax savings which the commonwealth government expects this state to achieve and believes that they are difficult to attain while maintaining key government services. Victoria is expected by the commonwealth to save \$100 million from state entities through embedded tax savings ... The state has been given no choice but to achieve these savings.

It might be difficult to calculate those savings but it is not impossible. It might require a few exercises in calculation but I am sure that Treasury is able to make those calculations.

Further in her second-reading speech the minister said:

This provision of the intergovernmental agreement restricts the capacity of the state to pass the embedded tax savings on to consumers of general government goods and services which are subject to GST, and as a result many fees and charges will be likely to increase by the full GST amount of 10 per cent.

When you get rid of the gobbledygook and turn that statement into the English used by people in the street, you discover the government is saying, 'Yes, there are embedded tax savings, which we will achieve because

we are bound to, but we will not pass on those savings to the consumers of government goods and services. Instead, we will increase fees and charges by the full amount of 10 per cent'. In other words, the government is saying it will achieve the embedded tax savings because it has to, but it is not prepared to pass them on. It is all too hard because it will take a couple of hours of calculations to work out! It is a blatant attempt at a tax grab.

**Hon. C. C. Broad** — It is a misreading of what it says.

**Hon. P. A. KATSAMBANIS** — The minister will have the opportunity to respond. I hope it is a misreading and that it is not the intention. If it is the intention, I assure her that the opposition will highlight any blatant tax grab.

The embedded tax savings have been agreed to by the states and territories as part of the intergovernmental agreement. But no account is taken of the savings to be achieved by government business enterprises as a result of the introduction of the GST as well as the removal of the wholesale sales tax and the raft of other taxes that will follow. It is the opinion of not only the federal government but many commentators in the area that the estimates of the tax savings are conservative and there will be no need to increase fees and charges for government goods and services by the full 10 per cent.

Whichever way it is looked at, any claim by the Bracks Labor government that state fees and charges are likely to increase by the full amount of the GST is clearly an attempt to cheat the people of Victoria and to featherbed the government's coffers with money it is not entitled to. The government will keep any GST revenue and any cost savings beyond the acknowledged claw back, but it still proposes to increase fees and charges by the full 10 per cent.

We already know the federal Treasurer has exempted a long list of state fees and charges from the GST, and there are embedded tax savings to be made on other fees and charges. It is incumbent on the government to tell the people of Victoria which fees and charges it will be increasing and by what amount. It is also incumbent on the government to provide the details on why the fees and charges will be increased. It cannot just increase them willy-nilly by 10 per cent; it must justify the increases before it imposes them. If it cannot, the people of Victoria will know the government is cheating them.

I call on the minister to give this place and the people of Victoria an assurance that part 4 will not be used for a

blatant tax grab. I ask her to guarantee that any rise in fees and charges will be fully justified by Treasury figures that detail the cost increases, cost reductions and embedded tax savings resulting from the introduction of the GST.

I call on the minister to immediately give that assurance to the house. If the minister and the government cannot give that assurance, perhaps the people of Victoria can take it for granted that that stalking-horse provision in the bill will be used as a blatant 10 per cent tax grab on every fee and charge that has not been specifically exempted by the federal minister. This is the minister's opportunity to give the house and the people of Victoria that assurance.

I draw attention to part 7 of the bill, which concerns stamp duty savings and provisions in the context of the operation of the GST. Much has been said about circular taxation. It is agreed by everyone that circular taxation is not exactly a good thing. The stamp duty on quoted marketable securities is abolished. Also the GST is excluded from stamp duty on rental agreements and cattle sales.

The Bracks government has chosen to apply stamp duty on all other applicable grounds on a GST basis. It is acknowledged there is likely to be an overall gain to state revenue as a result. The gain is said to be very small, but is it? The government is introducing circular taxation — taxation on taxation — and telling us that the government will benefit as a result, meaning that the taxpayer will lose. How much is that gain, why is the government not prepared to tell us what the gain will be, and how will that gain be returned to the people of Victoria? Will it be returned through reductions in the rate of stamp duty?

If as a result of the introduction of the GST there will be an increase in stamp duty overall, it is incumbent on the government to reduce the rate of stamp duty applied so the people of Victoria are not cheated and there is not another blatant tax grab by the state government as a result of the introduction of GST. The introduction of federal taxation reform should not give rise to an increase in taxation but should be targeted to ensure revenue neutrality and to ensure that the people of Victoria do not lose out.

Mr Nguyen mentioned his concern that the people in his electorate not be disadvantaged by the government's misusing the introduction of national taxation reform to have another crack at increasing taxation in Victoria. All members justifiably have the same concerns about the effect of the changes on people in our electorates.

It is not just the opposition that suggests the operation of part 7 of the bill and the imposition of circular taxation on stamp duty arising from the introduction of the GST are likely to result in an increase in stamp duty revenue for the states. The New South Wales Treasurer, Michael Egan, also made the point that the states are likely to get a windfall as a result of taxation upon taxation.

I call on the government again, through the Minister for Energy and Resources, who is in the chamber, to ensure that if windfall gains are made the government will act immediately to reduce the rate of stamp duty, hence returning the windfall to the pockets of Victorians instead of using it to pay for a state government spending spree for the benefit of its mates.

I put on record the opposition's support of the bill. I also put on record my support of national taxation reform, which will be of great benefit to Australians in the years to come. In a decade or even five years this essential taxation reform will be seen as crucial to the continuing prosperity of Australia and to a growth in opportunities and standard of living.

I also place on record my opposition to the government's using the introduction of the goods and services tax as a cloak for having another dip at increasing state government taxation. I call on the Minister for Energy and Resources at the table to assure that the introduction of the GST will not lead to an across-the-board 10 per cent increase in fees and charges other than those exempted by the federal government. The minister must ensure that any increase in fees and charges will be fully justified, with Treasury figures indicating the full impact of the GST. Both the costs and benefits of embedded tax savings must be revealed before any fee is increased. Any windfall gains from stamp duty arising as a result of the introduction of the GST must be returned to Victorians and not kept by the government and used as another way of increasing the tax paid by the people of Victoria.

**Debate adjourned on motion of Hon. B. W. BISHOP (North Western).**

**Debate adjourned until later this day.**

## BUSINESS OF THE HOUSE

### Sessional orders

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I move:

That so much of the sessional orders be suspended as would prevent new business being taken after 8 p.m. during the sitting of the Council this day.

**Motion agreed to.**

## NATIONAL TAXATION REFORM (CONSEQUENTIAL PROVISIONS) BILL

*Second reading*

**Debate resumed from earlier this day; motion of  
Hon. C. C. BROAD (Minister for Energy and Resources).**

**Hon. W. I. SMITH (Silvan)** — I am pleased to join the debate on the National Taxation Reform (Consequential Provisions) Bill. I support the bill and am deeply interested in the impact the reform will have on the economy of Victoria and in particular the business sector. The legislation will enable the most substantial reform in this century's history of Australian taxation. It is important that the bill have bipartisan support.

Speakers before me have outlined in great detail what the impact of the legislation will be. The most important element of the bill is that it will enable national taxation reform to occur in Victoria, meeting Victoria's obligations under the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations signed in June 1999.

The 10 per cent goods and services tax will become law on 1 July 2000. All GST revenue will flow to the states and territories. The tax reform is extremely important and has been asked for by the states and territories for many years. For the first time the states and territories will have proper taxation reform that will enable them to budget under their own auspices.

Wholesale sales tax will be abolished from 1 July 2000. Commonwealth financial assistance by way of grants and revenue replacement payments will no longer be provided. The financial institutions duty and stamp duties on quoted marketable securities will be abolished from 1 July 2001. The off-road diesel subsidy will end on 1 July 2000.

A first home owners grant will offset the impact of the GST on first home buyers. My only concern with that aspect of the legislation is that the federal government has not given finances to the state government to enable the scheme to be put in place. The state government will carry the cost and has not been reimbursed for the implementation of the first home owners scheme.

It is expected that state and territory governments will save around \$500 million per year as a result of the removal of the embedded taxes on goods and services. State and territory governments will also benefit from the reduced tax burden on diesel fuel.

This will reduce transport costs and cut the cost of state and territory rail networks. Importantly for businesses throughout Australia, industries will benefit from large cost reductions and some will benefit more than others — for example, the road transport industry will benefit by some 6.7 per cent due to the removal of wholesale sales tax and the diesel excise reforms. The banking and financial services sector expects costs to fall.

The introduction of the goods and services tax is aimed at broadening the tax base. Despite the issues I have just mentioned, the GST will reduce tax avoidance and, I hope, the black economy. More importantly, the reduction of business and personal taxes will increase the number of jobs. I note there is a predicted \$7 billion to \$8 billion of savings for business.

Taxation is a global issue. All countries want to reduce the impact of taxation as an impediment to business and economic growth. Canada is not dissimilar to Australia in many ways. The Canadian Business Council on National Issues, comprising the chief executive officers of major companies, reviewed taxation issues in Canada and the way they affected the growth of businesses into the next millennium. The council listed five areas of concern: financial capital; human capital; ideas; global market share and influence; and leading-edge governance. Two of the most important areas it put on the agenda for review were corporate and personal taxes. The council looked at what aspects of corporate taxation were doing the most damage to investment in job growth and how it could improve the personal tax system to increase the incentives to work and invest and to help companies find and keep the skilled people they need to succeed in the global economy.

The chairman of Canadian Pacific Ltd, David O'Brien, in an address to the Canadian Chamber of Commerce on 27 September last year refers to taxation and the effect of national taxation on the economy. He says that if Canada is to survive and prosper in the 21st century:

The first winning condition is lower taxes. Lower taxes are not a cure-all, but they are necessary for a more creative and productive society. Our high personal income taxes are sapping the strength of our economy. Lower corporate taxes are needed to encourage investment in new machinery and equipment which in turn will drive productivity improvements. And we need more venture capital to create jobs in the new economy.

He then refers to an anecdote. I do not think things have changed much over the centuries:

Jean-Baptiste Colbert, Louis XIV's financial controller, likened the art of taxation to plucking the goose so as to obtain the largest amount of feathers with the smallest amount of hissing.

Mr O'Brien continues:

I believe that lowering taxes in a really meaningful way will spur economic activity, promote innovation, create new job opportunities and lead to a higher standard of living.

Last Sunday I had a chat with one of Victoria's main tulip growers who gave me a lecture on taxation reform. He reminded me that in the 16th century many of the textile industries established in Spain went to England because Spain did not lower its taxation base. As a result England became far more competitive. It is interesting to note that Spain has never recovered and that England still has high numbers of textile companies.

What will happen as a result of the restructuring of Australia's taxation system? An article in the *BRW* of 24 March reports on the effects of the GST on the Australian economy:

Australia's economy is said to maintain strong growth but economists find it difficult to predict the effect of the goods and services tax (GST) ...

The survey average forecast for 2000–01 gross domestic product (GDP) is 3.9 per cent, less than the 4.2 per cent tipped for 1999–2000 but indicative of a robust economy. The average jobless rate predicted for 2000–01 is 6.2 per cent and, with a tight labour market, average weekly earnings are expected to rise 4 per cent. The headline CPI is forecast around 5.45 per cent.

Bruce Hockman, senior economist at Deutsche Bank, is the most optimistic. His confidence in stronger global activity is the basis of his 4.5 per cent growth projection. He says stronger export recovery will bring the current account deficit down to \$25.9 billion.

The Deutsche Bank does not believe there will be any weakness in the Australian dollar. Mr Hockman is reported as saying:

... foreign exchange markets that regard Australia as 'old economy' have got it wrong and that it will not be long before investors recognise its strong fundamentals.

Those comments are encouraging and we hope they are correct. The Ralph report and proposals referred to the reduction in capital gains taxes. An article in the *BRW* of 12 November 1999 examined those potential changes. I remind honourable members that the implementation of the GST plus the reduction in capital

gains taxes (CGT) will enable Australia to compete in the world global market. The *BRW* article states:

'The US, with low CGT, has managed ... to post stunning growth and tax-revenue outcomes' ... 'The UK's Blair Labor government reduced CGT to encourage entrepreneurship ...

The article suggests that the problem in Australia is that many of the industries that are most important for our future prosperity — information technology, biotechnology and e-commerce — can easily relocate offshore. The issue is not whether Australia should reduce the CGT but whether it can afford not to make the change. The article concludes by saying:

The Ralph review's proposals on capital gains tax are modelled on the US rules and have the potential to radically enhance the entrepreneurship of Australians, the willingness of Australians to engage in business. This could significantly ratchet up growth in Australia.

The introduction of the GST in July will enable Australia to move forward. Business still has a large payroll tax impost. The former Kennett government reduced the rate of payroll tax on two occasions and I note with interest that the Bracks government, after the economic summit, signalled some possible future reform of payroll tax, although it was not an issue at the summit. I look forward to the government's next budget reducing the rate of payroll tax. A significant reduction in the rate of payroll tax, together with the introduction of the GST and a reduced capital gains tax, will assist business and increase job growth. I commend the bill to the house.

**Hon. B. W. BISHOP** (North Western) — It is with pleasure that I join the debate on the National Taxation Reform (Consequential Provisions) Bill. I commend honourable members who have contributed to the debate. Financial bills are often regarded as dry subjects and many people have difficulty in understanding the issues referred to. I am sure if people read the *Hansard* report of this debate they will be enlightened by the comments of honourable members. I was in the Chair when Mr Hallam spoke and, without doubt, his expertise and understanding of the disciplines was to the fore as he stepped through each of the issues and, more importantly, explained what negotiations had taken place before agreement was reached.

I have been disappointed, as have a number of opposition members, by the negative approach to the taxation reform taken by government members. That negative approach, including the slant that is apparent in the second-reading speech, concerns me. I see the bill not in a technical way but as part of an ongoing process in Australian tax reform. The system will move on over the years as it adjusts, making Australia more

competitive in the global world in which it must compete.

Australians need to face up to the fact that on 1 July they will have a new tax system. The cooperative discussions among the state, territory and commonwealth governments will lead to an appreciation of the commonwealth government's landmark decision. It might seem glib to call the tax reform a landmark decision, but that is what it is. I urge the Victorian government — I am sure all opposition members support me in this — to get on with the job and mirror the positive attitude taken by the commonwealth government.

It would have been easy for the commonwealth government not to take the course it has and not to show the political courage that was very much to the fore when it made its landmark decision to reform the country's tax regime. It is obvious that a new tax system of this magnitude, which we will be welcoming in the middle of the year, will take some bedding down. Those of us who have stepped back and taken an unbiased view of the proposed taxation system find it frustrating that only the negative side of it seems to come through in the media and among the people we talk to. It is a pity our country cannot see the landmark decision in a positive way. In public forums and in newspaper reports there has been very little talk about the reduction in taxation. We have not heard much about the removal of a mishmash of wholesale sales taxes or the abolition of a bandaid tax system that was patched up for too many years because former governments lacked the political courage to take the landmark decision to reform it.

As I move around my electorate I hear the concerns expressed by small business people and others who are interested in the way the new tax system will settle down. It is a great pity that the clarity of the initial proposal has been blurred by the Democrats, whose negotiations complicated the path of the legislation through both houses of the federal Parliament. That negotiating process is now finished; however, it would have been far better to have addressed the concerns of those sectors of the community that required assistance and to have overturned some of the offsets introduced in the run-up to the negotiations on the change. The negotiations that occurred as the legislation wended its way through the two houses of the federal Parliament have caused a great deal of confusion.

As I said, I have had the opportunity to note the concerns of small business people across my electorate. I have enjoyed attending some of the goods and services tax (GST) seminars that have been conducted

by a range of people, including local accountancy firms. Those firms have picked up their responsibility to inform the community about the GST by taking a positive message to small country towns. One of the leading accountancy firms in the Sunraysia held a GST seminar in Ouyen the other night. The seminar was well run and well attended. Obviously some benefit will accrue to the firm as a result, but that does not alter the fact that it has picked up its responsibility and run with it. Another organisation that is doing a good job is the Victorian Farmers Federation. I understand that the commonwealth government has supplied it with the resources to move around the state conducting seminars and computer update courses on what is required in the specialised commercial area of agriculture. I note that at a recent well-attended Victorian Farmers Federation dinner at Ultima one of the competition prizes was a consignment book on how to manage the GST. Most people in the VFF have their eyes on the ball.

Some of the farmers and small business people I talk to raise concerns about the extra bookwork they will be required to do to comply with the GST regime. However, many others believe the compliance work involved will be no greater than what is already necessary to run a small business or farm efficiently. Given the high costs and slim margins they already face, people in agriculture who do not have the necessary documentation in place will find that things will quickly get away from them.

I have already referred to the Honourable Roger Hallam's fine grasp of this complicated subject and of the passion he showed when speaking about the bill. Among other things he talked about the abolition of provisional tax. As a farmer I hated provisional tax because it delivered a double whammy to people on farms. It was introduced to create some equity between people who receive once-a-year payments and those who get paid every week, fortnight or month. I cannot judge whether it achieved that aim or not, but I know provisional taxation made it very difficult for people working in agriculture. Farmers with volatile incomes had to be careful to ensure that they could manage their way through the requirement to pay the tax. Most were able to do it, but it took a lot of care and caution — and even then it was easy to get caught.

I understand that a certain amount of rebalancing will be required given the move to monthly and quarterly catch-up accounts, which the GST will introduce in the agricultural sector. I know that accountancy firms are working with farmers to ensure they carefully plan their reporting and payment processes and manage their cash flows in the best possible way. With provisional tax, farmers' cash flows would be pretty good for a while

and then all of a sudden they would get this double whammy and they would have no choice but to find the money and find it quickly. It was particularly difficult for those whose incomes were volatile.

The wine industry is another important part of the agricultural sector. There has always been a rebate — I object to the word ‘subsidy’, which is used in the second-reading speech — for cellar-door and mail-order sales in the wine industry. The difference between the words ‘rebate’ and ‘subsidy’ is clearly seen in the second-reading speech.

I have an obvious interest in the bill because my electorate runs alongside the Murray River. The many wineries located in the area are an important part of the tourism industry, and both industries continue to grow at quite a strong pace.

Last week my colleague the honourable member for Swan Hill in another place, who is the shadow Minister for Agriculture, and I visited some local wineries. It was interesting to see the high level of quality control and to learn how the quality of the product is pushed to the nth degree to ensure that our wines meet the challenge from competitors, especially in the export market. The quality control extends not only to the winery but to the vineyard where the grapes are produced and beyond the vineyard to the transport of the product. There are many links in the chain of the quality assurance program.

Quality assurance is important not only to produce wine of world class but because winery customers are now showing a preference for purchasing from producers who have quality assurance programs in place.

The vigneron rebate for cellar-door and mail-order sales has had a bumpy ride. Over the years pressure has been applied to remove the winery and tourism industry rebate system. It is great to see that pressure has been resisted by all governments, regardless of political persuasion. The rebate remained even through the hubbub of the 1997 High Court decision declaring invalid the collection by the states of franchise and licensing fees on items such as petrol, tobacco and liquor. Cooperation between the federal and state governments saw the problem overcome. I believe the rebate at that time was 15 per cent.

The links between wineries and tourism go hand in hand with the expansion of those industries. It does not matter where one travels in Victoria, whether it is to the Yarra Valley, north-east Victoria, north-west Victoria or central Victoria, the winery and tourism industries link together very well.

Many great Victorian wine producers appreciate the rebate that enables them to have great cellar-door sales and wonderful attractions that preserve the history of the wine industry. I have seen some superb displays throughout Victoria in well-appointed cellar-door sales areas. I well remember seeing — I have not seen them much lately — pamphlets and brochures identifying Victoria’s attributes and linking the wine and tourism industries. I am delighted that the rebate is maintained for cellar-door and mail-order sales. I served on the Public Bodies Review Committee that inquired into the structure of Victoria’s liquor laws and agreed unanimously on rebates for cellar-door and mail-order sales for Victorian wineries.

The last issue I turn to in the bill is the removal of the state rebate for off-road diesel use. The rebate has been removed because the commonwealth is removing the customs duty and excise on off-road diesel products. That is an excellent move. It tidies up the issue in both state and commonwealth areas and means a great deal to those of us who live in regional and rural Victoria. Mr Hallam stated, and I remember it clearly, that when you live in a country area you have to freight the inputs up and freight the products back, so you are exposed to freight costs that cannot be avoided.

The reduction of 43 cents a litre for off-road diesel products will be directly applied to Victoria’s rail passenger and freight transport. The competitiveness of rail transport will improve greatly. It does not matter where you go in regional and rural Victoria, the rail and road systems are integral to the survival of business, and they must be competitive and of world class — and they certainly are. However, the removal of the off-road customs duty and excise on off-road diesel products will help enormously in that area.

A different process is involved with road transport, where the rebate is not as high, but the removal of the federal taxes will have an enormous effect on the efficiency and reliability of Victoria’s transport systems, on which rural and regional Victoria rely so much.

The debate has been interesting and informative. Anyone interested enough to read *Hansard*, particularly the contribution made by the Honourable Roger Hallam, will have a much better understanding of how the negotiations between the commonwealth, state and territory governments came to fruition and how the landmark decision on Australian taxation reform was put into place.

I understand things will be a bit prickly as the legislation is bedded down, and I know some people

might have some difficulty with it, but change is always difficult, and this is one of the best decisions this country will ever make. It will give Australia a competitive edge that is really needed in the global society in which we live and work, particularly for a nation that has a small population relative to the rest of the world and is highly reliant on export markets to bring new dollars into the country. I commend the bill to the house.

**Motion agreed to.**

**Read second time.**

*Third reading*

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

That this bill be now read a third time.

I firstly thank all honourable members on both sides of the house who have contributed to the debate. I reiterate the comment that the bill honours commitments made by the previous government.

Many issues were raised during the debate, and the first matter I shall address is circular taxation, which was raised by many speakers. In particular I reject the assertion by many opposition speakers that in the bill the government is not fully avoiding sources of circular taxation. In fact, measures in the bill ensure that all identified instances of circular taxation are avoided. The situation to which opposition speakers referred in support of their argument — that is, stamp duty applying to prices that include the goods and services tax (GST) — is of course an instance of tax on tax, not circular taxation, and taxes on taxes have existed for a long time.

The government has rejected the notion of applying stamp duty only to GST-exclusive prices because of the cost to state revenue, which is estimated to be in excess of \$100 million per annum. Just to be clear, that sum is on top of the \$100 million per annum in embedded tax savings the government is required to find, a sum which the government has indicated will be difficult to attain while maintaining services.

A further matter raised in the debate is the ministerial recommendation to the Governor in Council to make regulations to increase fees up to the amount of the GST. In debate in the Legislative Assembly the honourable member for Brighton also referred to this issue and said that the opposition was guided by the Scrutiny of Acts and Regulations Committee, which examined the matter and stated:

Given the nature of the new tax arrangements introduced by the acts giving effect to the new tax system the committee accepts the necessity of such a regulation-making power.

On the issue of embedded tax savings, in particular the suggestion that the government is profiteering by refusing to pass on the benefit of embedded tax savings to consumers of government goods and services subject to the GST, the government quite simply was prevented from passing on any savings by virtue of the fact that the commonwealth is providing Victoria with \$100 million less in compensation for taxes that have been scrapped — in other words, these savings are required to make up the gap in state revenues that has been created by the arrangement.

I again commend the bill to the house.

**Motion agreed to.**

**Read third time.**

*Remaining stages*

**Passed remaining stages.**

**Sitting suspended 6.32 p.m. until 8.06 p.m.**

## FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

*Second reading*

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I move:

That this bill be now read a second time.

This government was elected with a vision for a prosperous Victoria — a Victoria in which the rewards of prosperity are shared across the whole state.

This vision is founded on a platform of sound economic management. The government's agenda is unashamedly pro-growth, pro-business, and pro-jobs.

The government's key priority is to maintain a substantial budget surplus. We aim to be socially progressive but financially conservative.

To achieve this we have set ourselves four important goals.

The first is to maintain and enhance the state's financial position. Obviously a surplus cannot be maintained without a commitment to financial responsibility.

Secondly, we want to grow the whole state — making sure the rewards of Victoria's prosperity are spread

across all sectors of the Victorian community, including rural and regional areas.

Another priority is to restore democracy, transparency and accountability in Victoria.

And finally, we will deliver improved services to the community, particularly in key areas of health, education and law and order.

The financial responsibility legislation that the government is introducing today is primarily aimed at meeting the first of these goals. It will also increase the transparency and accountability of our financial management. Meeting these goals of financial strength and accountability are the keys to achieving our other two goals — reaping the benefits of unprecedented world economic growth for all Victorians.

Adhering to sound financial management underpins every other goal of my government. Our success — Victoria's success — rests on sound financial management.

This government is not afraid of exposing its financial operations to scrutiny.

Our election commitments were independently costed by Access Economics.

Since coming to government, we have been able to demonstrate that our commitments are achievable, and there will still be a substantial operating surplus.

In the first few weeks of office the Treasurer spoke at length with rating agencies Moody's and Standard and Poor's. He explained our policies and showed the rigorous costings of our election platform. He showed them our agenda.

Both rating agencies understand our commitment to strong financial management. A few weeks ago Moody's rating agency decided to upgrade Victoria's credit rating to AAA. Only three jurisdictions have ever regained a lost AAA rating from Moody's — Ontario in the 1970s and, more recently, Western Australia and Norway. Standard and Poor's also announced back in December that they will maintain our AAA rating.

The ratings are important because they send a clear signal to investors that Victoria has got its fundamentals right — that Victoria is a good place to invest.

The mid-year budget review, released on 7 January, was our first chance to demonstrate our commitment to open and accountable reporting of the state's finances.

The Financial Management (Financial Responsibility) Bill establishes a legislative framework for that commitment. The bill has as its objective improved scrutiny of Victoria's financial operations. It is the first legislation of its type in Australia and it contains world-first provisions.

One of my government's first acts was to restore the powers of the Auditor-General to act as an effective watchdog over state financial affairs on behalf of the Parliament. This bill will build on that reform.

The Auditor-General will be given additional powers to conduct a review of the financial fundamentals of the state budget. The Auditor-General's principal role will be to review the integrity of the economic assumptions and estimated financial statements incorporated in the budget — in private sector terms he will conduct a prospectus audit — and he will do that on budget day.

Honourable members will appreciate the important role financial reporting has for the state of Victoria. One of the objectives of prudential supervision of private enterprise is to regulate for maximum availability and flow of information. For this purpose there are numerous regulatory mechanisms aimed at informing the market through the Australian Securities and Insurance Commission and the Australian Stock Exchange.

In government, similar mechanisms generally have not existed, and that creates uncertainty. The Financial Management (Financial Responsibility) Bill will provide a framework to allow for the freest possible flow of information.

The government's commitment to substantial budget surpluses during this term and beyond will be open to external assessment against standard accounting criteria, not simply the internal scrutiny of the public servants. The acknowledged high quality of their work and expertise is not the issue; what is fundamental is that true accountability can only come through independent and open scrutiny.

This bill will do the following:

First, it enshrines in legislation the basic principles of sound financial management that the government adheres to, including:

- managing financial risks, including the levels of debt and other liabilities, in a prudent manner;

- pursuing tax and spending policies that are consistent with stability and predictability in the level of the tax burden;

maintaining the integrity of the tax system;

considering the financial effects of today's decisions on future generations; and

providing full, accurate and timely disclosure of financial information.

Second, the legislation will require government to produce twice yearly a statement of financial policy objectives and strategies, and to disclose the reasons for changes in these objectives and strategies. The statement of financial policy objectives and strategies will encompass both the long-term policy framework within which the state will be managed and the shorter term policies and objectives governing the preparation of the annual budget and forward estimates.

Included in this statement will be a set of specified financial measures, with the numerical results that the government expects to achieve. These are the key measures that the government has identified as being important, and against which the success of its financial policy will be assessed.

The government's financial policy objectives and strategies will be required to relate to the principles of sound financial management set out in the bill.

Third, the bill requires the government to state the economic and other assumptions and risk assessments on which the budget is based. The bill also requires the government to publish details of the sensitivity of the budget financial statements to changes in these underlying assumptions.

And for the first time in Victoria, the government is required to provide estimates of tax expenditures — that is, the revenue that the government has forgone through exemptions and concessions included in tax legislation. These requirements will enable more informed debate and discussion on Victorian financial policy options and priorities.

Fourth, the bill incorporates a detailed and consistent reporting regime. For the first time, this legislation will require the publication of quarterly budget sector financial reports and half-yearly budget updates midway through the annual budget cycle.

The bill also requires the government to produce whole-of-government financial statements covering the first six months of each financial year.

The bill also extends the range of information required to be reported in the annual financial report. From 2000–01 onwards the government will be required by

law to publish details of payments made from the advance to the Treasurer, and payments made or money recovered under any guarantee or indemnity issued by the government.

While it is true that some of the additional information required by this bill has been published in previous years, this was not obligatory. The fundamental change introduced by the bill is to place these discretionary disclosures in legislation, so that the range of information that any future government must by law provide to the people of Victoria is greater than ever before.

The bill also makes provision for publication of whole-of-government and budget sector financial reports when Parliament is not sitting. The bill provides that if a report has not been laid before either house on or before a specified release date, and Parliament is not sitting on the release date, the report must be given to the Clerk of each house. The Clerks must then arrange for each member to receive a copy of the report and to table it when each house next sits. The bill also ensures that normal parliamentary protections apply to reports published in this way.

These provisions follow from the government's acceptance of a recommendation to this effect made by the Public Accounts and Estimates Committee in their 1999 report on annual reporting in the Victorian public sector.

Fifth, the bill will require the Secretary of the Department of Treasury and Finance (DTF) to publish a pre-election budget update once a general election has been called. This means that the true current financial position of the state government must be revealed to the people of Victoria before they cast their votes. No longer can governments, or oppositions, hide behind the excuse that they cannot be specific on policies because they do not know the financial position of the state at the time of an election.

Sixth and most significantly, for the first time the most important document of a government — the state budget — will be required to be based on conventional accounting principles and will be subject to professional review by the Auditor-General.

Under this legislation, the Auditor-General will review the budget as it is developed and will report to the Parliament on budget day whether it appears that:

the budget financial statements have been prepared consistent with the stated accounting principles;

the estimated statements are consistent with the targets for the government's key financial measures;

the statements have been properly prepared on the basis of the assumptions that underlie them; and

the methodologies used to determine the assumptions are reasonable.

These requirements will enable readers of the budget to have confidence that the budget has been independently scrutinised to ensure that it properly represents the projected financial performance of the budget sector.

It is important to appreciate that these provisions do not purport to require the Auditor-General to express an opinion on whether the projected budget results will be achieved. The responsibility for delivering the budget result remains with the government, where it belongs. It is the government's role to monitor the budget performance during the financial year and, if necessary, adjust its policies and priorities to cope with the inevitable changes in circumstances that occur in human affairs. With the passage of this bill it will also properly be the government's responsibility to report publicly and promptly those changes in circumstances and any consequent changes in policies or priorities.

The Auditor-General has been extensively consulted from the beginning of preparation of this legislation. He has expressed the view that the bill will strengthen the accountability of the executive government to Parliament and the public, and will enhance transparency over Victorian public finances. He has advised the government that his office will be in a position to fulfil its new responsibilities under the legislation.

The Financial Management (Financial Responsibility) Bill is about making sure that the best information is available on the state's financial position so that the public and investors have a clear picture of the state's finances at all times.

As I stated earlier, our agenda is unashamedly pro-growth, pro-business, and pro-jobs. Sending the right signals to investors is a key element of continuing Victoria's solid economic performance. We are all familiar with the observation that international investment is attracted to those economies with minimum sovereign risk and an open, robust political system.

The same holds for regional or state economies. There is a clear competitive advantage to be had in establishing an open, accountable and transparent financial management regime in Victoria that will allow

potential investors to determine for themselves, against objective criteria, the financial environment in which their investment is to be made.

The government is committed to pressing on with the next waves of establishing excellence within government. For example, we have not yet garnered the full benefits of accrual accounting, reporting and management. The government will be introducing other legislation to implement further reforms in financial management.

Victoria's ongoing economic prosperity gives us the opportunity to achieve a higher standard of living and a better quality of life. Prudent financial management leads to better social outcomes. It is the foundation on which we will deliver our commitments to restore essential services in areas such as health, education and law and order and reinvigorate the whole of Victoria.

This bill is another important step in entrenching prudent financial management within the Victorian government.

I commend the bill to the house.

**Debate adjourned on motion of Hon. R. M. HALLAM (Western).**

**Debate adjourned until next day.**

## FIRST HOME OWNER GRANT BILL

### *Second reading*

**Debate resumed from 22 March; motion of Hon. C. C. BROAD (Minister for Energy and Resources).**

**Hon. J. W. G. ROSS** (Higinbotham) — It gives me pleasure to speak on the First Home Owner Grant Bill, which the opposition supports. The legislation implements the first home owner grant scheme, as outlined in the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations, otherwise known as the commonwealth–state taxation arrangements. As honourable members would be aware, the taxation arrangements were signed off by the previous Kennett government and premiers and chief ministers of the states and territories.

The bill is an attempt to fulfil the cherished ambition of most Australians to own their own homes and to facilitate that process within the environment of the new taxation system. It is a successor to many previous first home owner schemes and, as such, seeks to fulfil a dream of most Australians. I emphasise that the bill is consequential to the new taxation system and will be

administered by the states and territories in accordance with the commonwealth–state taxation agreement.

The federal Treasurer, Peter Costello, has reiterated on a number of occasions the circumstances at the signing of the agreement. He was nearly mowed down in the rush as those in state jurisdictions signed up to participate in the process. Why would they not wish to participate? On the Labor side there should be a high level of validity for the new taxation system inasmuch as it was originally floated by none other than Paul Keating when he was federal Treasurer — that was until he was chopped off at the socks by the then Prime Minister and the federal Labor caucus. That proposal I might add was advanced in isolation from the plethora of benefits that are envisaged by the current Howard government's new taxation system.

The new taxation system is of extreme importance and significance to all Australians. Australia sits within the Pacific Basin and competes economically with America and Canada. The rest of the world is out there doing its best to eat our lunch. The current taxation system is fundamentally flawed. We have a top marginal income tax rate of 48.5 per cent compared with the United States of America which has a standard rate of about 20 per cent. The top marginal rate for capital gains tax is 48.5 per cent. The tax system is fatally flawed and is in need of reform.

At the commonwealth level the new tax system will immediately abolish the wholesale sales tax from 1 July 2000. Income tax will be cut by \$12 billion, and the temporary arrangements for the taxation of petrol, alcohol and tobacco will also cease on 1 July 2000.

Notwithstanding those initiatives, specific purpose payments to the states and territories will continue. At the state and territory level a number of benefits will flow directly from the new tax system. Financial institutions duty levied on receipts at banks and other financial institutions and on the short-term money market will cease from 1 July 2001. Stamp duties levied on the sale of stocks and shares will also be abolished from that date. Debit tax on withdrawals from bank accounts with a cheque-drawing facility will be abolished from 1 July 2005, although that will be subject to review by a ministerial council comprising commonwealth, state and territory treasurers. That ministerial council will also review the need for a range of business stamp duties by 2005, which includes stamp duties on mortgages and a variety of other financial arrangements that are of particular consequence to home purchasers, in particular new home purchasers.

Most significant of all, every state and territory will benefit because all the revenue received from the goods and services tax (GST) applying from 1 July 2000 will go to those jurisdictions. It will ensure that they have a solid growth tax in perpetuity that will enable them to underpin a high standard of community services. Further, the commonwealth guarantees the budgets of the states and territories will be no worse off as a result of the new tax system. Within that context, and within the importance of its position vis-a-vis Australia and the rest of the world, there is the advent of the first home owner scheme. The GST will not apply to the sale of existing homes. However, it will apply to the construction and sale of new homes and repairs and renovations to existing homes. That will obviously impact through market forces on the price of existing homes.

The federal Treasury has estimated that the current hidden tax imposed by wholesale sales tax is approximately 5.3 per cent of the cost of building a new home. In other words, if no action were taken after the introduction of the new tax system new housing prices would rise by 4.7 per cent — that is, 10 per cent less the 5.3 per cent embedded wholesale sales tax. However, the estimates clearly depend on a variety of assumptions. An estimate circularised by the industry association, which I happened to pick up through Macrae Fallon, a local estate agent, predicts that after 1 July prices will rise by between 6 and 7 per cent.

The scheme will be administered by the State Revenue Office and will provide first home owners with a flat rate grant up to \$7000 to purchase or build a home after 1 July 2000. The states and the commonwealth have agreed to the scheme as part of the GST compensation package. Accordingly, it will provide some compensation for and an incentive to first home buyers to achieve the Australian dream of home ownership. Even on the most pessimistic assumptions about the impact of the GST on home ownership, the \$7000 first home owner grant, together with reductions in income tax, will certainly compensate first home buyers for the impact of the GST.

The bill is a mirror of the template legislation introduced in South Australia, and there are regional variations in other jurisdictions around the country. Suffice it to say that the central theme of the commonwealth–state taxation agreement is uniformity.

I applaud the flexibility of the grant. I am pleased to note that the Commissioner of State Revenue has been given the discretion to provide the grant up front at the time of the contract being signed, if in his view that is the appropriate way to handle the arrangement, or

certainly early on in the process of the person moving into his or her home. To that extent the grant differs from those available under previous schemes. Then when purchasing a home one had to go through all the transactions and virtually move in or obtain a certificate of occupancy before one got any money. Indeed the previous arrangements were colloquially known as furnishing grants rather than home owner incentive schemes.

Again, as a result of the introduction of the new tax system even the cost of furnishing a home will probably be less onerous than it has been hitherto. For example, the tax on kitchen appliances is currently set at 12 per cent. Ducted heating, in-built vacuum-cleaning systems, airconditioning, light fittings, carpets and permanent mirrors will all fall in price as a result of the introduction of the new tax system.

The first home owner grant scheme is not like the former so-called furnishing grant. Clause 19 specifically provides for the payment of the grant to offset all or part of any stamp duty that is associated with the purchase of the property. The ability to obtain a \$7000 up-front contribution to the purchase of a first home has some relevance to the amount of the deposit, particularly for young people starting out in life, as well as people in other situations. I point out categorically that the objective of the bill is not to introduce any sort of embellishment of the deposit; rather, it is a compensation package for the GST.

Nevertheless, one of the major barriers, particularly for young people, is saving to assemble the deposit for a first house. I recall my frustration as a young married person in being unable to save at the rate at which housing prices were escalating. I say this for no reason other than that it happens to be relevant, but my winning the Merck, Sharpe and Dohme prize for topping pharmacology in my final year at university gave us the small amount of money — \$500 or so — we needed to enable us to move into the ranks of home owners sooner rather than later. I do not mean to trivialise the grant in noting its relevance to the deposit, but any amount of cash up front can help those in need.

The grant will not be means tested. It clearly has the potential to significantly benefit low-income earners who seek to get a start in life by purchasing at the bottom end of the housing market. The same is true of many in regional Victoria, where the \$7000 may be a significant proportion of the total cost of a home. In that vein, I point out that the government has estimated that first home owners will receive \$193 million. That represents an opportunity for tens of thousands of Victorians, who will be able to enter the home

ownership market because the grant will provide some compensation for the impact of the GST.

I touch briefly on what has been referred to as circular taxation, double taxation or tax on a tax. Whatever name it is given, the principle is absolutely clear. The government's decision that stamp duty will be levied on property transactions inclusive of the GST is to some extent unfortunate because it will erode the value of the first home owner grants. The Minister for Finance said he has a duty to protect the state's revenue base. I understand the government has calculated that if stamp duty is applied to the GST-exclusive price it could cost the state in excess of \$1 million per annum. Consequently the government has determined to levy stamp duty on the GST-inclusive tax on home purchases.

The truth of the matter is that, given the simple arithmetic involved, the government could have adjusted stamp duty to maintain revenue neutrality while passing on the maximum benefit envisaged by the first home owner grant scheme. It is obvious that the government has settled on a combination of temerity and avarice to get the best cut from the transitional arrangements.

The pessimism inherent in that action is also unfortunate. I have already alluded to the need to assist prospective home owners to enter the market and to the intention of the commonwealth-state arrangements to fully compensate first home owners for the imposition of the GST, but the truth of the matter is that the housing market is booming.

The most recent Reserve Bank bulletin shows that the number of monthly home loan approvals in the three months to November 1999 was 29 per cent higher than a year ago and the value of loan approvals was 45 per cent higher over the same period and represented an average increase of nearly \$15 000. Those figures relate to Australia as a whole.

In Victoria the housing boom is nothing short of spectacular. In Melbourne median house prices increased by a massive 20.7 per cent compared with the national average of 10.3 per cent. The Reserve Bank has equated that with the decline in net emigration from Victoria which was the hallmark of the Cain and Kirner years. The simple truth is that the housing sector economy is expanding at such a rate that increasing revenues from stamp duty are entirely compatible with stamp duty being applied to the GST-exclusive price of housing.

It may be that the government anticipates the housing economy shrinking under its jurisdiction. There are predictions that that may be the case. Nevertheless, if there were a spirit of optimism rather than pessimism the government would not be seeking a windfall in stamp duty made possible by the introduction of the GST.

Having made those observations, I emphasise that the first home owner grant has a desirable level of flexibility. It is not means tested. With a flat rate grant of \$7000 where the purchase price exceeds the set amount, the grant is particularly beneficial to low-income groups. The grant will have its maximum impact on cheaper types of housing and will be especially effective in assisting regional and rural Victorians in the purchase of their first homes.

A number of eligibility criteria must be met. To participate in the process an applicant must be a natural person — that is, the scheme is not amenable to transactions involving companies or trusts. The scheme applies only to Australian citizens or permanent residents. Persons who have previously participated in the scheme are clearly unable to re-enter it. Applicants for the scheme must not have had any interest in residential property prior to 1 July 2000. That provision also requires that individuals have not had the opportunity to purchase properties prior to 1 July.

Having received grants and obtained their first homes, applicants are required to occupy their new homes within 12 months except in extenuating circumstances that the Commissioner of State Revenue may be willing to entertain. It is a balanced and fair arrangement, with a number of safeguards. I am pleased to note the special provisions in the bill for disadvantaged individuals. Guardians of disadvantaged individuals are able to make application on their behalf. As one who has worked with people with disabilities of a variety of types, I know one of the great fears parents entertain is that their dependent children will have nowhere to live when the parents move on. The facility enabling guardians to assist the entry of their dependent children into the housing market is particularly worth while.

With those few words, I commend the federal government for the totality of the initiative, which will place Victoria and Australia in a better place vis-a-vis the rest of the world. I commend the bill to the house.

**Hon. D. G. HADDEN** (Ballarat) — I support the First Home Owner Grant Bill, the purpose of which is to encourage and assist home ownership and to offset the effect of the goods and services tax on home

ownership by providing a one-off grant of \$7000 on or after 1 July 2000.

While it does not support the introduction of the goods and services tax to be introduced by the federal government on 1 July 2000, the Bracks Labor government is obliged to honour the previous government's commitments under the Intergovernmental Agreement on the Reform of Commonwealth–State Financial Relations. As part of the intergovernmental agreement the states and territories agreed to assist first home buyers through the funding of a uniform first home owner grant to offset the impact of the goods and services tax on the purchase of a house or the entering into of a contract to build a house, thereby enabling the significant benefit of a \$7000 grant or payment to first home buyers. That will go some way towards making home ownership affordable, especially to those on low incomes.

Each state and territory will implement separate but consistent legislation. The eligibility criteria for the grant will be jointly developed in line with intergovernmental agreement principles. The bill has a number of important aspects. Firstly, eligible applicants will be entitled to a non-means-tested, one-off \$7000 payment or grant, which can be used to offset the stamp duty payable on the purchase contract. Secondly, eligible applicants must be natural persons and Australian citizens or permanent residents purchasing or building their first home in Australia.

The first home buyers scheme will be administered by the State Revenue Office, which also administers the means-tested stamp duty exemption scheme for pensioners, health card holders and low-income earners with dependants. The Victorian government expects to provide substantial grant assistance of an estimated \$193 million in the first year of the operation of the scheme to assist first home owners.

Division 2 of the bill deals specifically with entitlement and eligibility criteria. Clause 5(1) states:

A person is an owner of a home or a home owner if the person has a relevant interest in land on which a home is built.

Clause 5(2) contains a non-exclusive definition of a relevant interest in land, subject to the exceptions in subclause (3). Exceptions in subclause (3) include the holder of the interest not having a right to immediate occupation of the land within 12 months; the person who holds the interest being subject to a trust; and an equitable interest being excluded.

The eligibility criteria for spouses are detailed in clause 6 and include legally married persons or de facto spouses — I note, defined in clause 3 as being of the opposite sex. The Commissioner of State Revenue must be satisfied the applicant is cohabiting at the time of the application.

The eligibility criteria of applicants are defined in clauses 8 to 12 of division 2. Clause 8 deals with the fact that the applicant must be a natural person and not a company or trust. Clause 9 states that an applicant must be an Australian citizen or permanent resident. Under clause 10 the applicant or his or her spouse must not have been entitled to an earlier grant under the act or a corresponding law. Under clause 11 the applicant or applicant's spouse must not have had a relevant interest in residential property in Victoria or another state or territory before 1 July 2000. Clause 12 requires that the applicant must occupy the home to which the application relates as the applicant's principal place of residence within 12 months after completion of the relevant transaction.

This provision protects the scheme for genuine first home owners and not those buying and selling houses for capital gain. The first home scheme will be in addition to the current 100 per cent stamp duty concession for first home owners with houses valued between \$115 000 and \$165 000, tapering off after \$135 000. Both measures will be a substantial and positive boost to the house building industry and to low-income earners and first home owners.

Clause 13 details what is an eligible transaction and sets out the completion date. In essence it is a contract made on or after 1 July 2000 for the purchase of a home in Victoria or a comprehensive home building contract made on or after 1 July 2000.

Clause 14 in division 4 contains criteria for the grant applications to be made to the Commissioner of State Revenue. Subclauses (5) and (6) require applications to be made in the period starting on the commencement date of the eligible transaction and ending 12 months after its completion, but with discretion for the commissioner to extend that period.

Clause 16 is important because it allows a guardian to make an application on behalf of a person under a legal disability, who is regarded as the applicant for the purposes of the eligibility criteria. The amount of the grant is defined in clause 18 as \$7000 or the consideration for the eligible transaction where the value is less than \$7000.

Clause 19 provides that the grant payment can be effected by the commissioner at the time of settlement or after the completion of the eligible transaction, including payment to a nominated person or institution such as a vendor, the builder or a financial institution, and even to offset stamp duty liability. The bill properly provides for repayment of the grant in certain circumstances. Clauses 26 to 34 in division 6 set out the objections and review procedures.

Clause 50 imposes a duty of confidentiality relating to the administration of the act. The penalty for breach of that confidentiality is 60 penalty units or \$6000. A person is prevented from disclosing protected information about the applicant or the applicant's spouse unless with the consent of or at the request of the person to whom the information relates. Clause 50(4) sets out when protected information may be disclosed. Clause 50(5) defines protected information as information of a kind described in section 38 of the Freedom of Information Act, which covers documents to which secrecy provisions apply.

Having been a recipient of a first home buyers grant in the early 1970s I know the huge difference it made to me when purchasing my first home. I commend the bill to the house.

**Hon. R. M. HALLAM** (Western) — Earlier today the house debated the National Taxation Reform (Consequential Provisions) Bill, and during that debate I commented that the bill had delivered the general provisions of the agreement achieved between the commonwealth on the one hand and the states and territories on the other, which led to what I described as a groundbreaking agreement. I was delighted to be part of the debate. I made the point that further legislation would come before the chamber that was designed to take up individual components of the general agreement, and I instanced the first home owners scheme.

It is relevant to refer to the schedule attached to the National Taxation Reform (Consequential Provisions) Bill, and in particular to clauses 15 and 16 of that schedule, which indicate that there has been agreement to offset the impact of the goods and services tax (GST) by states and territories through the funding and administration of a new uniform first home owner scheme. Clause 16 states:

This assistance will be provided to first home owners consistent with Appendix D to this agreement.

The appendix is attached to the bill, and in advising the house of the position taken by conservative parties it is relevant to go to that appendix.

The principles are set out at page 52 under the heading 'First home owners scheme'. They state in part that the states and territories will undertake to make legislative provisions for the scheme from 1 July 2000, which will incorporate program criteria consistent with certain principles that are set out. They include that eligible applicants will be entitled to \$7000 assistance on application on eligible homes under the scheme and that assistance will be available directly as a one-off payment. If the recipient expressly consents it may be available as an offset against statutory levies and charges or some combination of these. Stamp duty would be a most obvious example.

Further principles stipulate that the applicants must be natural persons who are Australian citizens of permanent residence who are buying or building their first home in Australia, and that an applicant's spouse or de facto must be included on the application. The principles specify that to qualify for assistance neither the applicant nor the applicant's spouse or de facto must have previously owned a home jointly, separately or with some other person. It specifies that the entering into a binding contract, or commencement of the building in the case of owner builders, must occur on or after 1 July 2000 and that an eligible home will be a new or established house, a home unit, flat or other type of self-contained fixed dwelling that meets local planning standards.

It makes the point that it was agreed that an eligible home must be a principal place of residence and occupied within a reasonable period. It stipulates that the assistance will not be means tested, an important component of the agreement. In addition, parties are committed to legislation to make sure that an adequate administrative review and appeal mechanism with provisions to prevent abuse of the system is re put in place. The states and territories undertook to exchange information to identify eligible first home buyers.

The principles make some important points. For example, they ensure that the funding of grants under the first home owners scheme cannot be drawn from home purchase assistance funds provided through the commonwealth-state housing agreement, so there is not any smart way of dodging responsibility or bending the rules.

In addition, the parties to the contract agreed that, consistent with the principles spelt out in the agreement, further details concerning the eligibility criteria would be worked out between the commonwealth and each state and territory. Finally, the states and territories agreed that they would not introduce or vary any taxes or charges associated with home purchases with the

intention of offsetting the benefits of the scheme to recipients.

A clear commitment was given, which was an important part of the general agreement discussed earlier, of which the bill is a product. The opposition has looked carefully at that aspect of the agreement and agrees that the bill meets the commitment.

The opposition notes that in the first year of the scheme the government expects to provide \$193 million to first home owners. The opposition also acknowledges that the commitment to exempt extenuating circumstances from the residence criteria for joint applicants has also been addressed.

On its reading of the bill, and given that it goes into detail about objections and appeal processes, the opposition acknowledges that the Bracks government has faithfully met the commitment given under the general agreement on the grants to be made available to first home owners. On that basis, the opposition is delighted to support the bill.

**Hon. S. M. NGUYEN** (Melbourne West) — I am delighted to speak on the First Home Owner Grant Bill. Before doing so, I congratulate you, Mr Acting President, on your first time in the chair and wish you well.

The purpose of the bill is to assist first home owners by providing each of them with a \$7000 grant to buy their first home after 1 July 2000. The bill has been introduced as a result of an agreement between the commonwealth, state and territory governments. Earlier today the house debated the National Taxation Reform (Consequential Provision) Bill, which also resulted from the intergovernmental agreement.

The First Home Owner Grant Bill is designed to assist first home buyers by offsetting the impact on them of the goods and services tax (GST). The framework principles on which the first home owner grant scheme is based are set out in the intergovernmental agreement. The scheme will commence on 1 July 2000 and will apply to a person who enters into a contract to purchase or build a home on or after that date.

In Victoria the scheme will be administered by the State Revenue Office, which also administers a means-tested stamp duty exemption scheme, which will continue to operate. The government estimates that more than 27 000 applications for the grant will be approved in Victoria in the first year, 2000–01, during which it will provide \$193 million in grants to Victorian first home owners.

The first home owner grant criteria have been developed in line with the intergovernmental agreement. The scheme will provide one-off grants of \$7000 to eligible persons who are buying or building their first homes. Applicants for the grant will not be means tested. Owner builders will be eligible for the grant if construction on their homes commences on or after 1 July 2000. Commencement is taken to occur when the builder lays the foundation for the home. The home has to be a fixed dwelling, and the applicant must have a title to the land or other acceptable security of tenure.

To be eligible to receive the grant, the applicant must be a natural person and an Australian citizen or permanent resident. The applicant must not have previously held a relevant interest in a residential property prior to 1 July 2000. The applicant must live in the house within 12 months of purchase. The scheme does not apply to investment properties or to a person who buys a house and rents it out to someone else.

The bill will help the housing industry move ahead. The government estimates that the scheme will create approximately 6000 jobs for tradesmen and builders. Many people are talking negatively about the GST, and many home buyers are thinking they will not buy or build a house after 1 July because they will have to pay an extra 10 per cent on the price. The bill is designed to help first home buyers and enable the industry to grow stronger after the introduction of the GST on 1 July.

Suburbs in the inner west such as Footscray, Yarraville and Williamstown are becoming some of the most expensive places in Victoria to live. Prices have greatly increased in those areas. Last Saturday's property guide in the *Age* refers to the fact that some houses in Footscray are worth up to \$500 000. Many people in my electorate used to live in or rent houses in the Footscray area, but they cannot afford to live there any more. They have moved out to the west because houses have become too expensive in that area. People have moved to Ardeer, Hoppers Crossing, St Albans, Deer Park, Sunshine West and some parts of Melton. There is a great deal of land for sale, so this scheme is important for people who are renting and want to buy new houses at affordable prices. The scheme will assist people who are having difficulty buying their first homes.

The applicant is required to repay the grant if he or she does not occupy the home within 12 months of completing the transaction. That provision prevents people from abusing the system by obtaining the grant when they have no intention of living in the home they purchase.

In the past few months many people have contacted real estate agents and financial advisers and written letters to newspapers seeking advice on whether they should buy a home before or after 1 July. After 1 July a purchaser will have to pay an extra 10 per cent on services but will be eligible for the \$7000 grant. The question is whether it is better to buy the house before the 10 per cent increase but without receiving the \$7000 or to wait until after 1 July. Many people are waiting to see what will happen on 1 July.

The bill is designed to offset the negative effects of the introduction of the goods and services tax on 1 July this year. It is important that the legislation is passed because it will assist Victorians struggling to buy their first homes and will benefit the housing industry.

**Hon. R. H. BOWDEN** (South Eastern) — I support the bill because Australia has a proud record in home ownership. By world standards the level of home ownership in Australia is high and has consistently been high. It is an interesting and positive characteristic of Australians that we aspire to own our own homes. That aspiration should continue to be encouraged in every practicable way.

In many ways the bill is consequential to the important and fundamental goods and services tax (GST) legislation that was debated earlier today. The GST legislation will have an impact on the cost of new dwellings and the bill is therefore an important and valuable consideration in maintaining home affordability for people acquiring their first homes.

In the electorate I have the honour to represent there is a great deal of domestic home construction in Cranbourne and parts of Mornington. Right across South Eastern Province a considerable number of dwellings that one would logically expect to be purchased by first home buyers are being constructed.

I am pleased that is the case because I am a strong believer in encouraging the formation and maintenance of families. Home affordability makes an enormous positive contribution to that desirable social result.

An outstanding feature of the legislation is that \$7000 is to be made available on or after 1 July for first home owner applicants who are able to qualify for the purchase of a new home or for a contract that is entered into on or after 1 July or, in the case of owner-builders, where construction commences on or after 1 July.

The bill has been well crafted because it ensures that people who are intended to be assisted are assisted while at the same time ensuring through various

provisions that the people who do not qualify are able clearly to understand why they do not qualify.

The bill has some good aspects. The fact that the grant is not subject to a means test is an admirable feature. The consistent approach taken is that states and territories will not introduce offset taxes and charges to reduce the benefits, which is very important. It is not a case of giving with one hand and taking away with the other. The grant is intended to be a benefit to persons who qualify, and it is not to be offset with other taxes and charges. That approach is extremely important to maintain community confidence in the GST legislation, to fulfil community expectations and to meet the moral commitment to the community.

It has been estimated that the legislation will cost \$193 million in the first year, so it is a substantial commitment. On the other hand it is a good investment in the community and provides assistance to families who are acquiring their first homes, and that is an excellent goal.

I shall take the time to highlight some features of clauses 8 to 12, which are extremely important. The applicant must be a natural person. The grant will not be available for home purchases by trusts, companies or investors. The grant is available only to natural persons who wish to acquire their first homes.

The grants are only available to Australian citizens or permanent residents. The bill clearly specifies citizenship and residential qualifications so that confusion, disappointment and ambiguity will be avoided. It is clear who is and who is not eligible. The bill provides that the applicant or the applicant's spouse must not have previously received a grant under the scheme. Therefore, it is not possible to receive multiple grants over a period. Through the sentiment of the legislation the genuine applicants have been carefully targeted as those people to assist.

Clause 16 will allow a guardian to make an application on behalf of a person under a legal disability. It is a positive contribution to the desire of the legislature to assist people in the community with genuine disabilities. The bill also provides that people with other types of disabilities can be considered for grants of \$7000 in the appropriate circumstances. That is good and means that someone who requires assistance through a guardian is not disadvantaged and has access to the \$7000.

Payment to a third party is facilitated through clause 19 and through various contracts, arrangements and agreements, which are sometimes complex. The bill

allows for that payment to be made to the applicant or, at his or her direction, to a third party, on a clear contractual basis so that there is adequate tracking and recording of the payment and that proper supervision occurs. That is fair and reasonable and is what the community would expect.

The State Revenue Office will administer the scheme in Victoria. The office has a good track record and is a respected organisation within the government sphere. It is certainly an appropriate office to assist with supervision of the scheme. The State Revenue Office has the ability to also supervise the imposition of stamp duty and other duties, so if various adjustments need to be made from time to time they can all be made within the State Revenue Office. Administratively, that is a good feature of the bill.

Clause 13 is a helpful clause because it clearly defines an eligible transaction. Clause 14 sets out the requirements for a grant application. Clause 38 is important. It allows the Commissioner of State Revenue to enter into agreements with the finance industry connected to contracts with which the purchasers or the builders may be associated. That allows for the acquisition of the home, or the dwelling, and it allows the paperwork to be done. Interestingly, a desirable feature of the bill is its trying to accommodate as many combinations of practical and real world situations as one could reasonably suggest.

Clause 50 is extremely important because it relates to confidentiality. Acquiring one's first home is an exciting time. It is also a stressful time. It has been said that the purchase of a home and a car are the two main purchases one may expect to make in one's lifetime. Confidentiality is extremely important. The confidentiality provisions contained in clause 50 are helpful in maintaining confidence in the intent of the legislation. I am pleased to have been able to make my positive comments and I wish recipients of the loans all the best in the acquisition of their first homes.

**Hon. JENNY MIKAKOS** (Jika Jika) — I support the First Home Owner Grant Bill. As I mentioned earlier today during the debate on the national taxation bill, the intergovernmental agreement entered into by the previous government commits the Bracks government to the introduction of various measures related to the introduction of the goods and services tax (GST). One of those measures relates to the first home owner grant scheme. I am particularly pleased to support the introduction of the scheme because my experience is, after discussions with numerous constituents, that home ownership in this country is becoming more difficult to achieve, particularly in my

electorate where a large proportion of people are still in the rental market. The great Australian dream of home ownership remains unattainable for many.

The introduction of the GST will have a significant impact in my electorate because building industry and trades people constitute the second largest industry grouping in the electorate. I will follow the impact of the GST on the Victorian construction industry and on trades people in my electorate with interest.

As I said at the outset, home ownership is becoming an unattainable goal for many, particularly young people. The introduction of superannuation is a commendable outcome for young people, but increasingly superannuation and other commitments are not allowing young people to collect the necessary deposit to buy their first homes. The introduction of the scheme will not affect the current concession available to first home owners in Victoria, which is means tested and is limited to homes under a particular value. The terms of the intergovernmental agreement essentially set the specific parameters under which the scheme is introduced. I note that the intergovernmental agreement provides that assistance under the first home owner grant scheme is not to be means tested. My personal view is that such financial assistance should be means tested. However, we are constrained by the model legislation which I understand was drafted in South Australia and introduced in this state under the terms of the intergovernmental agreement.

I turn to the specifics of the bill, although they have been adequately addressed by a number of honourable members, including the Honourable Sang Nguyen and the Honourable Dianne Hadden. Eligibility for the grant will not be subjected to any means testing, but the bill includes a number of eligibility criteria. The key requirements relate to Australian citizenship or permanent residency, a requirement that a person not have obtained a grant previously or been eligible to have obtained such a grant, and that an applicant be a natural person. A particular aspect of the bill that I support is that the grant is not available to properties held by trusts.

The bill contains requirements that cause some concern, in particular the requirement that a person obtaining a grant be required to reside in a property within 12 months of the eligible transaction. There is no requirement that the person continue to reside in that property for a specific duration. I will watch with interest to see how negative gearing impacts on the take-up of the scheme, particularly as it will be possible, for example, for an applicant to reside in a

house for one week, move out and then negatively gear the property.

The bill has many provisions, the details of which have been covered by other honourable members. I thank the Minister for Finance for introducing in the other place a number of amendments that related to self-incrimination and other issues that were reported on by the Scrutiny of Acts and Regulations Committee, of which I am a member, in its *Alert Digest* No. 3 of 2000.

In conclusion, it is important to note that in the first year of operation of the scheme an estimated 27 500 applications will be lodged and \$193 million will be paid to the applicants. The take-up of such a scheme demonstrates the strong desire by Victorians to achieve home ownership and exemplifies the difficulties they now face in gaining it. The fact that the grant will be available only to a person who purchases a house, the contract of sale having been entered into on or after 1 July next or, in the case of builders, where construction commences after that date, as the Honourable Sang Nguyen has pointed out, will have a skewed effect encouraging people to delay home purchase or building during the final few months of this financial year until the next financial year so as to obtain the benefit of the grant. Nevertheless, as is apparent from the huge construction boom being experienced in Victoria at present, most people are trying to avoid the impost of the GST by getting in early to buy or complete construction of their homes before 1 July.

I support the bill. As has been said by other government members, the scheme has been introduced as a total package because of the GST, but this aspect has my wholehearted support.

**Hon. R. A. BEST** (North Western) — It gives me pleasure to support the First Home Owner Grant Bill. As all honourable members will be aware, as of 1 July next the construction or sale of new homes and their repair or renovation will be subject to the goods and services tax (GST). Undoubtedly that will lead to higher prices for established houses and to increased costs to construct new houses. The federal Treasurer has forecast a hidden tax burden of about 5.3 per cent to construct new houses and about a 4.7 per cent increase in the prices of existing houses. The sale of existing houses may attract higher prices, but the consequence is that first home buyers who are trying to enter the market will be met with higher purchase prices.

The agreement struck by the federal government, all states and territories aims to implement a uniform first

home owner grant scheme. I commend that aim because the great Australian dream still is to own your own home. The grant that is the subject of the bill will apply to all contracts entered into after 1 July 2000. The \$7000 grant per successful application will assist in making some houses more affordable, particularly for low-income purchasers. Eligibility for a grant will not include a means test but the \$7000 will benefit purchasers of lower valued homes.

That component of the scheme interests me because before the change of government at the last election I had been chairman of the Long Gully Redevelopment Committee. Long Gully, a suburb of Bendigo, is an example of the traditional public housing estates that are scattered throughout Victoria. Unfortunately, such areas bring with them a range of other problems aside from the physical infrastructure and estate designs. The Long Gully estate has approximately 309 dwellings: 30 per cent are privately owned and the remaining 70 per cent are public housing stock. The estate is not representative of the percentage of home ownership and private home tenancy in other Bendigo suburbs. The committee tried to address the social problems that came with the density of public housing in a particular location.

The former Minister for Housing, Ann Henderson, asked me to chair the committee. I set out to get as wide a cross-section of the community as possible on the committee. I approached and received the cooperation of ministers representing Bendigo churches, and obtained representation on the committee from the City of Greater Bendigo.

The committee comprised tenant agencies, groups and tenants from Long Gully estate. I put on record the role played by a local tenant, Ms Hunt, who not only contributed to the outcome of representations but also disseminated information as the committee went through the various stages towards its final report. The committee also comprised representatives of the Real Estate Institute of Victoria, the police and the Department of Human Services. Not only did it examine the physical nature of the stock it also addressed the social problems of the estate because of the density of the public housing.

One of the problems was that there were too many three-bedroom units on the estate and that did not match the needs of those on the waiting list. Many people required one or two-bedroom units. However, in many cases the three-bedroom units had either a single person or a married couple living in them so their use was not maximised. The committee also wanted to change the mix of public and private ownership within

the estate. Currently it has 30 per cent private ownership and 70 per cent public. The committee's recommendation to the government — I am delighted that it has been accepted by the current minister — is to reverse that and provide 70 per cent private ownership and 30 per cent public ownership. That will diminish the social problems and assist not only with getting older people but also young first home buyers into the estate to change the social mix.

The committee also made a number of recommendations about converting the current three-bedroom houses into one and two-bedroom accommodation. It also suggested there should be some demolition of the fibro-cement homes to release land to private investors to construct and sell one and two-bedroom units to get a greater influx of private ownership into the estate.

The committee also looked at selling some of the houses within the estate to long-term residents. It is that component of the grant scheme that is of importance to me. Although the committee did not want to reduce the number of public housing units it wanted to look at the way in which it could assist more home owners to occupy accommodation within the estate. Currently homes are not expensive. Valuer-General valuations range between \$55 000 and \$65 000. The first home owner grant of \$7000 gives people the opportunity to obtain commercial home loans to purchase accommodation. The current qualifying period is about seven or eight years. In future many who are currently renting properties will have the opportunity of purchasing them. That will assist in changing the mix of private and public residents in line with other suburbs in the Bendigo area. A grant of \$7000 is a significant amount of money for a first home buyer and provides an opportunity to purchase a home.

On 8 March I received a letter from John Gaffney, director of the Housing Industry Association (HIA), about the association's attitude to the scheme. He states:

I can say that the only major concern that the HIA has is that the \$7000 is included as an early payment in respect to the contract for construction of a new home. At the very least, the \$7000 must be included in the equation to establish the eligibility for approval with a home finance lending authority. If this is not the case, then the \$7000 would merely become a 'bonus' payment at the end of a construction project and be frittered away on a holiday or soft furnishings. The original intent of the \$7000 was to assist in bridging the deposit gap which has widened significantly with a GST impost on housing. (HIA figures indicated that the new homes will increase by 8 per cent as a direct result of the GST.)

That reaffirms the HIA view that the \$7000 grant should be a component of the deposit required to enter the home ownership market.

I put on record my disappointment that although this is a federal–state government initiative entered into by all states, it was recognised in the lead-up to the introduction of the goods and services tax that Labor Party policy at the last election did not point to any stimulation of the housing market beyond 2000. That is of concern to the construction industry.

The bill highlights the importance of public tenancy, which I support. My mother and father moved to West Heidelberg to purchase a ministry home in 1947. My mother, who still lives there, owns the home. I am aware of the term, ‘Your home is your castle’. In reality, there is nothing in Labor Party policy that will stimulate the construction industry beyond 2000. I am fearful that a policy vacuum exists. The Labor Party should encourage home ownership because it is the Australian dream and the aspiration of many young people. Although I support the bill, I put the government on notice that it has a responsibility to implement policies that will meet the aspirations of every young Victorian to gain home ownership.

**Motion agreed to.**

**Read second time.**

*Third reading*

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

That this bill be now read a third time.

I thank honourable members on both sides of the house who contributed to the debate on the bill, which establishes a new uniform first home owner grant as a result of the impact of the goods and services tax on home purchases.

**Motion agreed to.**

**Read third time.**

*Remaining stages*

**Passed remaining stages.**

## ADJOURNMENT

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I move:

That the house do now adjourn.

## Quantum Community Care

**Hon. P. R. HALL** (Gippsland) — I raise for the attention of the Minister for Small Business in her capacity as the representative of the Minister for Community Services in another place a decision by the minister to terminate Quantum Community Care’s contract for the provision of residential services for people with intellectual disability in the Gippsland region and instead award the contract to the Yooralla Society of Victoria. I make it clear that I am not questioning the quality of service that Yooralla may provide. But I join with many of my constituents in expressing disappointment with the decision to terminate Quantum’s contract.

Quantum is a local organisation with an excellent record in providing welfare, residential and youth services in Gippsland. Since 1996 it has been delivering residential care services in group houses in Wonthaggi, Sale and Lucknow under contract to the Department of Human Services.

The decision is puzzling, given that the department has raised no concerns about the quality of the service Quantum has delivered. Indeed, the residents and their families have expressed great satisfaction with the service. The decision is of concern because of the unsettling effect that a change in carer invariably has on people with intellectual disabilities. Also, there has been no consultation with the residents, which I believe is required under the disability services standards.

I am also concerned about the potential loss of employment for Quantum’s 26 full-time, part-time and casual employees. There is no guarantee that they will have ongoing employment with the new care provider. The loss of the services also threatens Quantum’s ongoing viability because the contract represents nearly half the services it delivers in the Gippsland community. Finally, the decision is contrary to the government’s claim to support locally based, regional employers.

I ask the minister whether the decision to terminate Quantum’s contract can be reconsidered given the excellent record Quantum has in delivering services over the past three and a half years.

## Housing: Ballarat

**Hon. D. G. HADDEN** (Ballarat) — I raise with the Minister for Small Business, who represents the Minister for Housing in the other place, an urgent matter that concerns two constituents, a husband and his wife, who live in Creswick and who have applied

for a transfer from a public housing home in Creswick to one in Wendouree West, Ballarat. The application was made last September on the grounds of the intellectual and physical disabilities of both constituents. They were led to believe that their application had been successful, but now they have been informed that they will be on a waiting list until 2004.

The reason for their applying for the transfer to Wendouree West, an area that has an abundance of vacant public housing, is that the husband requires regular visits to hospital for injections for a chronic condition. They rely on the bus to travel to hospital in Ballarat, which is exacerbating the husband's condition. Now they have been informed that if they want to have their application reviewed before 2004 they must lodge an appeal application. Because of their disabilities they do not understand how to go about it.

I ask the minister whether their application for a transfer can be reviewed by the appropriate office in Ballarat on the grounds of their physical and intellectual disabilities and their extreme and special health and welfare needs.

### **Police: Eltham station**

**Hon. C. A. FURLETTI** (Templestowe) — I ask the Minister for Sport and Recreation to take up with the Minister for Police and Emergency Services in the other place an issue concerning the proposed new Eltham police station. In May last year, the then Kennett government allocated \$600 000 in its 1999–2000 budget for planning and feasibility studies for a new police station at Eltham. The then government committed \$4.2 million in construction funding, which was to have been allocated in next month's 2000–01 budget. On 21 June last year, together with Wayne Phillips, the honourable member for Eltham in the other place, and the Nillumbik shire president, Cr Bill Penrose, I met with the then Minister for Police and Emergency Services, the Honourable Bill McGrath, to confer on an appropriate site for the facility. At that meeting the indication was that a site for the new police station would be chosen by the end of September.

Extensive consultations have taken and continue to take place between the Department of Justice, police command and the local police on the most appropriate site that satisfies police requirements. At one stage it was pointed out that it is for police command to choose the site that best suits the police force.

As recently as 7 February I had the opportunity, together with the honourable member for Eltham in the other place and the Leader of the Opposition, to inspect the appalling conditions at the current Eltham police station and to discuss with the police officers the sites which they prefer and on which they had consulted with police command. Nillumbik council has consistently had an aversion to making available not only its old shire office site but an adjoining area in Main Road, Eltham, which coincidentally happens to be police command's preferred site for the proposed new facility. When that was raised in consultations last year, the shire president strenuously rejected any prospect of agreeing to what police command considered to be an appropriate site for a new station. At its last meeting as recently as 29 March — that is, last week — the council rejected not one but two proposed sites that the police sought — namely, the old shire council site and the adjoining site.

Given that the Minister for Police and Emergency Services is on record while in opposition as saying that the construction of a new Eltham police station is a priority, I ask him to support the use of the sites preferred by police command, which have been chosen after more than 12 months consultation and evaluation. I ask him to use his influence to convince the Nillumbik Shire Council to cooperate with the government and police command in the best interests of public safety and the community, rather than pursuing, at extravagant expense, ineffective and egoistic projects.

With all that in mind, will the Minister for Police and Emergency Services assure the residents of Nillumbik and the north-eastern suburbs that the funding allocated by the former government to establish a new police station in Eltham will remain available, notwithstanding the delay caused by the Nillumbik council? Will he guarantee that the funding allocated for a new police station at Eltham will not be used for his pre-election promise to build a police station in Diamond Creek?

### **Roads: speed limits**

**Hon. S. M. NGUYEN** (Melbourne West) — I raise a matter with the Minister for Energy and Resources, representing the Minister for Transport in another place. As all honourable members are aware, deaths on our roads have long-term consequences and emotional effects. The City of Maribyrnong has recommended that the speed limit be reduced for roads that have been identified as accident black spots at the local level. I ask the minister to advise on the effect of reducing the speed limit on local roads in assisting in the reduction of the road toll.

### St Kilda: street prostitution

**Hon. P. A. KATSAMBANIS** (Monash) — I raise with the Minister for Small Business, representing the Attorney-General in the other place, street prostitution in my electorate and especially in the area around St Kilda. Street prostitution occurs almost around the clock in St Kilda, and that is an important issue to residents.

Honourable members may not be aware of the situation that has developed over the past few years. In some residential streets in St Kilda there is so much street prostitution that residential roads are almost like freeways, especially at night. That may be a laughing matter for some members, but it is not for residents of St Kilda, particularly women.

My electorate of Monash Province has the highest proportion of single women living alone. Women living in St Kilda and going about their ordinary business can on almost any day be accosted by men soliciting people for the purposes of prostitution. Members opposite should not laugh when such an important issue is raised in this place.

Honourable members may not be aware of the issue because it is not publicised, but street prostitution is of great concern to many people in my electorate, particularly women. They feel unsafe when simply going about their lives — working, trying to catch a tram or carrying out their daily business — because they are often accosted by men soliciting them for prostitution services.

Street prostitution is not a new issue, but unfortunately the trade seems to have moved from the main streets and commercial or industrial precincts to largely residential areas, which to a great extent affects residents and their right to enjoy their property and lifestyle.

A number of possible solutions have been proposed recently. I seek urgent clarification from the minister of the government's position regarding a solution for those people who believe the conduct of street sex work in residential areas is not appropriate.

### Victalent

**Hon. E. C. CARBINES** (Geelong) — I refer the Minister for Youth Affairs and Minister for Sport and Recreation to the funding guidelines for the popular Victalent program. Athletes who live on the Bellarine Peninsula in towns such as Queenscliff, Marcus Hill, Drysdale, Clifton Springs, Indented Head and St Leonards have been ruled ineligible for funding

because Victalent guidelines specify that applicants residing further than 60 kilometres from the Melbourne General Post Office are ineligible to apply. Could the minister clarify that important issue for the many talented athletes who live in my electorate of Geelong Province?

### Roads: rural maintenance

**Hon. B. W. BISHOP** (North Western) — I raise a matter with the Minister for Energy and Resources, representing the Minister for Transport in another place. For some years developments in rural Victoria have outstripped the capacity of local roads and bridges. There are many examples of the development that is taking place throughout the state — tomato growing in Boort, various industries in the Shire of Buloke and a big expansion of irrigated horticulture. Dust on vegetables is a real problem.

The road to the gypsum pits in the Hopetoun area in the Shire of Yarriambiack was featured in the *Weekly Times*. It is running a series called 'Road to ruin' on the worst local roads in Victoria. The average delivery distance of gypsum from the pit is about 100 kilometres. In 1996–97 when the last survey was undertaken, some 364 000 tonnes were taken from the pit. Gypsum is used to improve soils in agricultural areas.

It is interesting to note that during that year the fuel excise and sales tax paid to the federal government was over \$700 000. The state tax was over \$300 000, of which the royalty on the gypsum was more than \$100 000. Some \$300 000 was allocated under the Better Roads program for the construction of a bypass to improve the safety of the area. The local contribution from the people who own the pit is 20 cents for each tonne of gypsum that is transported on that road. The Yarriambiack Shire Council has made it a planning permit requirement that local users contribute to the upkeep of the road.

Developments in rural and regional Victoria are outstripping the capacity of the roads and bridges to cope. Can the minister urgently develop a program so those worthwhile developments can proceed immediately?

### St Kilda: parking

**Hon. ANDREA COOTE** (Monash) — I raise a matter with the Minister for Sport and Recreation, representing the Minister for Planning in another place. Much has been said recently about parking in St Kilda. I draw to the attention of honourable members the

possibility that up to \$1000 will be charged for a parking permit for a third car in St Kilda. Parking in the area is a huge problem for residents, traders and tourists at weekends. It has been suggested that to ease the traffic situation at weekends people park their cars on St Kilda Road and catch trams to St Kilda.

Local newspaper articles have suggested that the government is discussing the issue with representatives of the tramways. I would like to know whether the position of residents and businesses is being discussed with the tram companies and whether a decision will be made. I ask the minister whether he can assure local businesses and residents of St Kilda that such a plan will be implemented and, if so, when that will happen.

### **Goulburn Valley Highway: Shepparton bypass**

**Hon. E. J. POWELL** (North Eastern) — I raise with the Minister for Sport and Recreation, representing the Minister for Planning in another place, the matter of planning for the Goulburn Valley Highway bypass at Greater Shepparton. The bypass is a federally funded road but the planning for it has been a state government responsibility. The road is vital to people in country Victoria and has a high volume of traffic. Transport companies, of which there are many in my area, have vehicles that travel regularly to and from the Melbourne market and the port of Melbourne. That includes petrol and milk tankers as well as trucks transporting fruit, food and livestock.

I was a member of the environment effects statement consultative committee, which in 1994 examined the various routes to bypass Shepparton. At that stage seven routes were identified and examined thoroughly. Three routes were chosen — the east, the west and the central routes — for further examination in conjunction with the consultants, Ove Arup and Partners, which worked with the committee for many years.

The former coalition government supported the western bypass route, although it had to be modified to take in environmental issues concerned with the bypass. That route was also supported by the City of Greater Shepparton and the three local members of Parliament — the honourable member for Shepparton in the other place, Don Kilgour, Mr Baxter and me. The decision on the preferred route was put on hold during the election period and with the change of government further delays are to be expected. The new government supports the western alignment, but with some modifications. Many of my constituents have had their lives and businesses on hold for long enough and are now saying a decision is needed.

I ask the minister to treat the matter with the utmost urgency and decide on the preferred bypass route so that people living along the route can make decisions about the future and get on with their lives.

### **Police: Olinda station**

**Hon. W. I. SMITH** (Silvan) — I raise with the Minister for Sport and Recreation, who represents the Minister for Police and Emergency Services in the other place, an issue I raised on 24 November last year regarding the Olinda police station. I have not yet received a reply and I ask the minister to pursue the matter so that I do.

### **Monash: councillor eligibility**

**Hon. ANDREW BRIDESON** (Waverley) — I raise with the Minister for Energy and Resources, who is the representative in this house of the Minister for Local Government, the eligibility of a successful candidate at the City of Monash council elections. One of the successful candidates appears to be enrolled on three voter lists and, accordingly, appears ineligible to be a member of the council.

Mr Paul Klisaris, a Labor Party member, has publicly stated that he lives at Sycamore Street, East Malvern. He is enrolled to vote at federal, state and local government elections at 13 Warrigal Road, Oakleigh, a day child-care centre. Mr Klisaris is a director of the company the registered address of which is not 13 Warrigal Road Oakleigh, but unit 11/1761 Dandenong Road, Oakleigh. The property is owned by Vicroads, so Mr Klisaris is not even the owner of the property, but is leasing it. Clearly he is not an occupier because he does not live or sleep at the day care centre. I ask the minister to investigate the eligibility of Mr Klisaris to sit as an elected member of the Monash City Council.

In the Oakleigh–Springvale *Times* of 8 March an article states that the Labor Party is so concerned about the issue that it is conducting an internal inquiry into the bona fides of Mr Klisaris's address. It raises a further issue of whether he is eligible to vote in state or federal elections because obviously he has given an incorrect address.

### **Gas: Colac supply**

**Hon. PHILIP DAVIS** (Gippsland) — I raise for the attention of the Minister for Energy and Resources an issue relating to natural gas at Colac. An honourable member for Western Province, Mr Roger Hallam, raised the same issue on 24 November last year when he sought advice from the minister about contracts that

were established with the sale and privatisation of the gas system and a specific contract in relation to Westar and TXU Ltd that requires the Colac township to be connected to the natural gas main link by June 2001.

The minister responded in part that she would examine the contracts, and I am sure she would have done that. Subsequent to that the Colac-Otway Shire Council wrote to the minister on 22 December last year. The letter states, in part:

... a contract of sale condition between Westar and TXU Ltd was proposed that would require that firm to connect the Colac township to the south-west natural gas main by June 2001. We seek your confirmation that this contract condition was included.

... we would seek a review of the timing of implementation of this critical infrastructure development ...

We would be willing to meet with you at any time to talk further to this request, should you be prepared to accept a council deputation.

I understand there has been no response to that letter today. I raised this matter on 22 March, when I said in part, as reported in *Hansard*:

Will the minister confirm that Colac will be connected to the gas by grid by 2001 ...

The minister's response was, in part:

I am willing to examine the contracts signed by the previous government and to see what can be done about ensuring they are fully complied with.

Will the minister confirm that she has reviewed the contracts and can therefore advise the status of the natural gas connection to Colac? I ask that the implementation of the timing be expedited.

### ECHO

**Hon. N. B. LUCAS** (Eumemmerring) — I raise for the attention of the Minister for Sport and Recreation a youth ministry, ECHO, initiated by and operating under the auspices of St Mark's, Emerald, under the leadership of the Reverend Peter Crawford. The ECHO organisation is the second-largest Anglican agency in Victoria working with teenagers and is very ably headed by Wayne Collins, Rhiannon Dowding and Alan Ashmore, the administrator. It undertakes a range of programs with young people, including camping programs, crisis intervention visitation work, life skills programs, counselling without waiting lists, placing teens in full-time and part-time work, peer support programs, Friday night youth outreach events, young leaders training to reach their peers, and weekly contemporary church services for teenagers. ECHO is

also involved in the provision of emergency respite accommodation for young people in need.

The outcomes of the programs have resulted in improved family relationships, improved confidence among young people and an increased sense of self-worth. ECHO is also involved in parent-specific programs such as counselling support groups for parents of teenagers in crisis, family mediation and education, including the program on how to drug proof your kids.

I note in the annual report that the young people coming to this group come from a wide area across the hills, stretching from Emerald to Cockatoo, Gembrook and beyond. The organisation relies on grants from the government. An important part of its work is in ensuring that it gains sufficient funding to continue its excellent programs.

I am obviously impressed with the group, representatives of which have in recent years appeared before a Senate standing committee on youth activities. In layman's terms it is seen as a group that knows what it is doing. Its members come from a Christian background and believe in the idea that God can help teenagers build solid lives and solid futures.

Having said all that, I ask the minister to undertake to familiarise himself with the excellent work of ECHO prior to visiting Emerald in the next month or so to view first hand the activities of this successful youth organisation.

### Australasian Public Sector Games

**Hon. B. C. BOARDMAN** (Chelsea) — It is with a great deal of disappointment that I refer to the Minister for Sport and Recreation a matter that demonstrates yet again the government's lack of commitment to following through on any policy challenge that comes its way. It concerns the challenge I issued in the house on 22 March, when in response to his consistent and ongoing publicising of the Australasian Public Sector Games I invited the minister to participate in a swimming relay race.

I inform the minister that 13 days have passed since I issued the challenge. During that time the matter has been mentioned in at least three major articles in the mainstream newspapers as well as on radio, and it has attracted substantial interest from other journalistic outlets. The matter was even raised at the Liberal Party's state council meeting, of which I am sure the minister will be aware.

In case the minister has forgotten what transpired on 22 March, I will refresh his memory. He said that he is always happy to take up a challenge but that he needed to consult with his colleagues, which is fine. However, I asked him whether he would try to form a team, and his response was yes, that he would try to do so.

I inform the minister that members of the Liberal–National Party team have been training hard over the past 13 days and are ready to take up the challenge. However, we are utterly disgusted by the silence of the minister and the government on the matter. Will the minister tell us tonight whether he will stand by his words of 22 March and come good on his promise to provide a team for the challenge relay, to be held as a demonstration event at the Australasian Public Sector Games?

### **Growing Victoria Together**

**Hon. BILL FORWOOD** (Templestowe) — I refer the Minister for Small Business to an issue I raised with her in question time today, when I asked her how many representatives of small business attended last week's Growing Victoria Together summit. While the response to my question may have been apposite, it was hardly precise, so I will approach the issue from a different direction. Would the minister care to name the representatives she believes represented small business at last week's summit?

### **Sport and recreation industry awards**

**Hon. A. P. OLEXANDER** (Silvan) — I refer the Minister for Sport and Recreation to the sport and recreation industry awards, which I am sure the minister is aware have been successfully run in May every year since 1997. They encourage, recognise and reward achievement across the Victorian sport and recreation sector. The awards are specifically designed to encourage innovation, the adoption of effective and efficient practices and improvements in the quality of the services the sector offers.

A sporting body in my electorate alerted me to the situation when it came to me with concerns that this year's awards had been cancelled. The body had intended nominating itself in one of the categories. As a result of inquiries my office made of Sport and Recreation Victoria I have ascertained that the awards have not been cancelled but have been postponed for three months until 17 August.

I ask the minister to clarify the reasons for the delay and to assure the house that none of the corporate sponsors that participated in last year's event and contributed

financially to it has pulled out. Will the minister advise what steps he has taken to secure corporate sponsorship for these important awards this year and in future years?

### **Electricity: Yallourn dispute**

**Hon. D. McL. DAVIS** (East Yarra) — Will the Minister for Small Business confirm that her department undertook estimates of the economic impact of the recent electricity dispute on small business, and will she reveal the economic cost of the dispute to Victorian small businesses?

### **Commonwealth Games: swimming**

**Hon. M. A. BIRRELL** (East Yarra) — During question time today I asked the Minister for Sport and Recreation about the site for the swimming competition in the 2006 Commonwealth Games. The minister said two sites were under consideration, one being what I believe is a temporary infill pool at the National Tennis Centre at Melbourne Park and the other being the Melbourne Sports and Aquatic Centre, with temporary seating. As I understood it, the government is also considering a third alternative site. I seek the minister's advice as to whether other sites are being considered apart from the two he mentioned in question time.

### **Responses**

**Hon. C. C. BROAD** (Minister for Energy and Resources) — The Honourable Sang Nguyen raised a matter for the attention of the Minister for Transport in the other place regarding the road fatality rate in the City of Maribyrnong. He requested that the minister advise him of his response to recommendations from the City of Maribyrnong on reducing speed limits on some local roads that have been identified as having high accident rates. I will refer that matter to the Minister for Transport.

The Honourable Barry Bishop raised for the attention of the Minister for Transport in the other place the capacity of rural roads and bridges. He requested the minister to urgently develop a program to improve roads such as the one he described at Hopetoun. I will refer the matter to the Minister for Transport.

The Honourable Andrew Brideson raised for the attention of the Minister for Local Government in the other place the eligibility of a candidate, Mr Klisaris, to stand for election to the Monash City Council at the recent local government elections. He requested the minister to investigate the candidate's eligibility. I will refer that matter to the Minister for Local Government.

The Honourable Philip Davis raised a matter regarding natural gas connections at Colac, which he said had been raised previously. Unfortunately I have not received advice on that matter from the Department of Treasury and Finance, but it is one I will be urgently pursuing.

I am aware of general advice on the contracts and of the government's view that regardless of whether they may since have been on-sold as a result of changed ownership arrangements where contracts clearly include those sorts of commitments, as quite a number did, they should be honoured. Although legally speaking they are matters for the parties to sort out, including through court proceedings if necessary, the government will want to make clear its view that the contracts should be honoured. The government will investigate whether there is anything it can do to support that view. The issue of whether the timing under the contracts can be expedited was also raised. I will also pursue that issue as a matter of urgency.

**Hon. M. R. THOMSON** (Minister for Small Business) — The Honourable Peter Hall raised for the Minister for Community Services the termination of the contract for Quantum Community Care, which operates residential care services for the intellectually disabled in the Gippsland region. As I understand the situation the contract for the service has now been given to Yooralla. Mr Hall referred to the unsettling effect on the residents of a change in the people running their care and asked what will happen to the 26 full-time, part-time and casual positions at the centre. Mr Hall also mentioned that he understood that Quantum Community Care provided a reliable service. He could not understand why the contract had not been renewed and asked the minister in the other place to reconsider the matter. I will pass the issue on to the minister.

The Honourable Dianne Hadden raised for the attention of the Minister for Housing the matter of two constituents in Creswick, who because of physical and intellectual disabilities seek to transfer from public housing in Creswick to public housing in Wendouree West. The constituents have been informed that they will be on the waiting list for placements until 2004. The husband must travel to hospital regularly for injections and medical treatment, and he suffers greatly as a result of the travel. Because of their special circumstances they ask that the situation be reviewed. I will certainly pass the matter on to the Minister for Housing.

The Honourable Peter Katsambanis raised the question of street prostitution. Many ministers have responsibility in that area. I have some responsibility

for the licensing of brothels and those who register as escorts. I thought, with leave, that I might try to answer the question in part, and if Mr Katsambanis needs more information I will refer the matter on.

There has been a meeting with representatives of the Port Phillip council and officers of various departments to examine the issue, which is complex and must be taken seriously. Mr Katsambanis mentioned that activities associated with prostitution in residential streets have been a problem for many years in St Kilda. The problem is not easy to resolve, and the previous government could not resolve it. The departments and the council are trying to find ways to provide assistance on the issue.

**Hon. P. A. Katsambanis** — Can you refer the matter to the Attorney-General?

**Hon. M. R. THOMSON** — Yes, I will.

The Honourable Bill Forwood again raised an issue he raised in question time today, when he asked precisely how many representatives of small business attended last week's small business summit. I know it annoys opposition members that the summit dealt with issues of concern to small business, which honourable members opposite believed it would not do. Not only were peak council representatives present talking on behalf of small business but small business operators from the retail, service and manufacturing sectors were present, and the summit was successful in looking at small business needs. Mr David Purchase, the chief executive officer of the Victorian Automobile Chamber of Commerce, praised the fact that the summit addressed the needs of small business.

The Honourable David Davis raised the question of the cost to business of the recent electricity dispute. I have not seen any costings on the subject.

*Honourable members interjecting.*

**The PRESIDENT** — Order! I ask honourable members to keep quiet. Hansard staff cannot record the ministers' responses if members opposite keep up that level of chatter. Please desist.

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — The Honourable Carlo Furlletti asked about the new Eltham police station site and referred to the Nillumbik council. I will refer the matter to the Minister for Police and Emergency Services in the other place.

The Honourable Elaine Carbines asked about the Victalent program. Some members of the house may

not be aware that one of the qualifying criteria is that applicants need to live 60 kilometres away as the crow flies. That causes problems for people in the peninsula areas surrounding Port Phillip Bay, who may live 60 kilometres away from Melbourne but not 60 kilometres as the crow flies, and therefore have to travel more than 60 kilometres by road.

I am informed that the guidelines were introduced by the previous government, but I have asked Sport and Recreation Victoria to review them. I have been informed that approximately six athletes close to the 60-kilometre margin have received grants, and I have also reinforced with my department the view that in such circumstances commonsense should prevail.

The Honourable Andrea Coote referred to parking permit problems in St Kilda. I will raise the issue with the Minister for Planning in the other place.

The Honourable Jeanette Powell referred to the need for urgent confirmation of the western bypass for the Goulburn Valley Highway. I will refer the matter to the Minister for Planning in the other place.

The Honourable Wendy Smith sought a reply on the issue of the Olinda police station. I will refer the matter to the Minister for Police and Emergency Services in the other place and prompt him on the issue.

The Honourable Neil Lucas referred to the ECHO agency associated with the St Mark's Church Emerald Youth Agency. I certainly endorse the service providers in those areas and the great role they play in facilitating social cohesion within families and in reinforcing the identity and self-esteem of young people. I would be happy to meet representatives of ECHO at the earliest opportunity.

The Honourable Cameron Boardman indicated that he had a 13-day advantage in relation to training for the upcoming swimming relay race. I have informally discussed the issue with my colleagues and I am trying to drag them away from their hectic schedules. I look forward to taking up the challenge when and if I can convince them that they should commit themselves to the event.

The Honourable Andrew Olexander raised the issue of the sport and industry awards. I have been informed that the event was not postponed as such but the dates were changed. One of my roles as Minister for Sport and Recreation is to endorse and enhance the role of good corporate citizens by facilitating corporate support of sports at all levels. I will continue to maintain that endorsement and look towards enhancing corporate support for the event.

The Honourable Mark Birrell asked about possible venues for the Commonwealth Games swimming events. I have been informed of two potential venues, as I mentioned earlier today. One is Melbourne Park, which is administered by the Melbourne and Olympic Parks Trust. I shall clarify the situation for Mr Birrell. It was not about temporary seating but about the potential location of a temporary pool in the centre of the venue.

The other alternative is the Melbourne Sports and Aquatic Centre, which would require an outside pool to be built to cater for the substantial seating that it is anticipated will be required over and above the current seating at the centre. Honourable members may not be aware that one of the difficulties in establishing a pool for this sort of event is that the competitors require a fairly substantial warm-up pool. That is why it is difficult for any pool to be a viable venue for the Commonwealth Games.

A potential site in the western suburbs was flagged as a possible option. However, the councils in the area have had difficulty coming up with a strategic solution for the location of a major aquatic centre and that is not considered a viable option at this time.

**Motion agreed to.**

**House adjourned 10.43 p.m.**



**Wednesday, 5 April 2000**

The **PRESIDENT (Hon. B. A. Chamberlain)** took the chair at 10.03 a.m. and read the prayer.

## GAMBLING LEGISLATION (RESPONSIBLE GAMBLING) BILL

*Introduction and first reading*

Received from Assembly.

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

## BUSINESS OF THE HOUSE

### Sessional orders

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I move:

That so much of the sessional orders be suspended as would allow notice of motion, general business, no. 3, to be moved and debated during the time allocated for government business during the sitting of the Council this day.

Motion agreed to.

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Government service outsourcing

**Hon. T. C. THEOPHANOUS** (Jika Jika) presented report, together with appendices and minutes of evidence.

**Hon. T. C. THEOPHANOUS** (Jika Jika) (*By leave*) — It is a pleasure to table this report, which is largely a product of the work of the previous Public Accounts and Estimates Committee. I served on that committee with Mr Forwood and other members of this house and the other place. The report should be read concurrently with the committee's report on commercial-in-confidence material, a groundbreaking report that will be tabled next. Many of the issues addressed in the reports overlap.

The trend towards outsourcing is apparent, and the report seeks to identify the potential risks and benefits involved in it in a balanced way. It recommends the introduction of outsourcing and contract management guidelines and the provision of training on probity and ethics issues for staff engaged in contracting out activities.

I thank the staff of the committee who worked on the inquiry, who were so ably led by Michele Cornwell. The report will provide useful information to and guidelines for departments and the broader community as a whole.

Laid on table.

Ordered that report and appendices be printed.

### Commercial confidentiality

**Hon. BILL FORWOOD** (Templestowe) presented report, together with appendices and minutes of evidence.

**Hon. BILL FORWOOD** (Templestowe) (*By leave*) — The reports tabled today by Mr Theophanous and me bring to an end the substantial body of work undertaken by the previous Public Accounts and Estimates Committee, a body of work that will stand the test of time. Not only are both reports worthy in their own right but an examination of what the committee started to do and where it ended up reveals a sequence of events and a growth in knowledge that will be of great benefit to the state.

I pay tribute to the members of the previous committee. In addition to Mr Theophanous, the Premier, the Attorney-General and the honourable member for Monbulk in the other place worked with me on the subcommittee, and Mr Lucas, Mr Best and others also worked on the inquiry.

Mr Theophanous used the word 'groundbreaking' in relation to the outsourcing of government services report and said that both reports were closely linked. The report on commercial-in-confidence material and the public interest is a world first. As honourable members know, there has been significant growth in outsourcing activity — the use of the private sector to deliver services — but I am not sure there has been an equal growth in mechanisms for enabling transparency and accountability to be entrenched in the way business is done in Victoria.

The report was described by the previous Auditor-General as having the gestation period of an elephant — that is, two years. I do not apologise for the fact that it took some time to complete. I am extraordinarily proud of the bipartisan result. Despite the fact that I and my opposition colleagues seriously disagree with a phrase in recommendation 6.8 that states in effect that if a tender is withdrawn because the tenderer has not been given authority to keep its parts of the tender confidential the committee agrees that the name of the tenderer and the date of the withdrawn tender should be published but that the price of the

tender should not. My colleagues Mr Hallam, Mr Rich-Phillips and the honourable member for Brighton in the other place prepared a minority report on that issue but did not submit it in the interests of presenting a unanimous report. That is an indication of the weight we put on the recommendations in the report.

The report contains guidelines for the application of commercial confidentiality, including a requirement that anyone wanting to claim commercial in confidence must first get a minister to sign off on it. That addresses the major worry about public servants claiming, 'This is commercially in confidence', with the culture that grows up around that.

I will finish by putting on the record my extraordinary thanks to Michele Cornwell, the executive officer of the Public Accounts and Estimates Committee. The inquiry was not an easy one. The committee received about 90 submissions and took evidence from approximately 40 people. The inquiry was at times during its evolution contentious, and the ability of Ms Cornwell and the other members of the staff to cope with the situations and pressures they faced resulted in an exemplary report.

**Hon. T. C. THEOPHANOUS** (Jika Jika) (*By leave*) — By arrangement with the opposition, I will make a brief contribution on this important report. It is unusual to be given leave in these circumstances; however, this is a groundbreaking report that is largely the product of the previous Public Accounts and Estimates Committee. The report is in the best traditions of the reports produced by public accounts and estimates committees because it upholds the rights of the Parliament and the public to know the details of contracts entered into on their behalf. The former committee grappled with those issues but unfortunately did not table its report prior to the election.

I also commend the staff and the previous chairman of the committee for the enormous amount of work they put into the report. I recognise that it was initiated under the previous committee and under the previous chairman. I also recognise that, given that honourable members live in a political climate, enormous pressures were placed on the previous chairman by those in the previous administration who felt that commercial in confidence was a legitimate reason for withholding information in virtually all circumstances. The report turns that position on its head by supporting the principle that information should be made public unless there is a justifiable reason for withholding it.

The committee's landmark report has been eagerly awaited by many people in Victoria and interstate. I am proud to see it tabled under a Labor government, and I am sure the recommendations will be taken seriously.

Given the importance of the recommendations contained in the report, I move:

That the report be taken into consideration on the next day of meeting.

**Motion agreed to.**

**Laid on table.**

**Ordered that report and appendices be printed.**

## PAPERS

**Laid on table by Clerk:**

Melbourne City Link Act 1995 —

Statement of Variations No. 1, 2, 3 and 4/2000 to the Melbourne City Link Project, 30 March 2000, pursuant to section 15(2) (four papers).

## SNOWY RIVER

**Hon. PHILIP DAVIS** (Gippsland) — I move:

That the house invites the Minister for Energy and Resources to outline the government's plans and policies for restoring environmental flows to the Snowy River.

I will use the words of the modest Bert Kelly, whose name is well known to rural members of Parliament in particular. He was often quoted as saying about prospective elections, 'I feel another dam coming on'. For those who are not familiar with Bert Kelly, he was a long-time columnist whose articles appeared regularly in the *Australian Financial Review*, the *Bulletin* and many rural journals around Australia, including *Stock and Land* in Victoria.

Known by the pseudonym 'The Modest Member', Bert Kelly's views summed up the approach taken by many over the years to the development of rural and inland Australia. He recognised the importance of water, describing it as the lifeblood of rural economies. That approach has not changed; however, the political dynamic has. I refer to an article on the front page of the *East Gippsland News* of 4 August last year under the headline 'No dam, increase flow'. That article is an indication of the way the politics of managing Victoria's natural resources changed fundamentally at the end of the 20th century.

It is clear that the motion relates to the basis on which the Bracks government came to office. In pursuing his cause of re-establishing a 28 per cent environmental flow in the Snowy, an Independent member of the Legislative Assembly, the honourable member for Gippsland East, chose to support the Australian Labor Party in the other place.

In inviting the minister to speak on the issue, I note that the government has been in office for six months and has therefore had time to develop a clear strategy to honour the undertaking which it gave and which has been reiterated by members opposite, by the Premier in the Legislative Assembly and in the community at large. It is of interest to me that the Premier gave a commitment to achieve an outcome by 31 December 1999. That deadline has been and gone. A further deadline of 31 March was then announced. We are now well into April and there is no evidence that the government has made any significant progress on the matter.

The ALP policy document entitled 'Our natural assets', which was published in the lead-up to the election, states:

Labor will negotiate with the New South Wales and federal governments to seek agreement to return 28 per cent of the original flow to the Snowy River.

The article in the *East Gippsland News* that I referred to a moment ago was based on comments by the then Leader of the Opposition, Steve Bracks, on a visit to Bairnsdale, where he reiterated his policy position and made a commitment to restore a 28 per cent flow in the Snowy.

The issue vexed the previous government. Leading into the election there was a strong degree of bipartisanship about achieving a satisfactory environmental outcome for the Snowy River.

I put on record that the coalition environment policy states:

The coalition is committed to achieving an improved environmental flow for the Snowy River. We will continue to negotiate with the New South Wales government to ensure a satisfactory outcome which improves the health of the Snowy River is agreed prior to the corporatisation of the Snowy Mountains hydro-electric scheme.

With that commitment in the coalition policy there was a substantial body of understanding by the former government of the critical nature of its negotiations with New South Wales, which clearly had been procrastinating for a long time. I have relevant documentation to show the earnestness with which Alan Stockdale as Treasurer and Premier Jeff Kennett

of the then Victorian government pursued their counterparts in New South Wales to achieve an outcome.

I note in correspondence as late as 13 October 1999 between Bob Carr and Jeff Kennett that Mr Kennett expresses his frustration at the lack of progress in securing environmental flows to the Snowy River. Mr Kennett said:

I refer to previous correspondence of 17 May 1999, 24 August 1999 and 8 October 1999. We do not want to see further deferrals by New South Wales of its decision on environmental flows and in your response to the Webster report.

The correspondence reflects the fact that New South Wales consistently sought deferments of the deadlines put in place to ensure a resolution of these matters. Clearly there was a real understanding of the issues before governments in negotiating outcomes.

It is clear that commitments and undertakings have been made by the government, and I refer to comments made in response to a question from the honourable member for Narracan in another place on 25 November, in which it is clear that the Premier delegated the Minister for Energy and Resources to head up a Victorian negotiating team. The response was, in part:

In only four weeks we have achieved more than the Kennett government was able to achieve in one year of trying to get 15 per cent flow. I am pleased to say that the Premier of New South Wales has written to me indicating the New South Wales government is committed to achieving agreement, if possible, by 31 December on the level of flows in the Snowy River below Jindabyne.

In part the New South Wales Premier was saying that the water required should be provided by New South Wales and Victoria in equal shares. Further, the costs should be equally shared between New South Wales, Victoria and the commonwealth. Given that the equity arrangements on the Snowy scheme provide that Victoria has only a 25 per cent interest in the water from the scheme and New South Wales has a 75 per cent interest, it was clearly an attempt by New South Wales to further defer the negotiations.

It is important to recognise that throughout recent months there have been reiterations of the responsibility of the Minister for Energy and Resources. On 7 December last year the minister acknowledged in the house that the Premier had invited her to take over the task of negotiating on behalf of the government, and further on 16 December the Premier restated the commitment to achieving a 28 per cent flow. On the same day the Minister for Energy and Resources made

that same commitment in response to a question from Mr Hallam in the house.

It is clear the government has raised an expectation in the Parliament and the community that there will quickly be an outcome to what has been a longstanding environmental and natural resource management challenge for the Victorian government and a matter that has caused grievous anxiety to many people in East Gippsland.

It is the case, as I recall, that although this issue was the subject of some low-level discussion it became a matter of significant community concern at about the time of the 1996 election. It was during the first parliamentary sittings thereafter that at the request of what was to become the Snowy River Alliance I arranged a deputation with the then Minister for Agriculture, Mr Pat McNamara, and the then Minister for Conservation and Land Management, Mrs Marie Tehan, so that a case could be put to them.

Participants in that discussion included Gil Richardson, who was the chairman of the Snowy River Improvement Trust; Peter Nixon, the chief commissioner of the East Gippsland Shire Council; Ian Moon, a tourism industry proprietor; and Colin Murray, the then chairman of the East Gippsland Regional Catchment and Land Protection Board. The meeting was very constructive, and my colleagues the Honourable Peter Hall and the former honourable member for Gippsland East in another place, Mr David Treasure, were present. Subsequent to the meeting Gil Richardson forwarded a draft press release and asked for my editorial comments. I believe it was the first press release issued by the Snowy River Alliance. It was a useful and informative meeting because it helped to establish the basis on which the former Victorian government proceeded with its plans on legislative provision for corporatisation of the Snowy River scheme.

One of the conditions that was established and agreed to by the then government was that corporatisation, notwithstanding the legislative progress made, would not be advanced until a satisfactory outcome had been achieved on the environmental flow for the Snowy River.

For the purpose of this debate it is probably worth while providing some background to the Snowy Mountains scheme, because although many people have focused specifically on the importance of the Snowy River the integration of all of the facets of the scheme is critical to a resolution of the matter.

The Snowy Mountains scheme is located in south-east New South Wales and was constructed as a major national infrastructure project to divert waters of the Snowy Mountains area inland for irrigation purposes and to generate hydro-electric power. Construction commenced in 1947 and was completed in 1974. The scheme covers 3200 square kilometres and has 16 main dams. It captures the headwaters of the Snowy, Eucumbene, Tooma, Toomut, Murrumbidgee and Murray rivers. The storage capacity is approximately 7000 gigalitres, which is approximately 13 times the volume of Sydney Harbour. The scheme now has seven power stations with an average total output of more than 5000 gigawatt hours of electricity, which equates to approximately 16.5 per cent of the generating capacity of south-eastern Australia. Historically the scheme is a major provider of peak load and ancillary services to electricity networks in south-eastern Australia.

In respect to the corporatisation process it is necessary to identify what the objectives were. The discussions aimed at achieving corporatisation began in 1994 and the process requires the agreement of the three governments involved — the commonwealth, New South Wales and Victoria.

The aims of the corporatisation process were to:

- establish a viable Snowy electricity generation business on a competitive commercial basis and thereby contribute to implementing the national competition policy reforms;

- improve the management of the Snowy scheme;

- simplify the scheme's governance arrangements and therefore maximise its capacity to optimise electricity generation; and

- refinance the commonwealth debt which was established to finance the scheme.

That debt is currently in excess of \$1 billion.

It is important to note that corporatisation was to provide an opportunity to address environmental issues associated with the scheme, especially resolving the state of the Snowy River. It is useful to acknowledge that while we in the Victorian Parliament and the Victorian community have focused primarily on impacts on the Victorian section of the Snowy, the reality is that the stream length of the Snowy in New South Wales below Jindabyne exceeds the stream length in Victoria. This is not just about improving the environmental condition of the Snowy River under the jurisdictional responsibility of Victoria; it is also about improving the environment for those interested in the entire stream.

The rhetoric of the debate has focused on the 28 per cent flow figure compared with what is understood to be the 1 per cent flow below Jindabyne. What does that mean in total? In the Victorian context 55 per cent of the original flow is still discharged to Bass Strait. That needs to be put into context. How is it achieved? Clearly, below the dam wall at Jindabyne there are a number of tributaries. For the record I list those on the Victorian side of the border: the Brodribb, Murrindal, Buchan, Yalmy, Deddick, Little and Suggan Buggan rivers. All those tributaries obviously add to the health of the lower reaches of the Snowy.

The debate about achieving environmental flow that has been running at an elevated level since 1996 in East Gippsland has driven governments to respond to the need to identify a process for resolving the economic, environmental and social tensions. Consequently, agreement was reached to establish an inquiry, commonly known as the Webster inquiry. Many honourable members will have studied the commissioner's final report on the Snowy water inquiry.

It is useful to note — I am sure my colleague Peter Hall may make reference to this in his contribution to the debate — that the opportunity was afforded to all those who wished to participate in the inquiry to make their own submissions. I acknowledge Mr Hall's contribution on behalf of Mr Treasure, a former member for Gippsland East in another place, and myself in presenting and preparing a submission to the inquiry. There were three principal recommendations in the submission: that there be an immediate release of water to the Snowy River equivalent to 10 per cent of its original flow; that the water licence agreement for Snowy Hydro Ltd provide for progressive increased releases of water to the Snowy River so that 28 per cent of the original flow would be achieved within a five-year time span; and that the Victorian and New South Wales governments jointly develop a Snowy River management plan and commit funding for its development and implementation.

**Hon. P. R. Hall** — A good submission.

**Hon. PHILIP DAVIS** — It was an excellent submission. It was well prepared and personally presented on behalf of the three local members by Mr Hall, and I thank him as I did at the time for that. I recall that was an exciting time because the submissions were taken at a time coincidental to the East Gippsland floods of 1998. I digress for a moment — when there is debate about a 1 per cent flow we often think that implies the mighty Snowy River is simply a trickle of its former self. However, the reality

is, as I said earlier, that 55 per cent of the original flow is still discharged at the mouth of the Snowy at Marlo. Not only that, there are also regular floods. There was a massive flood in 1998. Consequently many farms, which had experienced floods before, suffered flood damage to their property with erosion, the removal of fencing, and livestock.

I remember that a prominent member of the Snowy Alliance, a Mr George Collis, spoke to me about the fact that although his house was not damaged because it was on a hill, his fences were okay because the water just went over the top and there was no damage to any of the pastures, the problem was that he did not have any stock because the flood had taken them all out to sea. That is not unusual; farmers on the Snowy flats have previously suffered devastating floods. The two major floods before 1998 were in 1974 and 1970. They caused a great deal of harm to many land-holders.

**Hon. W. R. Baxter** — They would be much more frequent if the Snowy scheme had never been constructed.

**Hon. PHILIP DAVIS** — Yes, indeed. We need to understand that man's efforts are dwarfed by nature. The floods of 1998 occurred notwithstanding the Snowy scheme, and it is important to the ecological survival of the lower Snowy that such floods occur.

The problem that has been identified is that we have some environmental challenges in terms of the upper Snowy — and it is about this that we are seeking advice from the minister today. What is the minister doing to address those environmental challenges?

I turn to the analysis and conclusions of the Snowy Water Inquiry final report, also known as the Webster report. The commissioner states in part:

When Australians are told that the Snowy River is presently flowing at only 1 per cent of its original flow below Lake Jindabyne, and that an increased flow is required to restore the river's environmental, economic, social and heritage values, they understandably react positively to the suggestion of increasing flows.

However, when they realise that increasing flows into the Snowy may impact on the viability of the Snowy Mountains Hydro-Electric Scheme and the irrigation areas to the west, as well as the social and economic values of the broader communities which rely on them, they begin to realise how challenging it is to find a solution for the Snowy River ...

The fact that the Snowy River flows east from the mountains, coupled with a call to irrigate Australia's dry inland and in the wake of a series of droughts, led to proposals to redirect the Snowy's waters west as early as the 1880s.

Over a long time in Australia's development there has been a view about harnessing our mighty rivers and turning them inland for the benefit of the community as a whole. The consequence of that inevitably means there are lower flows in a river that is diverted for such purpose.

It is useful to note that the analysis by the commissioner came to the following conclusion:

The outcomes of the inquiry's investigations and my analysis of those investigations have led me to conclude that the following key factors must be taken into account when determining a solution for the Snowy and associated rivers and streams:

significant environmental gain for the river systems must be achieved;

significant reduction of water wastage in irrigation areas must be addressed;

the cost impact on agriculture must be minimal because of its significant economic contribution to the community — apart from the opportunity cost of potential growth of industry;

the impact on the hydro-electricity generator must be manageable; and

the capital cost impact on the governments must be reasonable in terms of the return benefits to the environment and the community.

Although he was not required under his terms of reference to make any recommendations, Webster then said what he thought was, on balance, the best outcome. His recommendation in the report is known as option D and colloquially known as the 15 per cent option — that is, 15 per cent of average natural river flow.

I briefly raise a number of questions about the way some members of the community perceive the challenge inherent in the issue. Some respected journalists have questioned the wisdom of what is being advocated by my constituents in East Gippsland. They have perhaps not sounded alarm bells but at least have queried the wisdom of the way governments have proceeded. For example, in an article in the *Sunday Age* of 23 January Terry Lane states:

To South Australians the idea of diverting water from the Murray to the Snowy is tantamount to sentencing the state to death.

He was talking about the perception that clearly exists among South Australians that the increasing levels of salinity in water flowing down the Murray River will be heightened by any reduction of flows resulting from the diversion of Snowy scheme waters back to the Snowy River. Obviously Mr Lane was touching on what has become quite a catchcry in South Australia and a

challenge for the Victorian government to meet and solve.

In the *Herald Sun* of 23 December 1999, in an article headed 'Let's not "save" the Snowy if it costs us our dreams', Andrew Bolt states:

Hands up, you who want to strangle Coleambally and other irrigation towns in the Riverina and along the Murray? If you want to kill all dreams of turning more of our powder-dry inland into a lush garden to feed us and Asia?

He was talking about the significant alarm expressed by New South Wales irrigators who depend on the waters discharged from the Snowy River scheme for their security and future opportunities to develop their farms.

Inevitably the challenges will have to be met not by simply providing a technical answer but also by satisfying the communities that feel threatened by the process in which governments are now involved. They need to feel that their security will not be disturbed in the future.

It should be clear to the residents of Adelaide who in a dry year have 90 per cent of their water drawn from the Murray River that an increased level of salinity in that river — which, it has been assessed, by 2020 will be at such levels that water will be undrinkable — may put at risk any increased diversion of water into the Snowy River from the scheme. I do not suggest we should not be trying to find a solution, but I strongly suggest that the minister will have to address the issue.

It may be useful for the house if I examine what the government has done publicly in the past six months to identify the way it is contributing to the health of the Snowy River. A search of press articles and government media release files turned up only one official comment from the government about any action it may have taken over the Snowy River. The Honourable Graeme Stoney referred to the minister's media release during an earlier debate in this place. On 17 March 2000 the Minister for Energy and Resources issued a press release in which she talked about providing:

... \$464 000 ... this financial year to enable the immediate commencement of detailed design and catchment management works.

She then referred to a trial over two years with the prospect of additional funding to be considered by the government's expenditure review committee. Has the minister discussed with the river managers the proposal for improving the environment of the Snowy River? To what degree has the East Gippsland Catchment Management Authority been integrated into the

government's thinking about achieving improved river management? Will she outline the facts to the house?

I am familiar with the work of the East Gippsland Catchment Management Authority through my previous involvement with it. I know, for example, about commitments made by the Kennett government for not only current works over the four years since 1997–98 but also about forward commitments made to works programs totalling \$861 000 for routine river management works; and, more particularly, its commitment of \$2.708 million over the three years from 1998–99 to 30 June 2001 to flood response work dedicated to improving the river management of the beds and banks of the Snowy River.

On the face of it the new minister's commitment to the Snowy River seems somewhat limited. What will the expenditure of \$464 000 over one year achieve? I have inspected the works and I know about the more than \$3.5 million in financial contributions made to the Snowy River by the previous government. Those commitments have made a significant impact on the health of the river.

The only further remarks to be made in my contribution to the debate are about the commonwealth government, which has determined that in balancing its obligations to the environment and seeking to ensure it complies with appropriate public policy protocol about signing off on corporatisation it has established an environmental impact statement (EIS) process. Although the EIS process will not duplicate the findings of the Webster inquiry it may highlight in stark relief some of the challenges facing the Minister for Energy and Resources.

I am delighted to have moved the motion, and give the minister an opportunity to tell the house what the government proposes to do to improve not only the flow of the Snowy River but also how it plans to improve the beds and banks of the Snowy's upper river.

A significant management plan will have to be developed to ensure there is cooperation about the release of additional flows from the Snowy scheme. The minister has been given a delicate task, and I acknowledge that inevitably it will be a challenging task to negotiate with New South Wales, more so than with the commonwealth because New South Wales is cognisant of the political risks if it gets it wrong. Clearly that is one of the reasons there has been some procrastination in the past.

The dynamics have changed since the 18 September Victorian election. Clearly the community as a whole,

including New South Wales, expects the matter to be resolved. The New South Wales government has undertaken to work with the Victorian government to settle the matters. I am confident that all the earlier work has been constructive and provides a basis of information and knowledge upon which the Bracks government can rely in finding a way forward. The opposition is now interested in hearing what the minister proposes to do about the environmental flow for the Snowy River.

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I welcome the motion and hope it is the precursor of the future trend of opposition motions. I also welcome the constructive comments of the shadow minister, including his reference to opposition policies and to the work of the previous government which will be necessary to resolve this issue. I take it from those comments that the opposition is committed to seeing a result that will lead to better flows into the Snowy River. The statements are particularly welcome because resolution of the issue will require all the support available. Although the opposition stops short of offering assistance, certainly those comments are welcome.

The Snowy River is an Australian icon. That icon status predates the last Victorian election, notwithstanding the opposition's comments about the significance of that context. Many Australians are intensely interested in the river, and that interest includes the period of European settlement and establishment of the hydro scheme. The Snowy River has a history prior to European settlement and it is of immense significance to many Aboriginal Australians. Sadly, to date, that history has received less attention than it should have.

The Bracks government's commitment to restoring environmental flows to the Snowy River arises from the icon status given to the river not only by many Victorians but also by many non-Victorian Australians. The development of the Labor Party's platform and policies for the last election should be seen in that context. It is not surprising that in reviewing its platform and policies in preparation for the last Victorian election the Labor Party included the Snowy River.

The focus brought to the fore since the election by the honourable member for Gippsland East, members of the Snowy River Alliance and many others is welcomed. The policies of the Labor Party are entirely consistent with that. The focus strengthens the commitment that was acknowledged prior to the circumstances that arose following the Victorian election in September 1999.

Diversion of water for the Snowy River hydro scheme, combined with poor catchment management, pressures from irrigation and a number of other factors, have had a major impact on the Snowy River below the Jindabyne Dam. Reference has been made to the 1 per cent of average annual flows — around 9 gigalitres a year — that currently trickles rather than flows from the Jindabyne Dam.

It is acknowledged that more water comes in downstream. Reference was made to 55 per cent and 58 per cent of preregulated flows going into Bass Strait. Nevertheless, the water in the upper reaches of the Snowy River in New South Wales is subject to a highly modified environment. It is clear to even the most casual observer of the river in those parts that it has obviously lost the status it once had, including the characteristic pools that once existed.

By a combination of increased flows and catchment and river management works, the government wants to improve the habitat of the Snowy River for a diverse range of plant and animal species. It is recognised that it is neither possible nor desirable for a whole range of reasons to turn back the clock. However, as a result of the many studies and work that have been undertaken on the Snowy River, the government believes it is possible to achieve an improved habitat with the reduced flow target of 28 per cent that is set in government policy.

Those flows will achieve improvements in the temperature regime of the river water, which is absolutely crucial to improved habitat, particularly for fish, plants and animals; provide channel maintenance and flushing flows in the river and its tributaries; restore connectivity within rivers for migratory species and for dispersion; improve triggers for fish spawning; and also improve the aesthetics of the currently degraded riverine environment.

I have had the pleasure of closely examining the river on a number of occasions. The most recent occasion was earlier this year after becoming the minister charged with the responsibility of negotiating on these matters. I saw a need for improved environmental flows and river management. Corporatisation of the Snowy River scheme provides Victoria, New South Wales and the commonwealth with a unique opportunity to address the degradation of this important heritage river. This is an opportunity the government intends to maximise. It is clear that once this opportunity has passed it will be extremely difficult if not impossible to achieve a reasonable outcome on environmental flows for the Snowy River.

The government is committed to negotiating with not only the New South Wales but also the commonwealth government to seek agreement on restoring 28 per cent of the average natural flow to the Snowy River in its upper reaches. It recognises that the issue is highly complex because it captures not only environmental but economic and important social interests. In that vein, intergovernmental negotiations have been carefully planned and are being managed in a productive and practical way, with a focus on achieving sustainable solutions that produce appropriate economic, social and environmental results.

As honourable members will be aware from public reports, on a number of occasions I have met with the New South Wales Special Minister of State, Minister Della Bosca, who has been charged by the Premier of New South Wales with responsibility for negotiating the corporatisation of the Snowy Mountains scheme and the return of environmental flows to the river. In December I was pleased to be able to issue along with Minister Della Bosca an important statement of principles on the future of the Snowy River. I will not go through all the principles, but I draw attention to the important elements that are the underpinning of all the negotiations that have occurred and will continue to occur.

Those principles, to which Victoria and New South Wales have committed themselves, include working towards establishing a major program of environmental improvement leading to the substantial enhancement of river conditions as well as increased flows over the next few years; ensuring that water for increased environmental flows is not achieved at the expense of more efficient irrigation farming; and a commitment to the Murray–Darling Basin cap and to the Council of Australian Governments water reform principles remaining the fundamental basis for future water management in the basin. I will return to that point.

The principles also include a commitment to not compromise the quality and quantity of the water available to South Australia, which is another important issue that has been referred to.

**Hon. Bill Forwood** — It is important to the South Australians.

**Hon. C. C. BROAD** — Absolutely. Another principle that has been established absolutely is a commitment to maintain the viability of the Snowy Mountains Hydro-Electric Scheme.

The principles have guided the bilateral negotiations and those with the commonwealth. I am pleased to

report that the commonwealth has recently indicated its acceptance of the principles. They are an important reassurance to South Australia that increased flows in the Snowy River will not adversely impact on that state's water supply, which is of course sourced from the Murray River. Productive trilateral discussions between Victoria, New South Wales and the commonwealth are continuing. I am looking forward to a meeting this month with Senator Minchin, the commonwealth government's spokesman, to further progress the principles.

South Australia continues to be an important player in the consultations. I have had a very productive meeting with the new South Australian Minister for Water Resources, Mr Mark Brindal. I am pleased with the positive nature of those discussions and I am looking forward to meeting with him again soon.

*Honourable members interjecting.*

**Hon. C. C. BROAD** — Recently I attended with my colleagues Minister Garbutt, the Minister for Environment and Conservation, and Minister Hamilton, the Minister for Agriculture, a meeting of the Murray–Darling Basin Council, where I was able to report on the progress of negotiations on the Snowy River. I am pleased to indicate that the meeting was non-controversial, that the report to council members was well received and that they were satisfied with the information provided. The commonwealth environmental impact statement process, which was referred to earlier — —

*Honourable members interjecting.*

**Hon. C. C. BROAD** — The shadow minister was able to make his contribution without interjection.

*Honourable members interjecting.*

**Hon. C. C. BROAD** — I will endeavour to make my contribution in spite of the interjections.

The commonwealth environmental impact statement process, which has already been referred to, was most unusual. The environmental impact statement process for corporatisation of the Snowy Mountains scheme involved a unilateral announcement by the commonwealth, without consultation with the Victorian government.

*Honourable members interjecting.*

**The DEPUTY PRESIDENT** — Order! There will be no conversation across the chamber.

**Hon. C. C. BROAD** — I have already indicated on other occasions that the Victorian government is cooperating with the commonwealth environmental impact statement process, notwithstanding the obvious delay it has caused in resolving the matter of environmental flows for the Snowy. It is particularly unusual that the commonwealth has chosen to invoke the environmental impact statement process for the corporatisation after, and not before, the passing of legislation through the commonwealth Parliament. It is unclear what the process will add to the already extensive body of knowledge on the impact of the corporatisation, which the commonwealth presumably took into account in deciding to take the corporatisation route before passing legislation. The commonwealth has indicated its intention — —

*Honourable members interjecting.*

**The DEPUTY PRESIDENT** — Order! Mr Jennings will have his opportunity later, if he wishes.

**Hon. C. C. BROAD** — The commonwealth has indicated its commitment to complete the environmental impact statement process by the end of June to allow the corporatisation process to proceed by the nominated deadline of 1 July. It is unclear just how the timetables will dovetail, particularly in light of the Victorian government's stance that the return of environmental flows to the Snowy must be resolved before that can proceed. Most recently, the commonwealth has indicated its intention to release the draft environmental impact statement soon. The Victorian government will be interested see that statement.

In addition to the intergovernmental negotiations in which I have participated, in January and February I was able to complete an extensive program of visiting and listening to not only local communities in the Snowy River catchment but also other communities affected by the Snowy River environmental flows. Those communities included Orbost, Deniliquin, Shepparton and Swan Hill.

I was privileged to see working first-hand the Snowy River hydro-electric scheme, including the services it provides to the national electricity grid. It was extremely hot during those visits in January and February, and I was somewhat perturbed to see the Snowy hydro scheme approach in action! Notwithstanding the formal corporatisation processes that are yet to be concluded, the scheme was operating in a fully commercial environment.

The perspective of the people involved in the scheme of the power disruptions occurring in Victoria at the time was very different from mine. They were viewing the situation as a potentially lucrative opportunity, but that turned out not to be the case. It was interesting to see their perspective on it and how they performed in that environment, and to see how important the Snowy River hydro-electric scheme services are in their contribution to system security and voltage regulation and in providing the interconnect between New South Wales and Victoria, which was invaluable at that time.

I was also pleased to meet at a later stage with a range of irrigators in Victoria, along with representatives of the Victorian Farmers Federation and irrigators in New South Wales. I was pleased to have the opportunity to acknowledge and recognise the significance of their concerns regarding increased flows to the Snowy River, reiterating to them the commitment of the New South Wales and Victorian governments to principles that will not adversely affect the important contribution of those communities to the economy.

As I have indicated, the government is committed to providing additional flows to the Snowy River that can be fully offset by water savings. The government has already commissioned a detailed feasibility study of the potential for water savings within Victoria's irrigation distribution systems and proposes to undertake a similar study within its headworks systems. The study will be released when it is ready, which I hope will be soon.

*Honourable members interjecting.*

**Hon. C. C. BROAD** — The Goulburn Water Authority is involved in the report.

The identification of cost-effective water savings aims to maintain irrigation water entitlements and agreed environmental flows in the Murray and Murrumbidgee valleys. The government is complementing its efforts to achieve an increase in flows by pledging its support for a trial of the Snowy River rehabilitation concept plan, which was obliquely referred to in the shadow minister's contribution. The plan was commissioned by the East Gippsland Catchment Management Authority (CMA) in consultation with the Department of Natural Resources and Environment. I particularly draw attention to that in light of the shadow minister's concern about the catchment management authority's involvement.

The Snowy River rehabilitation concept plan aims to recreate the original in-stream habitat and environment of the lower Snowy River. Clearly there is little value in increasing flows without improving the river

environment. That goes to the matter of the timing of river flows, which must be optimised. Reference has been made to flooding. Obviously the timing of flows is important from that point of view.

I have already announced an amount of \$464 000 in the current budget which is to be allocated this financial year. That will enable commencement on the detailed design and immediate commencement of catchment management works near the Orbost bridge. An advisory panel is being established to oversee the trial and to report back to the government on the outcomes of the trial. The East Gippsland CMA will most certainly be involved, not only in an advisory capacity but in overseeing those works.

*Honourable members interjecting.*

**Hon. C. C. BROAD** — It is stated in a press release and, yes, of course they were consulted before those decisions were put in place.

The government's expenditure review committee is considering in the context of the current budget deliberations an additional amount of \$1.3 million for the next financial year to fully implement that trial. The trial will be a valuable step in testing the effectiveness of the rehabilitation plan prior to the institution of improved environment flows.

The budget process which the government is currently in the stages of completing before presentation to the Parliament will contain further information about the Victorian government's commitment to funding its share. The Victorian government's forthcoming budget will contain further information about its commitment, including its funding commitment to paying for the savings necessary to achieve Victoria's share of the increased environmental flows to the Snowy River, to which the government is committed. Those matters will be announced in the budget. I am sure members of the opposition would be delighted if I were to announce that information today but, along with all other Victorians, they will have to wait for the budget.

When the Snowy Mountains hydro-electric scheme was entered into in the 1950s — I am sure some of my colleagues will refer to the history of the scheme, as have members of the opposition — environmental issues were not as important as they are today. It is inconceivable that decisions could be made in this day and age that would result in a reduction to a 1 per cent level of average flows for the Snowy River, as occurred at the time. However, it is important to note that at the time many members of the East Gippsland community recognised, even if it was not a matter brought to wider

public attention, that that was a devastating result for the Snowy River. It is possible to read about the public meetings and even demonstrations that were held at that time. Members of the East Gippsland community endeavoured to have this issue addressed but were unable to do so.

The Victorian government is absolutely committed to taking this one-off opportunity that has arisen as a result of the corporatisation of the Snowy Mountains Hydro Authority to rectify what was at best an oversight that occurred at the time and which is viewed from an environmental perspective as a travesty today.

**Hon. N. B. Lucas** — Are you going to say sorry?

**Hon. C. C. BROAD** — The house may have an opportunity to deal with matters relating to saying sorry later today. The government will pursue this opportunity further and will set out in the budget not only its commitment but funding to be provided to secure the environmental flows as its share of returning 28 per cent of the flow of the Snowy River.

**Hon. P. R. HALL** (Gippsland) — I welcome the opportunity to participate in this debate. On 18 September last year the Labor Party was elected to office with considerable fanfare indicating that a Labor government would be open, accessible and accountable. They were the three words used in almost every sentence issued by the now Premier and members of the government. However, in respect of this issue and other issues, the opposition parties have met with a wall of silence when trying to seek information.

Opposition members cannot even get access to officers from the Department of Natural Resources and Environment without having a ministerial adviser present. We cannot get basic information necessary to adequately represent our constituents. Talk about openness and accessibility! The government is hypocritical in making those claims. That is the reason for the motion today, a motion acknowledged by the Minister for Energy and Resources as being cordial in its framing and one that does not condemn the government, as many opposition motions normally do, but instead invites the government to give information about this issue.

The minister has added nothing to the scant knowledge opposition members already have. The intent of the motion is to seek further information. Parliament has only tidbits of information gained by way of questions asked during questions without notice and from matters raised during the adjournment debate. It has no concrete information on how the issue is progressing and how

this particular promise of the government will be honoured. Today we seek that information.

The minister has not provided any further information in her contribution today. I am sure my colleagues would even grant the minister leave to speak again if she is prepared to answer some of the questions which Mr Philip Davis, my colleagues and I have put and will put to her. If the minister cannot provide any more information perhaps Mr Bob Smith may provide some of that information.

The opposition knows that the government is committed to return 28 per cent of the original flow immediately below the Jindabyne Dam, which equates to 330 gegalitres on a variable flow pattern for any 12-month period. Honourable members on this side of the house have no argument with that. They are committed to an environmental flow of 28 per cent or 330 gegalitres being returned to the Snowy River so long as it is not at the expense of irrigators in northern Victoria or the environment of the River Murray.

In preparing my notes for the debate I wrote down a list of things the opposition knows and those that it does not know. One does not need to be Einstein to work out which is the largest list. My list of 'don't knows' has been further added to after listening to the minister today.

The opposition knows the government is committed to a 28 per cent flow below Jindabyne Dam for the Snowy River. It knows that 31 December 1999 was a critical date in respect of that issue. That was confirmed in a letter by the Premier of New South Wales to the Premier of Victoria dated 17 November 1999 in which he states:

With respect to increase water flows for environmental purposes, New South Wales is committed to achieving agreement, if possible, by 31 December 1999 on the level of flows in the Snowy River below Jindabyne.

That date was confirmed as a critical date in an article in the *Age* of 16 November 1999 written by Claire Miller. I am not sure if Claire Miller was the reporter who left the chamber when the minister was speaking on the motion today. Obviously she did not obtain any additional information or find the minister's response interesting. The *Age* article states:

Victoria, NSW and the commonwealth are due to decide by 31 December on water allocations for the next 75 years as part of the corporatisation of the Snowy Mountains Hydro Authority.

It is a shame I have to refer to articles in newspapers. Even the minister said today, 'Members would be

aware by way of public reports'. That is the only information opposition members get from the government — reading newspaper reports! One would think on important issues like this the minister or the government would make some definitive statements from time to time or give honourable members progressive reports. For heaven's sake, the government may even allow departmental officers to brief opposition members!

The opposition knows that the minister has been given the responsibility by the Premier to head the Victorian negotiating team. It knows by way of answers to questions during question time and from matters raised during the adjournment debate that the minister has had discussions with her New South Wales counterpart, the Special Minister of State and Assistant Treasurer, Mr John Della Bosca. The opposition knows that the New South Wales government wants additional environmental flows to the Snowy River to be shared on a fifty-fifty basis, because that was outlined by the Premier of New South Wales in his letter to the Premier of 17 November. To be fair, the minister has said that the government rejects that sharing arrangement and believes Victoria's share should be 25 per cent. Once again the opposition cannot confirm that and it would have been nice if the minister had clearly outlined the government's stance on those issues.

The minister had the opportunity to summarise the government's views, but did not take up that opportunity. Perhaps subsequent government speakers would confirm whether the Victorian government believes Victoria's share should be 25 per cent of the required 330 gegalitres.

**Hon. W. R. Baxter** interjected.

**Hon. P. R. HALL** — As Mr Baxter said by interjection, the opposition would be happy to give leave for the minister to speak again if she wants to clarify some of those issues.

I had some doubt about whether I should put the next point in the 'do know' or 'don't know' column. The previous government made some reasonable assessments of the way Victoria could achieve its share of flow to the Snowy River and indicated that about 80 gegalitres of water could be saved through efficiency savings in the reticulation systems. The minister has said that a further feasibility study would be undertaken on where savings could be achieved. That work has already been done by the previous government. The government may have changed, but the departmental officers have not changed and the filing cabinets are still there with the required information. One would

think the government would examine the work already done to ascertain how it could achieve its share of the additional flows.

Finally, the minister gave a commitment to resolve the matter, and when the 31 December deadline was missed a new deadline of 31 March was set. That deadline has come and gone with no comment from the government, hence the need for the opposition to move the motion today.

They are some of the things the opposition knows, but now I turn to some of the issues it does not know. One of the answers the opposition believed it could reasonably expect from the minister included a timetable for the resolution of the matter. The opposition has given the minister the opportunity to clearly state how negotiations were proceeding, when an outcome could be expected and what action the government would take. After listening to the minister I became more confused than ever because no new date has been set for the resolution of the matter. The only date mentioned by the minister was 30 June, when an environmental impact statement commissioned by the commonwealth government is to be finalised. It is about time the government started to be honest. It has had six months to look at the matter so it must now have some idea about when it expects at least part of it to be resolved — yet the house has not been given any timetable whatsoever.

The opposition would dearly like to know what progress has been made in the negotiations with New South Wales. All honourable members realise that that state is the stumbling block. The New South Wales government has the harder task of identifying the source of 75 per cent of the additional environmental flows for the Snowy. The opposition would like to know the nature of the discussions the minister has had with the New South Wales government, including its preparedness to meet its commitments.

I do not even know what work the New South Wales government has done to identify its share of the savings. Is it looking seriously at the problem? Is it committed to identifying its share? I have been informed that it has done some work by producing the so-called Brewster report, which has identified some savings potential.

I ask the minister and subsequent government speakers to say whether that is a fact. Is the minister aware of any detailed work the New South Wales government has done to identify water savings in that state's system? One would expect that sort of constructive response from the government side. I again ask the

minister whether she or her colleagues are prepared to comment on the matter.

As I said, it is disappointing when opposition members have to glean information on the matter from newspaper articles or reports of public comments the minister has made because we cannot get them from her or her departmental officers.

At the weekend I was pleased to learn from the *Snowy River Mail* of 29 March that the New South Wales Special Minister of State and Assistant Treasurer, Mr John Della Bosca, visited Orbost on 22 March to meet with the Snowy River Alliance group. One of the members of the Snowy River Alliance was quoted as saying:

The minister's attitude towards the Snowy River is very positive. The talk is no longer about 'if' but about 'when'.

Opposition members would like the government to respond on the important questions of when and how. We are still trying to obtain that information, because it has not been given to us today. Again we ask how Victoria will get the additional environmental flows and when it will get them. The opposition has not been given even a scant response on those two important questions. I invite the minister or her colleagues to comment.

Why can additional water not be released down the Snowy immediately? I realise that a return of 330 gigalitres cannot be achieved overnight. However, I would have thought the government would be in a position to show some goodwill to the people of East Gippsland and Victoria by at least returning some of the water required.

I refer again to the newspaper article in the *Snowy River Mail* to quote a spokesman for the Snowy River Alliance, who said:

The meeting drew the minister's attention to diversions of Mowamba River and Cobbin Creek, which occur below the Jindabyne Dam.

These streams can be immediately diverted to the Snowy and represent 5 per cent of the average annual flow.

A valve controls the diversion and can be operated in the Snowy River direction at no cost.

Five per cent of the flow could be restored immediately without any cost whatsoever! I ask the minister why the government cannot at least show it is serious, honest and prepared to back its commitments to the people of East Gippsland by making an immediate commitment to return even a small amount of water to the Snowy.

I had intended asking the minister whether there will be an appropriation in next month's budget to fund the return of water to the Snowy. The question has already been answered in part by the minister. The opposition is pleased to hear there will be an appropriation in next month's budget. However, we do not know how much it will be or what it will be spent on. It is ironic that the minister told the house, 'A feasibility study is being conducted to identify where water savings can be made. That feasibility study is still under way, so we are prepared to make a financial allocation towards something that has not yet been fully identified. That to me is the wrong way around. Nevertheless, if a commitment is to be made in next month's budget the opposition welcomes it and looks forward to seeing what eventuates.

I turn to some of the other comments made by the minister. While summarising the comments made by Mr Philip Davis she said rather gratuitously that the opposition parties had made no offer to assist with the resolution of the issue. What offer does the minister want? She has never asked us for assistance and she has never given us any information, so how the heck does she expect us to be able to assist with the resolution of it?

Nonetheless, opposition members will gladly assist the minister. We will talk to our constituents and tell them what she is doing — but I do not think she wants us to go out there and give them the bad news. The minister should tell us in what form she would like some assistance. Our assistance to this point has involved keeping the minister honest and trying to keep her to her promise. If she thinks the opposition parties can assist in a tangible way, she should tell us and we will take up her offer.

We learnt today that the minister has conducted some personal inspections of the Snowy River and has met with irrigators. That is good to hear. The minister made a comment about a December statement on principles. I am a bit bemused by that because my office has not received that statement. Given the common courtesies that apply throughout government, if there is such a statement I should have thought it would have been sent to interested members, particularly if it is a public statement on principles, as the minister described it. It has certainly never been brought to my attention. I will read *Hansard* with great interest to ascertain exactly what those principles are. Based on my recollection of what the minister said, the opposition will support the principles.

I repeat that the information missing involves answers to how and when. That was not mentioned in the principles.

The minister also referred to the commonwealth's environmental impact statement being completed by the end of June and said it may pose some problems because it is important to resolve the environmental flow situation before corporatisation of the Snowy hydro scheme, which it is hoped will be achieved by 1 July.

I would like to know whether the government is still committed to that resolution. Is the government committed to ensuring that the issue of appropriate environmental flows is determined before the corporatisation of the Snowy hydro scheme proceeds? It was certainly the commitment of the Liberal-National party government that it would not corporatise the scheme until the environmental flow issue was determined.

The last point conveyed by the minister — I am sorry the list is so short because there was not much to comment on — referred to the detailed feasibility study the government is now undertaking to try to identify potential areas of water savings. There was no comment about when that is likely to be available. 'Soon' is a rather vague word — it could mean tomorrow, next week, next month or next year. The opposition would like an indication of when the government will finish its work on identifying potential water savings. As I stated previously, I would expect that that sort of information would have been readily available in the files of the Department of Natural Resources and Environment because that work was undertaken by the previous government. The government is indulging in a time-wasting exercise in identifying potential water savings.

I conclude my remarks by commenting briefly — I do not want to go through all the issues associated with the matter — on my personal commitment to seeing a 28 per cent environmental flow returned to the Snowy River. I reiterate that point because it is important to illustrate that members on both sides of the house believe it is critical to achieve an outcome.

As the Honourable Philip Davis mentioned in his contribution, I made a submission to the Snowy Water Inquiry in June 1998 on behalf of my colleagues, the then honourable member for Gippsland East in another place, David Treasure, and the Honourable Philip Davis. Mr Davis put on record the three recommendations that I made in that submission. One was for the immediate release of water to the Snowy

River equivalent to 10 per cent of original flow. As I have just said, I believe the government should have the decency to show some goodwill and restore some water flow immediately. As I have already explained, it can be done at no cost.

My second recommendation dealt with securing a volume of 28 per cent of the original flow within a five-year time frame. Some of my constituents in East Gippsland criticised me for putting a five-year time frame on the issue, but I do not run away from that recommendation. I understand the efficiency savings will take some years to achieve and as events have transpired more people are now talking about a three, four or five-year time frame to achieve those savings. I believe I was responsible and not incorrect in making that recommendation.

**Hon. W. R. Baxter** — The first year has nearly passed already.

**Hon. P. R. HALL** — Indeed. The third recommendation dealt with developing a river management plan in conjunction with the Victorian and New South Wales governments and in particular the East Gippsland Catchment Management Authority, which has been mentioned by the minister and the two previous speakers. I welcome the minister's recent commitment to spend \$464 000 on river management works. That is great, and it needed to be done in association with improving environmental flows. However, I argue that the East Gippsland Catchment Management Authority did not have a big input into the expenditure of that amount and a great deal of consultation did not take place on the issue. Nevertheless, I welcome the additional necessary expenditure for river improvement works.

The three principal recommendations were made in June 1998, and as my colleague mentioned it was rather ironic that the day I went to Orbost to deliver the submission it was fine when I arrived and pelting down rain when I left. It rained for three days and there was an immediate increase in flows to the Murray River because, I claimed, of my submission. However, that was the start of a period of floods that caused East Gippsland significant problems. I tried to return to the area three days later to visit some of my constituents to see how they were coping with the flood, but I could not get past Bairnsdale.

I made a further submission on 8 October 1998 on the draft options suggested by Mr Robert Webster, the commissioner who produced the report, and I once again argued strongly for option 6 in the draft options discussion paper, which would have seen a 28 per cent

flow returned to the Snowy River. They are my personal commitments to the project, and I do not run away from them. I am proud of my commitments, and I believe they reflect the general direction all parties are taking to achieve the outcome we seek.

I am disappointed that the government has not provided detailed information today on what progress it is making towards honouring its election commitments. I call on the minister and her colleagues to give us some hope, some time frame on when the government intends to set a date for resolving the issues. I call on the minister to tell the house how negotiations are going with New South Wales and whether we will finally get there. Will New South Wales come to the party on this issue? I have seen no evidence of a serious commitment by the New South Wales government, and that is the sort of information opposition members are looking for today. The government is undertaking feasibility studies and should have the decency to allow officers from the department to provide regular reports on how it will achieve that end.

It is disappointing that we have not had a direct response from the minister to the very kind invitation opposition members extended to her today to provide more information. That invitation remains on the table, and I hope subsequent speakers from the government, or indeed the minister herself, will return to the table to provide the information we seek in a genuine and real way.

**Hon. G. D. ROMANES (Melbourne) — On 26 April 1890 Banjo Paterson wrote in the *Bulletin*:**

There was movement at the station, for the word had passed around  
That the colt from Old Regret had got away,  
And had joined the wild bush horses — he was worth a thousand pound,  
So all the cracks had gathered to the fray.

**The famous poet went on to develop the picture:**

He hails from Snowy River, up by Kosciusko's side,  
Where the hills are twice as steep and twice as rough,  
Where a horse's hoofs strike firelight from the flint stones every stride,  
The man that holds his own is good enough.  
And the Snowy River riders on the mountains make their home,  
Where the river runs those giant hills between;  
I have seen full many horsemen since I first commenced to roam,  
But nowhere yet such horsemen have I seen.

**The poem concludes:**

And down by Kosciusko, where the pine-clad ridges raise  
Their torn and rugged battlements on high,

Where the air is clear as crystal, and the white stars fairly blaze  
At midnight in the cold and frosty sky,  
And where around the Overflow the reedbeds sweep and sway  
To the breezes, and the rolling plains are wide,  
The man from Snowy River is a household word today,  
And the stockmen tell the story of his ride.

Banjo Paterson immortalised the Man from Snowy River, and we all know that the Snowy River is a legendary Australian icon that has been reinforced in films and our history. From the time of white settlement, and a hundred years before the Snowy Mountain hydro-electricity scheme was finally implemented, people dreamed, planned and calculated. They held conferences and wrote reports, all with the intention of harnessing the potential of the waters of the Snowy River over the divide of the Snowy Mountains and into the Murrumbidgee River and the Murray Valley.

The first official suggestion was by P. F. Adams, Surveyor-General for New South Wales, in 1884 in evidence before the Royal Commission on Water Conservation. Volume 8 of the *Australian Encyclopaedia* states:

His idea was to carry the waters of the Thredbo, Eucumbene and Snowy rivers in an open channel over the Dividing Range to the Murrumbidgee, where it could be used for irrigation. However, although the practicability of this scheme was later confirmed by survey and further investigation, nothing more was done.

Nearly 40 years later, the findings of two preliminary surveys led to a proposal by William Corin, chief electrical engineer, Department of Public Works, New South Wales, for the first hydro-electric development of the Snowy River. Corin's proposal was for the construction of a 150 000 kW hydro-electric project downstream of Jindabyne. Once again the project was shelved.

The history continues; proposals were put forward in 1926, 1936 and 1937. In a book recording the history and development of the Snowy Mountains Authority titled *Struggle for the Snowy*, we read about the growing interest not just from New South Wales but also from prominent Victorians in the potential and power of the Snowy River. O. T. Olsen, as an officer of the State Electricity Commission of Victoria, had completed a study of the economics of a hydro-electric scheme on the Kiewa River valley, 50 kilometres south of Albury. When he finished that project he turned his mind to the Snowy scheme. Page 110 of *Struggle for the Snowy* captures how great events often have a long lead-up in history and involve many people and many plans over a considerable time:

One of Olsen's colleagues in the Kiewa scheme, A. J. Keeble, has related that he — Keeble — fished the snow-fed streams

of the upper Murray from 1939 onward, talked with cattlemen and others who knew the country intimately, and often spoke to Olsen of the great potential of the Geehi, Tumut and Kiandra area. On Olsen's suggestion, J. F. Douglas, the assistant civil engineer in charge of Kiewa investigations, under whom Olsen worked, sent a survey party to the upper Murray area in September 1994.

### Keeble is quoted as saying:

I first realised the difference in level between the Eucumbene and Tooma rivers late one stormy night, when, while riding down the Geehi wall, I met Hughie Hanna of Walwa. We talked all night and Mr Hanna spoke of a tunnel from the Eucumbene to Possom Point, on the Tooma, giving a fall of about 1500 feet ... When I told Mr Olsen about this his eyes lighted up.

### The book continues:

Hanna's version of what happened was that Keeble was given 'a holiday to go trout fishing', and he set off with surveying gear, theodolites and the rest. Looking further back, Hanna gave an interesting example of how ideas, cropping up from time to time and resembling each other but not necessarily of the same origin, may contribute to the same achievement. He related that a youthful editor of the Corryong *Courier* in 1910 or thereabouts, Albert Bartlett, initiated his — Hanna's — convictions about the use that might be made of water falling from the Great Dividing Range into the Murray. He said that Bartlett — who died of wounds in World War 1 — had been fired with the idea, based on a rule-of-thumb survey, that before constructing the Hume Reservoir, dams should be built on tributaries of the upper Murray such as the Tooma, Geehi, Swampy Plain, Indi — at Murray Gates — and Mitta Mitta rivers.

Then in 1944, the Snowy River investigation committee report of New South Wales emphasised the need to divert water inland to the Murrumbidgee from a dam at Jindabyne. The New South Wales action precipitated the Victorian and commonwealth governments putting forward clearly their rights and undertaking a joint investigation and a joint solution. The book goes on to explain the deliberations and the negotiations. At pages 151 to 152 the culmination of all the work and activity, political, bureaucratic, and at other community levels, is dealt with in a final solution for the dream of so many people:

Whatever the answer, the task referred to the officers committee had given a selection of Australia's senior public servants a chance to show what they could do with some of the biggest problems of engineering linked with economics which had faced men anywhere at any time. The broad-based solution they reached, largely due to Loder's skilful leadership with the assistance of Lewis as executive officer, was the more remarkable because of the diverse and often conflicting interests and personalities concerned.

The solution also came at a particularly opportune time. The power needs of the commonwealth and the two states had developed to the appropriate stage. So too had irrigation requirements. The evolution of technical resources, methods of construction — particularly tunnelling — plant design,

transmission and control had made it possible to undertake works which at some of the earlier periods of discussion had been either economically impractical, technically inadvisable, or physically impossible. The outcome was a victory for constructive planning and, both at the professional and political levels, for eventual cooperation in the common interest.

At that point cooperation in the common interest had emerged from 100 years or so of dreams, deliberations and planning. That cooperation happened in 1949 when the Snowy Mountains Hydro-Electric Power Act was proclaimed.

In the presentation of the perspective from the Snowy Mountains Authority as detailed in the *Struggle for the Snowy*, there is only a small hint of the voices of protest, the Hanrahans of remote Orbost who were concerned at what this might mean to the flows of the Snowy in the future. Page 177 of the book states:

Diversion of a large proportion of the water of the Snowy River would of course substantially reduce the flow through the river's normal channel into Victoria. Land-holders on the Orbost flats along this channel sought protection from adverse effects upon their fortunes of restriction of the flow. On the other hand, upper Murray land-holders were concerned at the prospect that additional water to reach the Murray might at times flood their properties.

Victoria gave certain undertakings in the agreement which included acceptance of the consequences of those actions. To advance a major scheme such as the Snowy Mountains scheme there is a need for cooperation in the common interest. I wish to read one more poem.

**Hon. N. B. Lucas** — On a point of order, Mr Deputy President, this is getting out of hand. The honourable member has been speaking for 10 minutes. For all but 15 seconds of those minutes she has been reading from books. The whole idea of being a member of Parliament is to stand before the house and express one's views on an issue. It is beyond the pale that an honourable member can read not only poetry but books for such a length of time. It is relevant under the standing orders to make quotations. It is relevant to justify what one is saying by referring to documents, and then putting quotes in — and I do it quite often. However, to read from books for such a lengthy time, and then to wish to refer to another poem is just too much. I do not think the standing orders should allow that nonsense to continue.

**Hon. G. D. ROMANES** — On the point of order, Mr Deputy President, we can learn from history. Sometimes the only way we can soak up the thoughts and true meaning of what people are saying, either through prose or poetry, is to listen and realise that over

time people have given thought and attention to issues such as the future and the flows of the Snowy River, to which we are giving attention in the debate today.

**Hon. M. A. Birrell** — On the point of order, Mr Deputy President, the honourable member's comments may be correct but they have no relevance to the point of order, which asks the honourable member to give the house an idea of where she stands. It is perfectly legitimate to rely on quotes and include poetry or any learned information from historians; but that is not the debate. I have been in the house for about 95 per cent of the honourable member's speech, but I have hardly heard her speak once: her contribution has been a constant reliance on somebody else's words, without giving the house an indication of the context in which the honourable member wants to place the words of her quotations.

We may well be led to the conclusion that the honourable member agrees with everything she is quoting, but that does not help the house. We should be hearing the thoughts of the honourable member rather than her slavish reliance on other people's writings that have not been put into any context. Given that the house has had forewarning that it will hear more quotes and no more personal contribution, the honourable member should be asked not to wind up her speech — she can speak for as long as she wishes — but to rely on her thoughts rather than on quotes.

**The DEPUTY PRESIDENT** — Order! As the house well knows, the rules of the house permit limited quotations. I believe the honourable member has been speaking for about 12 minutes, for a major part of which she has used quotations. On the point of order, I request the honourable member to resume her contribution but certainly to limit her use of quotations. They have gone too far.

**Hon. G. D. ROMANES** — In the context of the quotations I have put to the house I point out that I was building a picture of the long and tortuous road to developing cooperation across the states and the commonwealth on a major project such as the Snowy Mountains hydro-electric scheme — a project that involved harnessing a river that has a strong place in Australia's history and involves romantic views about that history.

If I may move to the issue of river flows, the Victorian government has made clear its commitment to a reinstatement of 28 per cent of environmental flows in the Snowy River and its determination to improve environmental values and at the same time to achieve, as the minister has said, irrigation efficiency in northern

Victoria. The Snowy River issue is complex. Whenever a question of cooperation between the states arises we must go forward purposefully and with due consideration of the interests of all involved, whether they be those who depend on the flows for irrigation and other uses or those who are concerned about the environment. A common interest can be forged over time.

The house will be aware that the Minister for Energy and Resources met the New South Wales Special Minister for State, the Honourable John Della Bosca, last December. A communiqué was issued restating both governments' commitment to maintaining the interests of irrigators and the environment and also a renewed commitment to the Murray–Darling Basin cap and the Council of Australian Governments (COAG) water reform principles forming a fundamental basis for future water management in the Murray–Darling Basin and in all parts of Victoria, including the Snowy River.

**Hon. W. R. Baxter** — How is the minister getting on with her negotiations with John Della Bosca? That is what we want to hear.

**Hon. G. D. ROMANES** — The minister has already spoken about that. In an effort to implement its commitments, Victoria has made major progress towards a full implementation of the cap. One of the mechanisms for managing caps on water usage is through the establishment of bulk water entitlements. They specify a range of conditions under which water can be used. Bulk water entitlements are a strategic tool being used by the government to control and manage environmental flows in our rivers.

The bulk entitlements include the maximum amount of water usage, the maximum rate of usage, the capacity of infrastructure to capture and divert the resource, minimum flows to be passed downriver before diversions can occur, and other environmental requirements. They also impose minimum environmental management requirements on the authorities.

The bulk entitlement program will cover 90 per cent of the total diversions within the Victorian component of the Murray–Darling Basin. I believe there are no major impediments to completing the bulk entitlements program within the next two years. However, the program involves consultation with all relevant stakeholders, including environmental representatives, water authorities and those using the water for irrigation. As the house can well understand, a time-consuming process is involved in finalising the bulk water entitlement arrangements.

**Hon. W. R. Baxter** — What has that to do with getting water from the Snowy?

**Hon. G. D. ROMANES** — The motion asks the minister to outline the government's policies and plans for restoring and improving environmental flows to the Snowy River. I am outlining the government's approach to water management within Victoria, which has much to do with environmental flows to the Snowy and other Victorian rivers.

Also part of the government's program is the stream flow management plan that will look at the overall allocation of resources and water, particularly in areas where demand is increasing. To assist with the implementation of the program the bulk entitlements process has also established a role for resource managers. That will involve preparing water accounts for each river basin and monitoring compliance of bulk entitlement holders with their entitlements. The process will generate public annual reporting of water use in each basin, which is an important component to understanding who is using the water, where it is going, whether usage is within allocated entitlements, the right of people to use the water, and how its usage affects various catchments and the management of water supplies throughout Victoria.

Stream flow management plans will be used to define detailed management requirements for particular streams. The plans will specify appropriate levels of monitoring and a reporting of water usage. The data will be essential for the management and control of the use of water and for altering future water requirements.

The management of the water system also includes rehabilitating a number of significant wetlands along the River Murray and negotiating with the other states about various flows required to implement those programs. In the Barmah–Millewa area agreement is needed with New South Wales over saving–lending rules — —

**Hon. N. B. Lucas** — We are getting away from the Snowy. Do you know where Barmah is?

**Hon. G. D. ROMANES** — I know exactly where it is. I am talking about negotiations with other states and the management of Victorian water resources. On many occasions the Minister for Energy and Resources will have to negotiate with other states, as will the Minister for Environment and Conservation. An agreement is needed with New South Wales over saving–lending rules and the proposed extra 50 gegalitres, as the allocation is and must be a joint one.

To achieve downstream rehabilitation of wetlands along the River Murray, discussions are needed with South Australia about the use of so-called surface flows. Flows in the river itself are under active consideration by the Murray–Darling Basin Ministerial Council. Further, there is work to be done on a sustainable rivers audit and an index of stream condition. More than 1000 river reaches were benchmarked using that measure late last year. The data is now being collated and when completed in the next few months will provide the state with the best database in Australia on the condition of rivers.

Before decisions are made on what must be done with rivers, including the Snowy River, information is required that will be of significant help. Many activities are being undertaken in the states to find out more about environmental flows and the health of streams and waterways. Each time attention is given to the need for healthy rivers one must consider the range of measures that are required to better manage them to ensure that not only the environmental issues but also the social and economic issues are considered.

The government is paying attention to various plans and policies across the state to increase the health of rivers and environmental flows. The government remains committed to a 28 per cent environmental flow along the Snowy River to restore its grandeur and its natural state. The river has excited many people over many years and is encapsulated in C. J. Dennis's poem.

**Hon. E. G. STONEY** (Central Highlands) — It was interesting to hear the Honourable Glenyys Romanes read from *The Man from Snowy River*. She may have chosen another well-known Banjo Paterson poem, *Lost*. Judging from her remarks today it would have been more appropriate — I was completely lost.

The opposition invites the minister to outline plans and policies for the Snowy River. I concede that the minister outlined the vision. Mr Hall encapsulated well that we all have a vision and understand the need for environmental flows in the Snowy River. But how is it to be done and when? Where is the 28 per cent to come from? The opposition has been asking questions since late last year to try to get basic answers to those two propositions.

It is important that we understand that we are talking about gaining water flows that presently go north and west from the Great Dividing Range and diverting that water south. The opposition wants to know how that will be done without impacting on many people north and west of the Divide. All the questions asked by the opposition late last year and this year have invited the

minister to do just that. We do not have the answers; hence the motion today.

I refer the house to a question Mr Philip Davis asked on 15 December last year when the minister confirmed her responsibility for the Snowy River and that 28 per cent was a figure about which she was proud. Today the minister said she was proud of the joint statement she and the Honourable John Della Bosca of New South Wales issued. It is an admirable charter but the minister did not tell the house that she received an enormous bagging in the press. The *Australian* of 17 December last year reports:

The claim by ministers Della Bosca and Broad, that 'substantial' progress was made at their meeting yesterday, was weasel words.

That worried opposition members. We asked another question because of the weasel words identified in the press to find out whether the minister was fair dinkum or whether she was going to fudge it. The opposition requested a guarantee that the minister would still find 28 per cent flow for the Snowy River. We were also checking because at the time the *Australian* also quoted a New South Wales minister as saying that it will not be 28 per cent, that it is not feasible or realistic and that it will not happen. The minister confirmed that it would happen.

Early that week Mr Hallam asked a similar question and received a similar answer. Many times today mention was made of a deadline of 31 March this year. The *Australian* identifies that as part of the statement from ministers Broad and Della Bosca. The *Australian* of 16 December reports:

The two governments said they would work towards an April 1 agreement on restoring some flow to the Snowy River.

**Hon. N. B. Lucas** — April Fool's Day.

**Hon. E. G. STONEY** — That day is significant because it is my birthday and, more importantly, five days before 5 April, which is today. Where is that deadline and where is the agreement? The minister said that in January and February she was busy consulting with people and considering the Snowy River, but not much has happened. In March the minister flagged that finance may be a problem so the opposition asked whether the federal government may have to help with finance. In short, the minister said, 'We don't need federal funding'.

The minister's answer begs another question, and there is eventually a finale. A review of the matter indicates that the minister advised the house that achieving a

28 per cent environmental flow in the Snowy will cost many dollars and she said the Victorian government does not need money from the federal government to find the water savings. The opposition then asked why the minister cannot begin the work as soon as possible to obtain the savings so that she can fulfil her promise.

Then the rabbit was brought out of the hat. The minister issued a media release, as Mr Davis said. She announced that \$400 000 plus \$1.3 million, a total of \$1.7 million, would be spent on river works on the lower Snowy River. She said that was an indication of the government's intention to honour its election commitment to restore environmental flows in the Snowy River. Although the opposition does not disagree that the money may be well spent, the implication is that spending \$1.7 million will create more water. It is almost a smoke-and-mirrors trick. How can spending \$1.7 million south of the Great Divide result in more water flowing from north to south of the Divide?

It was becoming apparent that the government was starting at the wrong end — that is, down by the sea rather than at the other end of the river. It became clear that the whole exercise is based on a false premise and political expediency. Certainly some locals at Orbost think that, and we must listen to the locals. Last week's *Weekly Times* includes a letter from Mr Paul Marshall, whom I do not know. He was extremely direct about what is happening when he wrote:

To say the Snowy is running at 1 per cent of its original flow is ... deliberately misleading ... there are 8 to 10 rivers or major streams running into the Snowy, with no alteration to their natural flow.

Mr Davis listed the rivers referred to. Mr Marshall also said there is both anecdotal and recorded evidence that salt and sanding were occurring long before the Snowy River scheme started. We need to dwell on that because we must ask ourselves whether we are rushing it and whether this is a trigger-happy approach. Mr Marshall went on to explain that much of the Snowy catchment is centred around the Monaro area, which has had 10 years of drought. He made the following important point that the house should consider:

When the seasons turn, which they will, the Snowy will once again come to life.

I do not know if Mr Marshall is right. I strongly believe the government has made a rash promise, not based on any scientific evidence or practical knowledge or plan for carrying out the promise. The government made a political promise to curry favour with the then Independent candidate for Gippsland East. The Victorian public is being conned, as is most certainly

the Independent member for Gippsland East in another place.

I started to consider the effect of the government's promise on the north-east, especially on the provinces represented by Mr Baxter, Mrs Powell, Mr Craige, myself and others. The implications for the regions we are charged to protect, as other members of Parliament protect the areas they represent, could be quite grave. I note that the *Goulburn–Murray Water Staff Newsletter* records that the minister visited the Goulburn–Murray region on 2 February on a fact-finding mission concerning water for the Snowy.

I was interested to discover how an increase to a 28 per cent water flow in the Snowy River would affect other rivers in my electorate and further along the Murray River. I asked the minister to guarantee that if there is an increase to 28 per cent water flow in the Snowy the extra water to make up the shortfall will not be taken from the Goulburn–Broken system. The minister fudged the answer. It was of some concern to me that she answered that her particular task was to find environmental flows for the Snowy. She has shown that she has no regard for the bigger picture in Victoria. It is of concern that the minister has tunnel vision because she is charged with fulfilling a political promise to appease a particular member of the Parliament. It is not good enough.

The exercise may pose a grave threat to the rivers north of the Divide — including the Goulburn, Ovens and Broken river systems. It is possible that a reduction in the Murray River could result in more demand on those river systems. It is possible also that a political direction will be given to find more water from those systems. That is of grave concern to me and other honourable members who represent those areas.

I assure the house that rivers north of the Divide are feeling the pinch. Lake Eildon is at a record low level. The family home on the land that my great-grandfather selected in 1864 is just appearing out of the lake — the first time it has appeared above the level of the water since 1956, when the lake was first created. The family is making a pilgrimage there next week because it may not happen again. However, it may resurface often if some of the indications of demands on the Goulburn River system come to fruition.

It is most pertinent to the debate that consideration be given to what happens to the water if savings to bring the Snowy River flow to 28 per cent can be made. In my opinion if that much saving is achieved, the water should be shared among all Victorians not just among the people and areas that benefit from the Snowy River.

In conclusion, I assure the house that all Victorians are very interested in today's debate, especially those who live north of the Divide. With apologies to Banjo, I quote from Graeme Stoney:

The flow from Snowy River is a household word today.

**Opposition Members** — Hear, hear!

**Hon. G. W. JENNINGS** (Melbourne) — It is tempting to bring a poetry book to today's debate, given the penchant of contributors to spontaneously quote poetry. One of the underlying currents — if I may mix metaphors for a little longer — is the obvious passion a number of members bring to the discussion. It was clear from the contributions of Mr Philip Davis, Mr Hall and Mr Stoney that they have an ongoing connection with the issue and have carried it for a long time.

Mr Davis was passionate when outlining his connection with the issue. It was clear from the tenor and content of his remarks that the issue is significant to his constituents and to the environment of his electorate. Mr Davis, in his knowledge of the matter, demonstrated his carriage of the issue for a significant period during the term of the previous government. Members on the government benches during his contribution this morning would have applauded the content of his argument, his commitment and his sense of purpose.

Mr Davis indicated his support of a submission being made to the Webster inquiry into environmental flows along the Snowy River. He attributed to his colleague Mr Hall the signing off on that submission. Comments were made at the time about what a well-written and well-considered submission it was.

At the same time Mr Davis identified the fact that the conclusion of the submission was a recommendation to advocate the restoration of 28 per cent flows within a five-year period. In later debate Mr Stoney argued that the government had no valid foundation for its argument and assessment of the relevant weight of the issues involved. Clearly some of his colleagues on the opposition benches do not share that view. They were prepared to be proponents of an alternative point of view and put that appropriately to the review process commissioned by the previous government.

During debate this morning Mr Davis outlined clearly the outcomes and recommendations of the Webster inquiry.

**Hon. N. B. Lucas** — When are we going to hear about what you think?

**Hon. G. W. JENNINGS** — I am happy you have entered into the debate to identify the strength of the arguments put by the opposition in debate.

**Hon. G. R. Craige** — Where is the strength of your arguments?

**Hon. G. W. JENNINGS** — Opposition members employ interesting tactics during the course of debate. They have invited the government to make a contribution and to outline the government's response to the issues involved, identifying the strengths and weaknesses of the arguments put to the house. Earlier in debate when the minister tried to get to the heart of the matter, as I am trying to do now, opposition members intervened at length. The opposition tried to interrupt the reporting of the minister to the chamber.

**Hon. Philip Davis** — Let's go back to reciting my speech. I was enjoying that!

**Hon. G. W. JENNINGS** — I was listening to your contribution. The important thing for members of the house to consider is that, notwithstanding the 15 per cent outcome, many of the principles and objectives outlined by the Webster inquiry were similar to the principles outlined by the minister to the house this morning. Those principles were the result of the negotiations between the Victorian and New South Wales ministers in determining the relative priorities and parameters of an acceptable outcome.

There is a high correlation between the recommendations identified in the Webster report, as put on the record this morning by Mr Davis, and the principles identified by the minister in setting the parameters of the outcome for the current review. The point of differentiation is the recommended level of environmental flow for the Snowy River.

Competing interests must be balanced and long-term obligations met. The system has to satisfy the reasonable expectation that sufficient electricity will be generated to support irrigators and agricultural development throughout south-eastern Australia; but the river must be protected, too. There is a high correlation between the recommendations of the Webster inquiry and the intention of the Labor government as outlined by the minister and as pursued in negotiations and in achieving the outcomes sought.

There has been lengthy play during debate on the importance of the 31 March deadline, a highly contentious point this morning. The opposition suggests the government has hoisted itself with its own petard — the date of 31 March.

**Hon. K. M. Smith** — The minister set the date of 31 March and could not live up to her promises. The government will never live up to its promises!

**The DEPUTY PRESIDENT** — Order! That is enough.

**Hon. G. W. JENNINGS** — I was waiting for your timely intervention, Mr Deputy President, because I do not remember Mr Ken Smith being given the call.

As pointed out by Mr Stoney, the 31 March date was mentioned in press reports in the *Australian*. That date was arrived at following an initial work plan being determined by the New South Wales and Victorian ministers. That was an indicative work plan and schedule. The critical issue in the debate this morning has been the time line set.

A pivotal point is that that indicative work plan was established prior to the decision of the commonwealth minister in January to undertake an environmental impact statement process. That helps explain the indicative timetable not being met. There has been significant intervention by the commonwealth, which has recognised its responsibilities and obligations to ensure adequate assessment of the environmental impact of decisions made.

**Hon. R. M. Hallam** — Why didn't you think of that before you set the deadline?

**Hon. G. W. JENNINGS** — When indicative work plans are developed and detailed matters are worked through, subsequent decisions may be based on greater detail that relevant players had not anticipated in developing the first plans.

**Hon. N. B. Lucas** — Why didn't the minister say that? One of the backbenchers has to tell the house about this. At least you gave us an answer.

**Hon. G. W. JENNINGS** — With the instigation and encouragement of the Victorian government, a decision on the Snowy River has been subjected to a high level of scrutiny as to its effect. The appropriate intervention of the commonwealth and the assessment of the commonwealth's environment effects statement relate to the government's intention regarding corporatisation.

It is the intention of the government to proceed with the timetable regarding corporatisation. I put on record that the government's capacity to keep to that original timetable is somewhat dependent on the outcome and timing of the commonwealth's assessment of the environmental impact statement and the satisfactory

resolution of the issues debated in the house this morning.

The government intends to resolve these issues in a timely fashion. It is appropriate that it acknowledge its intention to maintain the original timetable of 1 July, but the commonwealth's role in relation to the environmental impact statement is critical to Victoria's ability to comply with those time lines.

A feature of the debate has been that honourable members have been inhibited in their arguments, whether or not they have had the call. The motion invites the government to respond, and it intends to report to Parliament on all relevant facets of this important issue. The issue is obviously complex. I have considerable sympathy for the role Mr Philip Davis played as a member of the previous administration. Mr Lucas indicated by interjection that he believed complex fundamental issues should be resolved speedily. He was overly optimistic about the timetable.

One of the reasons there is so much passion and angst among opposition members is the electoral outcome that lead to an Independent being elected to represent the electorate of East Gippsland in the other place. They have considerable difficulty coming to terms with that outcome. I do not doubt that opposition members in this place have strongly advocated improved outcomes for their constituents over a long period, and certainly during the period of the former Kennett government.

The conflicts that have arisen in this place on a number of occasions during the past two sessional periods have related to commitments by the incoming government that are difficult to fulfil and that require considerable work and negotiation. Those conflicts have been predicated on the complexity of the issues and the degree of frustration members of the former government have felt in their attempts to achieve a resolution satisfactory to their constituents. They are now expressing scepticism about the speed at which this issue is being resolved. I am sure it is a position in which you, Mr Acting President, have played a prominent role over a period. The level of frustration felt by opposition members is understandable, but it flies in the face of their understanding of the complexity of the issue.

The worst accusation levelled at the government is that it is not able to meet previously announced time lines. The government will be able to address the substantive issues in the manner outlined by the minister. She referred to her work program and said that there may have been some slippage on the time lines. That is understandable given that negotiations are being

conducted with the commonwealth government. The minister has said that some capital works may require funding and will come within the budget cycle. She said she anticipated an announcement would be made in the budget to support the resolution of the issue and achieve the outcomes the government is pursuing.

The government is on the record as reasserting its commitment to the corporatisation process. It has said its intention to do so hinges on the outcome of the commonwealth environmental impact statement and its capacity to satisfactorily resolve the issues raised by members on both sides the house regarding the parameters the previous government was concerned about and other issues raised prior to corporatisation. The government has said it will attempt to meet the parameters in achieving the outcome.

The minister has addressed the concerns of the house about the provision of significant information that she and her department has, as well as information about the negotiations with the commonwealth government and the governments of New South Wales and South Australia. The opposition has asked the minister to address that issue previously. She has said she recognises Victoria's obligation to the people of South Australia. The government will ensure that whatever package is arrived at in the final settlement the citizens of South Australia will not be disadvantaged regarding South Australian water quality issues. That is an important understanding the opposition sought earlier and the minister has clearly put on the record today that she accepts those principles and will do her best to act in accordance with them.

I support the government and the minister in their work and their intention to satisfy the commitments they have made to the people of Victoria and East Gippsland. The government and the minister will attempt to resolve all the issues that the opposition has raised during the course of this debate as being near and dear to their hearts — that is, protecting the interests of the hydro-electric scheme, irrigators and the environment of Victoria as it applies to the Snowy River catchment. I support involvement of the minister and the government in the process.

**Hon. W. R. BAXTER** (North Eastern) — Despite a good beginning and the acknowledgment by the Minister for Energy and Resources that it was a good beginning, the debate has turned out to be disappointing. The house heard an excellent contribution by Mr Philip Davis as he set the scene. I thought the minister would accept his contribution in the spirit in which it was made, that the debate would be bipartisan and that the minister would take up the

invitation to inform the house and the people of Victoria where she was in the negotiations, especially with the New South Wales government. Regrettably that turned out not to be the case.

Ms Romanes set off on an excursion and quoted various documents until she was ruled out of order. She even read some material prepared by the Department of Natural Resources and Environment that went to issues that had little to do with the substance of the debate. Mr Jennings attempted to draw a red herring across the trail and address the house on a matter the minister did not raise — that is, the commonwealth environmental impact statement.

I may be a cynic or I may be misinterpreting what I saw, but after Mr Jennings was handed the note, and after having some difficulty in deciphering the handwriting and reading the message, he stopped talking about the environmental impact statement. I can only conclude that the message said, 'Do not go down that track, it is dangerous ground'.

I was hoping the minister would give the house some indication of the progress she is making with the New South Wales Labor government, because I do not believe that government and, in particular, the New South Wales Premier are serious about the issue. Given the long history of the Snowy River scheme, including the contributions made and the benefits received by both states under the originating statute, for the Premier of New South Wales to write to the Premier of Victoria suggesting that the savings involved in returning a 28 per cent flow to the Snowy River should be shared equally flies in the face of the long-established principle that New South Wales contributes 75 per cent because it receives 75 per cent of the value and the benefits.

If Mr Carr thought Victoria would accept that, he clearly has no faith in Mr Bracks. However, I do not believe he thought Mr Bracks would fall for that ploy. I can conclude only that Mr Carr is not serious about the debate and that he was not committed either to the 31 December deadline, which the Victorian government imposed and which all honourable members knew would be impossible to meet, or to the 31 March deadline that the minister subsequently imposed.

I would have liked to hear the minister say how her negotiations are going with Mr Della Bosca. I am sure that if the New South Wales government had been a coalition government instead of a Labor government it would have been blackguarded today by the minister, given the response the New South Wales government gave her. However, as honourable members know,

Labor Party politics means that Labor governments have to stick together, so one cannot possibly criticise the other.

The issue is far too important to allow party loyalties to stand in the way of negotiating a decent outcome for the Snowy River or to prevent members of Parliament and the people of Victoria from being properly informed.

I repeat my firm belief that on the evidence the New South Wales government is not serious about its commitment. The minister has a duty to the house to outline how her negotiations are going with Mr Della Bosca — and she ought to have done so. As Mr Stoney said, the press has already described the outcome of her last meeting with Della Bosca as 'weasel words', and the minister has an obligation to deny that interpretation if it is not true. Unless they are told otherwise, opposition members can conclude only that the negotiations with New South Wales are going nowhere.

While I am on the subject, I should also say that New South Wales is not keeping up its end of the agreement by adhering to the Murray–Darling diversion cap. The implementation of the cap was a remarkable achievement. By addressing the situation before the state ran out of water, by acknowledging that the diversions from the rivers in the Murray–Darling Basin had reached their upper limit and by establishing a process to share those resources while providing sufficient supplies for the environment, the Victorian community demonstrated a remarkable maturity.

Victoria has faithfully adhered to the agreement. The irrigators, the water authorities and the public land managers are to be commended on the way they have adhered to the caps.

**Hon. B. W. Bishop** — Great leadership!

**Hon. W. R. BAXTER** — There has been good leadership in Victoria. What has New South Wales done? By and large, it has thumbed its nose at the cap, last year exceeding it for the second year in a row. Given the minister's responsibility to properly manage the state's water resources, she should have made statements in the public marketplace in an endeavour to bring New South Wales into line.

I am anxious to have the matter resolved or at least to obtain some decent information, given the extraordinary amount of emotion and stress not only in East Gippsland but also in the wider community. I fully endorse the efforts of Mr Philip Davis and Mr Hall in standing up for their constituents. Mr Bishop, Mrs Powell and I, among others, are standing up for the

people in our electorates along the Murray. However, we are not allowing either side to get at the other's throat. The preparedness of the Victorian community to work its way through the problem to achieve a consensus one way or another is another example of its maturity.

The problem cannot be allowed to drag on for too long. Articles keep appearing in newspapers, often written by commentators and well-meaning but ill-informed people who live in cities and who hold the mistaken belief that the Snowy River is already down to a 1 per cent flow, suggesting that a mere trickle runs all the way down through Victoria to Marlo. As has been said, 57 per cent of the Snowy River discharges into the sea at Marlo. However, only 20 per cent of the Murray River currently reaches the sea, so the government has to be mightily careful that it does not overreact to the emotional arguments being put by fixing a perceived — and probably real — problem in the Snowy River and creating another in the Murray River. I am disappointed that the debate has not given the house any confidence that the issue is being properly worked through.

I turn to the stress being felt by irrigators. It is unfortunate that the debate is being conducted in the second-driest three-year period in Victoria's history. Despite the fact that it is raining across most of the state today, Victoria is in the driest sequence of years since 1912–15. The irrigators from Eildon, who are represented by Mr Stoney, Mrs Powell and me, had their water supplies cut back last year, and this year they received much less water than they are accustomed to. Even if we have a wet winter and spring this year, their allocations for next year will be much less than they are accustomed to. They are under enormous financial and managerial stress, and this hiatus in resolving what is happening to the Snowy is aggravating that stress. All sorts of rumours get around — for example, that their entitlements and diversion rights will be cut back even further to find water for the Snowy.

I know the minister has said, and I commend her for saying it — I like putting this on the record time and again — that it is not the government's intention to cut back on irrigators' water entitlements but to find the required volume of water via savings, improved reticulation and better management. It is difficult to convince farmers of that when they are under stress because of water shortages due to the climatic cycle. That is why we need to quickly reach a solution. Like Mr Hall, I put in a submission to the Webster report, as did the honourable member for Swan Hill in the other place and possibly several other members. Like them I also went along to the public hearings. What

disappointed me about the hearings I attended was the lack of participation by the community. It is disappointing that despite all the emotion expressed in the newspaper reports and despite all the soapbox pontificating by various commentators, when people are given the opportunity to attend public hearings only a man and his dog turn up.

I was impressed by Commissioner Webster, and I believe the recommendation he came out with — the so-called 15 per cent option, or option D — is a reasonable solution. For the life of me I cannot see why the government does not take up Mr Hall's suggestion and say, 'Let's adopt option D, the 15 per cent option, because, if not easily, we can at least find our share of it'. Let's put the pressure on New South Wales to find its share by adopting the Webster report recommendations. Why not show some good faith by getting that under way, and work from there to see whether, scientifically, economically and environmentally, the flow can be increased to 28 per cent. To my disappointment I do not believe the government is showing that good faith. I am aware of the time, so I will conclude on that note.

**Motion agreed to.**

**Sitting suspended 1.00 p.m. until 2.03 p.m.**

## BUSINESS OF THE HOUSE

### Filming of proceedings

**The PRESIDENT** — Order! I have given permission to the Channel 7 *Sportsworld* program crew to film today's proceedings as part of its sport documentary program featuring the Minister for Sport and Recreation.

## QUESTIONS WITHOUT NOTICE

### Youth: government pledge

**Hon. P. R. HALL** (Gippsland) — Given that it is National Youth Week I refer the Minister for Sport and Recreation, the star of the day, who is also the Minister for Youth Affairs, to the Labor government's Youth Pledge and in particular to the part of the pledge entitled 'School-to-work plans', which promises the establishment of five pilot programs in areas of high youth unemployment and low school retention rates so that the effectiveness of school exit plans can be monitored. I ask the minister to inform the house of the location of the five pilot programs.

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — One of the issues I will deal with in a ministerial statement today is the relationship between the various portfolios involved in different elements of youth affairs. There are approximately 75 different programs across various portfolios, of which that is one. I do not have the information in front of me, but I will pass it on to Mr Hall when it is available.

**GST: small business**

**Hon. R. F. SMITH** (Chelsea) — Will the Minister for Small Business inform the house whether she is aware of any difficulties being experienced by small business in complying with the goods and services tax?

**Hon. M. R. THOMSON** (Minister for Small Business) — Small Business Victoria has received many calls about goods and services tax (GST) compliance, and when assistance can be provided it is being given. Many issues have been directly referred to the Australian Taxation Office for assistance. On many occasions I have spoken about the compliance difficulties for small business. Just this week the Pharmacy Guild of Australia reported to my office that the cost of the equipment necessary to become GST compliant is approximately \$30 000. The government will examine what other assistance needs to be provided during the compliance period.

Another issue is the need for businesses to register for an Australian business number (ABN). Less than half the businesses that were expected to register have done so to date, and that poses the question of whether businesses will be registered by 31 May. The difficulty is that if they are not registered by that date they may face a penalty tax of 48 cents in the \$1.

Small businesses are reluctant to register for many reasons, and many are having difficulties registering for the ABN. There is a shortage of accountants who can provide advice and assistance, thus limiting the capacity of small business to register electronically, which is the preferred means of registration for an ABN. The shortage is likely to worsen in the short term. There needs to be awareness at the federal level that businesses will not be able to meet the 31 May deadline, and there must be provision for fair treatment and leniency to ensure they do not have to pay the penalty rate.

**Youth: government pledge**

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Given that this is National Youth Week, I refer the Minister for Youth Affairs to the government's

commitment in its Youth Pledge to spend \$5.25 million on the establishment of a youth employment hotline. I ask the minister whether the youth employment line has been established, and if not why not.

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — The line is currently being established. The government expects it to be up and running shortly.

**Public sector: redundancy packages**

**Hon. T. C. THEOPHANOUS** (Jika Jika) — Will the Minister for Industrial Relations inform the house how recent changes to the government's redundancy policy will affect employees in the Victorian public sector?

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I am pleased to inform the house that the government has removed the unfair aspects of the previous government's redundancy and voluntary departure package policies so that they now operate on a non-discriminatory basis. The previous separation packages and processes have been in place since 1993.

Although the packages for employees over 55 years of age were not in breach of any laws, the government considers it only fair and equitable that voluntary departure packages be available to all people of all ages. The present standard package consists of four weeks pay, a lump sum payment of up to \$10 000 for full-time employees and two weeks pay for each year of service up to a maximum of 15 years.

The approach is fairer and more equitable than that which previously existed where employees over the age of 55 received about half that package. I am sure you, Mr President, would support such a change. The new rules should be viewed as a policy change to correct anomalies that existed in the previous system and do not represent an intent by the government to implement broad restructuring as occurred under the previous government.

**Youth: government pledge**

**Hon. P. R. HALL** (Gippsland) — My further question is to the Minister for Youth Affairs. Given it is National Youth Week I refer the minister to the government's Youth Pledge in which it pledged to:

Greatly expand the range of vocational programs available to VCE students.

Will the minister name those expanded vocational programs?

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — A number of programs are being developed at this stage. My ministerial statement will inform the house of those programs. I would not like to pre-empt the information I will divulge in that statement.

**Energy ratings web site**

**Hon. D. G. HADDEN** (Ballarat) — Will the Minister for Energy and Resources inform the house of the recent launch of the energy ratings web site for domestic appliances?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I am pleased to advise the house that as part of the national greenhouse strategy the commonwealth and states, including Victoria, have agreed to a revised energy efficiency labelling scheme for household energy appliances. The scheme commenced at the beginning of April. As part of making information available to consumers, a new energy web site has been launched. The web site provides a range of information on the energy labelling scheme for manufacturers, households and retailers. Information that is available includes appliances that carry the label, a consumer guide for buying energy efficient appliances, running costs consumers can expect, what energy saving information consumers can expect to get on particular appliances, and links to other sites including greenhouse initiatives and Energy Efficiency Victoria, which they might be interested in.

The new web site provides consumers with the opportunity to make better informed decisions when purchasing their appliances, which will save them money and at the same time help reduce greenhouse gas emissions. The web site is now up and running. For those interested the address is:  
[www.energyrating.gov.au](http://www.energyrating.gov.au).

It is a state and commonwealth scheme. Anyone interested in household appliances will now be able to look up the energy rating on the web site. For the benefit of honourable members not familiar with the rating scheme I advise that appliances are awarded a rating of between one and six stars, which is the same system that currently exists in the retail industry. Household electricity usage is a major contributor to greenhouse gas emissions. The web site provides consumers with the opportunity to help reduce greenhouse gas emissions by choosing more efficient appliances so both the consumer and the environment can benefit through lower energy bills and reduced greenhouse gas emissions.

**Waverley Park**

**Hon. A. P. OLEXANDER** (Silvan) — Will the Minister for Sport and Recreation now acknowledge that he has failed in his promise to keep AFL football at Waverley?

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — As honourable members will no doubt be aware — and as I have explained on a number of occasions to the house — the issue of Waverley Park is a complex one. Unfortunately for the opposition, it was so complex that when it was in government it just paid it lip-service. As I have mentioned on a number of occasions, I have consulted with the Australian Football League (AFL) to reach a creative solution that is for the greater community good, which the opposition, when in government, was unable to deliver. It was not even prepared to consider creative options. Once again, it just shows the former government was not prepared to commit itself to try to save Waverley Park, which the government will continue to do.

**Hon. A. P. Olexander** — On a point of order, Mr President, the minister was clearly asked whether he would acknowledge that he has failed in his promise to keep AFL football at Waverley. He has not addressed the question at all.

**The PRESIDENT** — Order! There is no point of order. The answer was clearly responsive to the question, although it did not give the honourable member the answer he wanted.

**Sport: funding**

**Hon. KAYE DARVENIZA** (Melbourne West) — Will the Minister for Sport and Recreation inform the house what action his department has initiated to boost sporting participation rates in those sports with a participation rate below the national average?

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — I made an announcement last week about funding for the next four years to state sporting associations. The government has committed funding of \$1.75 million over the next four years to state sporting associations. That money will be provided directly to state sporting associations including 19 peak groups, one of which is lawn bowls. The money that will be available is \$250 000 this financial year, followed by \$500 000 for each of the following three years. That is a 50 per cent increase over previous funding. The additional funds will enable \$250 000 to be allocated to the future directions programs of state sporting associations to develop projects that increase

participation, particularly in under-represented groups, an increase of 25 per cent in funding levels for sport development officers, and a new funding scheme to enable state sporting associations to develop user-friendly clubs.

### **Minister for Energy and Resources: statement in debate**

**Hon. R. M. HALLAM** (Western) — Yesterday, in the response from the Minister for Energy and Resources on the third reading of the National Taxation Reform (Consequential Provisions) Bill, the minister rebuked opposition speakers for their failure to understand the difference between the concepts of a tax on a tax and circular taxation. I ask the minister to explain the technical distinction she was trying to make.

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I am a little surprised that this approach has been made after the opposition supported the legislation. If it needed clarification on what it was voting for it might have asked for it earlier. However, since the question has been asked, I can say that in my concluding remarks on the bill I referred to a tax on a tax. The most obvious example of which all honourable members would be aware is wholesale sales tax, which contributes to situations where a tax on a tax can apply, so goods and services tax (GST) being applied on top of other taxes is hardly something new.

As I said in my remarks during the debate, the bill has removed all instances of circular taxation. It referred to a number of cases where, if action were not taken, the goods and services tax would be levied on top of charges that were also subject to the GST. That would lead to an unworkable situation where it would not be possible to resolve what the final fees or charges would be.

That is the reason. The four instances in total form a small subset of tax on tax, which has been entirely removed by the legislation.

### **National Youth Week**

**Hon. E. C. CARBINES** (Geelong) — Will the Minister for Youth Affairs inform the house what involvement Victoria will have in the inaugural National Youth Week?

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — National Youth Week runs from 2 to 8 April — that is, this week. Its theme is Count Me In. The key objective of the week is to provide the opportunity for young people to express their views and concerns about issues affecting them — whether they

be significant social issues or their entertainment preferences. The week is an opportunity to provide to the wider community examples of positive contributions to society by young people. It also provides a key focus on issues that concern young people.

Victoria's contribution to the National Youth Week 2000 program encompasses over 100 events across the state, including Youth Expo 2000, a Victorian multicultural state youth conference and a significant number of Freeza program events.

## **MINISTERIAL STATEMENT**

### **Youth at the centre**

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — I desire to make a ministerial statement. As Minister for Youth Affairs, it is with great pleasure that I present the ministerial statement entitled 'Youth at the centre — governing with young Victorians'.

I begin by saying it has now been seven years since the last ministerial statement on youth affairs in Victoria. A new century and a first term of office provides an opportune time for a new government to signal its intent and early priorities for youth affairs.

During the recent state election campaign we said that our approach to young people would be different. We said that we would work with young Victorians to give them a real voice in government. We now have a mandate to achieve this.

The government recognises that youth policy should be given a significantly higher priority than in past years, and the current administrative arrangements for the development and coordination of youth policies and programs must be changed to reflect this priority.

While the former government made steps forward on some matters, many parts of government were working in isolation on youth-related issues and not working within a consistent and understood set of policy principles.

Given this context, I believe we need to make a cultural shift whereby we place youth at the centre of government rather than at the margins. It is important for government to take the learning from Victoria's rich history in youth affairs and adopt a new approach which brings the voices of young people into government. We need to recognise the positive contributions of young people and the ability of their local communities to develop creative partnerships.

It is often said that young people are our future and that we as government, as adults, are custodians of that future. That is true. But young people are also here and now, with ideas, ideals, talents and ambitions to be recognised, listened to and rewarded and with needs to be met and rights and responsibilities to be acknowledged and fulfilled.

The government has made a commitment to ensure that government policies and service delivery reflect and meet the needs and views of all young Victorians. In working with young people to meet this commitment we will be guided by four principles:

**Consultation** — Young people need to be consulted about decisions which affect them.

**Choice** — Young people need choices which reflect their diversity and they need to know about these choices.

**Support** — Young people need government services to be well planned, integrated, and relevant.

**Recognition** — Young people need to be recognised for their individuality, their achievements, and the contributions they make to society.

In undertaking this work with young people, it will be important to balance the needs and views of those young people who require support and intervention with those of the broader youth population. This means working towards appropriate and equitable service delivery, as well as promoting opportunities and positive images of young people and celebrating their achievements.

### **Young people in Victoria — a snapshot**

The government recognises that young people are not a homogenous group and that they come from a range of different family, racial, ethnic, religious, socioeconomic, cultural and geographic backgrounds. They have a range of skills, interests and needs.

Victoria's total population stands at approximately 4.35 million. Based on census night — 6 August 1996 — 891 624 young people aged 12 to 25 years were counted, constituting 20 per cent of all people in Victoria.

There were slightly more males than females in the 12 to 25 year age group — 451 872 compared with 439 752.

Most of Victoria's young people live in Melbourne. The 1996 census counted 651 943, 12 to

25-year-olds in the statistical division of Melbourne. The next largest numbers of young people were counted in the statistical divisions of Barwon — 46 287 — and Goulburn — 33 654.

In 1996, 82 per cent of 12 to 15-year-olds in Victoria were Australian born. Some 1 per cent of young Victorians reported that they were of indigenous origin.

**Hon. R. M. Hallam** — Do you want me to take a point of order? I want you to put in what is in the ministerial statement you have distributed.

**Hon. J. M. MADDEN** — I am happy to do so.

**Hon. R. M. Hallam** — Let's have the figures.

**Hon. J. M. MADDEN** — I will repeat that section.

In 1996, 82 per cent of 12 to 25-year-olds — 734 782 — in Victoria were Australian born. Some 1 per cent — 5735 — of young Victorians reported that they were of indigenous origin.

Just over 14 per cent — 127 533 — of 12 to 25-year-olds in Victoria were born overseas, compared with more than twice this proportion among older people — 32 per cent. The largest number — 12 per cent or 15 370 — of overseas-born young people in Victoria were from Vietnam.

Almost 38 per cent — 277 671 — of Australian-born young people in Victoria had at least one parent who had been born overseas, and 16 per cent had both parents born in a non-main English-speaking country.

Just over one in five — 179 783 — young Victorians spoke a language other than English at home. The predominant languages they reported speaking were Italian and Greek — almost 15 per cent for each — and Chinese languages — just under 14 per cent.

Over 45 per cent of 12 to 25-year-olds were living with their parents as dependent children. This was the highest proportion of all states and territories. Another 25 per cent of young males and 17 per cent of young females were living as non-dependent children with their parents.

*Australian Bureau of Statistics – National youth affairs research scheme Victoria's young people — 1998.*

It is my role in particular as Minister for Youth Affairs — but also the role of every minister — to ensure that government policies and service delivery

reflect and meet the diversity of needs and views that these young people represent.

### **Key approaches**

I have identified five strategic approaches to ensure that this occurs. These are:

- the establishment of the Office for Youth;
- the development of a comprehensive youth policy for Victoria which will be reflected in a rolling four year strategic plan;
- the building of partnerships across government and with youth-related sectors;
- the delivery of proactive programs for young people which meet their needs and develop and reinforce their talents, skills and abilities.

### **The beginning — establishment of the Office for Youth**

#### *Role of the Office for Youth*

I recently launched an Office for Youth Affairs. The re-establishment of such an office is an important first step in returning a whole-of-government focus to youth affairs — and young people to the centre of government policy making. The title of the office — the Office for Youth — reinforces this government's commitment to place youth at the centre. The role of the office includes:

- a policy advisory role to the Minister for Youth Affairs and to government;
- a leadership–advocacy role in coordinating service delivery and whole of government policy and advice;
- participation in relevant state and national committees;
- management and delivery of a small number of development programs

#### *Broad responsibilities*

The Office for Youth will assist me and the government more broadly to take a proactive approach to developing a youth policy in Victoria and fulfilling the commitments as outlined in the government's Youth Pledge. The establishment of the office means that the government will be able to:

give young people in Victoria a strong voice and input into government policy and program development;

enable the government to consult with young people, their schools, families and broader community to support the implementation of the initiatives outlined in the Youth Pledge and other election commitments;

provide government with a research base on youth needs and issues of importance to young people in both regional Victoria and metropolitan Melbourne;

represent Victorian young people's interests on relevant state and national committees and develop timely, well coordinated and high quality responses to state, commonwealth and international youth initiatives;

enable the government to track and respond to emerging issues affecting the wellbeing of Victoria's young people;

enable effective working partnerships between government and organisations representing and working for young people including regional youth committees and youth peak bodies;

enable coordinated advice to go to cabinet on the impact of government policy decisions and legislation on young people.

### **A comprehensive youth policy and strategic plan**

I have requested the Office for Youth to begin work on the development of a comprehensive youth policy for Victoria, working in consultation with young people and key stakeholders. This work will be reflected in a rolling four-year strategic plan for the office. The plan will identify gaps and overlaps in provision, and linkages between key issue areas. At a minimum it will:

establish broad goals and short and longer term objectives for the youth population of Victoria and for the programs and initiatives of the Office for Youth and other relevant government departments;

establish performance measures for each goal and objective and report against their achievement annually;

describe and measure how well young people are faring in Victoria in a range of areas as baseline information against which progress in the area of youth affairs across government can be measured and reported on annually;

map current state and commonwealth government services for the youth population of Victoria.

The outcomes of this work will be integrated into an annual *Voice for Youth* report to government to coincide with the development of government's budget priorities. The successful implementation of the strategic plan will rely on a significant commitment from all levels of government, youth-related sectors, young people and the community.

### **The Youth Pledge**

The youth policy will incorporate the government's Youth Pledge. The government came into office with a clear election commitment to young people, the core of which is outlined in the pledge which includes:

#### *A better VCE*

Many young Victorians have expressed concern that the VCE has a narrow academic focus. The government will make the VCE more relevant to all students and provide improved access to vocational education and training (VET) which is linked to TAFE qualifications and apprenticeships.

#### *A boost to training*

TAFE institutes are an integral part of Victoria's education system. They play a vital role in the educational, economic and social life of Victoria. A properly resourced TAFE system can improve people's skill levels, creating wealth and reducing unemployment.

#### *More apprenticeships and traineeships*

The government will fund 2000 public sector traineeships and 4700 private sector apprenticeships and traineeships, including 1750 in trades experiencing shortages.

#### *A youth employment line*

The government will establish a youth employment line to provide access to information and assistance in relations to careers, wages and conditions, contracts of employment, apprenticeships and traineeships, occupational health and safety and employment opportunities.

#### *School to work plans*

Individual school to work plans — exit plans — to support students at risk will be developed by specialist brokers in conjunction with students, parents and

schools to ensure a smooth transition from school to employment, training or higher education. There will be five pilot programs instigated in areas with high youth unemployment and low retention rates.

#### *A strategy to deal with drugs*

A comprehensive strategy will be developed that focuses on individual support for young people and includes the provision of drug education as a normal part of the school health curriculum, together with drug information sessions for parents. This strategy is part of the broader \$20 million a year policy 'Drugs a new approach'.

#### *Protecting the environment*

The government will implement comprehensive new strategies to protect the natural environment and promote a sustainable future for Victoria.

#### *Cheaper public transport for tertiary students*

In partnership with the private transport operators, the government aims to reduce the cost of the tertiary student concession card.

#### *A strong commitment to reconciliation*

The government regards reconciliation with indigenous people as a matter of urgency and priority.

The Youth Pledge reflects just some of the diverse youth-related issues which must be reflected in the government's youth policy and strategic plan.

### **Establishing new mechanisms for communication and consultation**

The government is concerned that there are too few young people involved in the decisions reached by government. We need to move beyond rhetoric and develop a new dialogue with young Victorians. I believe that in order to respond to the needs of young people we need first to understand and listen to them. We need to hear the stories and voices of young people.

We know government is important to young Victorians. It is important because young people use government services and because decisions made by governments determine the shape of the world in which they live.

The challenge for all of us is to develop realistic strategies for young people to be heard which flow on to more effective policy making, relevant and well-targeted programs, and ultimately better outcomes.

*Youth round table*

As a first step, I will be establishing a Victorian youth round table to advise both myself and the Office for Youth on a broad range of issues affecting young people. The purpose of the round table is to provide the opportunity for young people and organisations to exchange ideas on a range of issues which impact on young people. It is paramount that membership is made up of a diverse group of young people from a range of backgrounds and opinion — not just young people who are already recognised as youth leaders.

*Enhancing regional youth committees*

The Office for Youth is currently reviewing the role, functions and composition of regional youth committees, within the context of the government's policy objectives, and with a view to enhancing their effectiveness at the local level. Regional youth committees will be linked into a strong network of integrated support and advice together with the Youth Affairs Peak Body and Centre for Multicultural Youth Issues.

*Establishing a web site for youth*

A youth web site will be developed as a primary Internet access vehicle to government for young Victorians and those supporting them. It will provide accessible and relevant information to young people on a wide range of government policies, programs and services. It will link relevant sites and provide an on-line forum to elicit the views of young people on key policy proposals.

*Consulting with young people for the ministerial review of post-compulsory education, training and employment*

The Office for Youth is implementing a broad consultation process with young people for the review of post-compulsory education and training.

The Minister for Post Compulsory Education, Training and Employment has set up a review to examine:

the needs of young people entering, within and exiting from post-compulsory education and training in Victoria; and

the provision of educational programs and services for young people at the post-compulsory level.

**Building partnerships**

My portfolio of youth affairs — and indeed the government — cannot and must not try to work in

isolation in developing a comprehensive youth policy for young Victorians. We must work effectively across government, between the different levels of government and with youth-related sectors and the broader community.

*Departments working together*

All state government departments are responsible for some aspect of youth policy and service delivery. The challenge for government is to overcome the constraints associated with divisions of responsibility between government departments and to ensure that the policies and programs of the various functional departments are supportive and compatible.

Coordination implies shared responsibility across all relevant portfolios. The onus of responsibility for government policy, planning and service delivery for young people does not rest with one minister or one government department but with all ministers to account for the consideration they have given to young people.

In developing the government's youth policy it will be particularly important to take into consideration a range of items such as:

the ministerial review on post-compulsory education and training;

the ministerial review on public education;

the community care review;

issues emerging from the growth corridors such as the cities of Casey and Knox;

youth suicide in regional Victoria;

youth safety, and crime prevention;

promotion of responsible citizenship.

*Interdepartmental steering committee*

It is in this context that I have requested the Secretary of the Department of Education, Employment and Training to establish an interdepartmental steering committee for youth to support the work of the Office for Youth.

*Working with youth-related sectors*

Organisations and individuals who work with and for young people have a wealth of knowledge and expertise. Government cannot afford to work in isolation from this expertise or it runs the risk of

developing policies, programs and services that are irrelevant or ineffective on the ground.

*Working with other levels of government*

The Victorian government is but one of three government players providing support to young people. Many commonwealth policies and programs relate to young people and influence the options available both to them and to the Victorian Government's policy and program development, and service delivery. I will work through the Ministerial Council on Employment, Education and Training and Youth Affairs to further Victoria's agenda for cooperative approaches to the comprehensive planning and delivery of government services for young people.

*Re-engaging local government*

There needs to be a stronger commitment on behalf of state and commonwealth levels of government to listen to, and incorporate, local government in decision making.

Local government has long been recognised as having a responsibility for youth service provision and as being well placed to deliver services to young people. Until recent years, state and local government have been partners in funding, planning and delivering youth services to Victoria's young people.

I will encourage a strengthening of this planning relationship to allow local government members to inform the decisions of both government and regional youth committees. Regional youth committees also have the capacity to assist local government with strategic planning of youth services.

*Evaluating youth services delivery across Victoria*

The Office for Youth will examine the way government services are delivered across Victoria to identify opportunities for ensuring better coordination at local and regional levels.

Young people frequently need more than one service and cooperation between services is beneficial to clients and assists services in undertaking their work.

*Coordinate and monitor existing programs delivered by other departments*

State government departments have diverse responsibilities for development of program frameworks and service delivery. The role of the Office for Youth will be working collaboratively to ensure youth-focused programs and services are consistent

with and support a whole of government policy approach. The office will monitor the program frameworks and directions of all departments to improve coordination and linkages across the continuum of prevention, early intervention and statutory services.

*Establishing effective working relationships with the youth peaks*

The Office for Youth funds two youth-related peak bodies, the Youth Affairs Peak Body and the Centre for Multicultural Youth Issues. The Office for Youth will develop effective working relationships with both agencies, incorporating them into formal advisory processes to inform the work of the office and government on youth issues.

*Research reference network*

Victoria is fortunate to have a range of educational institutions and centres for excellence who produce high quality youth research and training. I will create a research reference network to create a stronger interface between government and academia.

*Working with the media to develop positive images of young people*

The media's portrayal of young people has continued to focus on negative issues and images of young people. Despite educational, industrial and economic advances of recent years, the community see young people as a problem. I wish to encourage the media to develop a more even-handed approach in covering youth issues — one which encourages positive stories and highlights achievements. I have asked the Office for Youth to work with organisations concerned with this issue to develop strategies to effect this change.

**Strategically focused proactive programs**

While programs for young people are delivered across government, the Office for Youth will manage a small number of programs. These programs showcase a diversity of approaches to skills development for young people. At the same time they reflect the positive contributions young people make in leadership, economic and social development and democratic processes.

*The Freeza program*

The role of the Freeza — drug and alcohol free entertainment — program is to provide young people with drug and alcohol-free events within a harm-minimisation framework. Freeza events are also

an important vehicle for providers to deliver adolescent health promotion. Freeza will be funded for the 2000–01 financial year to expand youth sector development, local government linkages and the capacity of local communities to address the needs of young Victorians.

An independent evaluation of the Freeza program will be undertaken through a tender process and commencing in July 2000. This evaluation will constitute a major piece of research into youth needs and issues of importance to young people in both regional Victoria and metropolitan Melbourne. The evaluation will assist future funding considerations and program design, and is anticipated to advance the government's priority youth agendas in relation to issues of youth employment and training pathways, services in rural and regional Victoria, and develop effective solutions to the problems associated with drug and alcohol use.

#### *The Victorian Youth Development program*

The Victorian Youth Development program — VYDP — is a community service based project, introduced to secondary colleges by the Victorian government in 1997. It takes students out of the classroom and offers them a range of opportunities that promote youth leadership and community service. It is voluntary for both schools and students. Under the project, schools enter a partnership with one of several leading community service organisations.

#### *Youth Enterprise South West*

Youth Enterprise South West is a five-part strategy which focuses on youth as a catalyst for employment regeneration and social and economic renewal in regional and rural Victoria. The strategy was developed following an extensive consultation conducted by national experts in youth affairs and regional development. The south-west region of Victoria was selected as a case study to develop a pilot strategy that may have application to assist rural and regional communities throughout Victoria.

#### *The Student Leadership program*

The Student Leadership program involves a student council of 18 young people — 2 per DEET region — a state conference of SRC representatives, student leadership excellence awards and an embedded network across schools of SRCs.

#### *Student Parliament*

Student Parliament operates through the parliamentary education office in conjunction with the office. It organises at a minimum two student parliaments — one for primary and one for secondary school students.

#### *Centenary of Federation Victoria*

The Office for Youth and the Freeza program will have a key role in relation to opportunities for youth events and participation in Centenary of Federation Victoria in 2001. Administrative arrangements and specific initiatives are currently in development, with major announcements regarding youth-relevant, whole-of-government responses expected prior to the 2000–01 financial year.

#### **Concluding remarks**

In conclusion, I encourage all levels of government and the community to support a continuing policy focus on the needs of young people.

Over the next 12 months consultation will be a priority for me and the Office for Youth to establish communication mechanisms, to build partnerships and to ensure a policy and strategic plan that is representative of the needs of young people and the community.

In my short time as the Minister for Youth Affairs I have met many young people and their energy, optimism, talent and self-reliance constantly impress me.

I believe that government can make a positive difference to the lives of young Victorians. Our success as a community can be measured by the ability of all of our young people to fulfil their aspirations — and it depends on it.

**Hon. P. R. HALL** (Gippsland) — I move:

That the Council take note of the ministerial statement.

The first comment I make in response to the ministerial statement is that the opposition welcomes it; at last the government is saying something about the youth of Victoria, although it has taken six months, which is a long time. The house has heard only one other comment on the subject from the Minister for Youth Affairs, and that concerned the recent establishment of the Office for Youth, as mentioned by the minister in his statement. At last honourable members have a statement on youth from the government!

I make one overall comment on the statement just read. It is a stark confession by the government that at this point it has absolutely no youth policy. I lost count of the number of times the minister spoke of the need to develop a policy, which means to me and, I am sure, to all other people who read the statement, that the government went to the last election without a youth policy. It went to the last election with merely a token collection of ideas under the heading of a youth pledge. I will comment further on that later in my speech.

There was no developed policy. I refer in particular to page 5 of the ministerial statement, under the heading 'A comprehensive youth policy and strategic plan'. The ministerial statement states:

I have requested the Office for Youth to begin work on the development of a comprehensive youth policy for Victoria.

No wonder honourable members received no answers to the questions asked today in Parliament. There are no policies, set actions or demonstrated commitments to achieving the outcomes promised at the last election. My overall comment is that it is fine that we have in front of us a blueprint for the way the government proposes to develop policy. However, the statement is long on rhetoric and full of motherhood statements. Little is said on proposed action plans and not a thing on outcomes.

The other overall comment I would like to make is that it is disappointing that the minister has not seen fit to promote his personal thoughts on youth in Victoria. The minister has read a prepared statement that shows little evidence of personal input from the minister in its preparation.

In responding to the ministerial statement, I want to comment on a couple of issues raised in the document. Because the general thrust of the statement was towards developing a youth policy, I will put to the minister a range of suggestions that he may well see fit to incorporate into the development of that policy. At the time of the last election, the coalition parties had a well-developed, comprehensive youth policy and had made some remarkable achievements in the youth area. I will be bringing those to the attention of the minister in my response today. I put forward those coalition ideas with the aim of trying to assist the government in putting in place a decent youth policy.

The ministerial statement is a stark confession that Labor has no policy at the moment but intends to develop one from here on in. The coalition is prepared to help the minister develop a youth policy. In that sense I hope he will take my comments on board in the good faith in which they were intended.

Let us consider some of the issues raised in the statement. It mentions that the government will develop a policy that will incorporate the government's youth pledge — that loose, token collection of ideas put forward at the last election. The minister listed in his statement the aims of that pledge. I will go through them one by one.

The first aim was for a better Victorian certificate of education. In the government's youth pledge it is stated that Labor will make the VCE relevant to all students and provide access to vocational education and training. The opposition welcomes that endorsement of the vocational education and training, or VET, program in schools. It was an excellent initiative of the former government, and opposition members are pleased to see that endorsement by the current government.

The ministerial statement pledges a new range of vocational programs that students can complete as an alternative to the Victorian certificate of education (VCE). During question time I asked the Minister for Sport and Recreation what new vocational programs were in place. I was told to wait until the ministerial statement was made and then I would learn of the new VET programs. I did not hear any of them outlined in the ministerial statement. I again ask the minister to extend me the courtesy, perhaps in writing, of outlining what new VET programs the government has put in place.

The Youth Pledge outlined during the election campaign refers to providing better resources for VCE programs. I again ask the minister what are the better resources. The second pledge under the heading, 'A boost to training' states:

Over the next four years Labor will provide an additional \$49.7 million to boost the quality of training available to young Victorians.

That sounds fine until you contrast that statement with the commitment given by the former Kennett government. In the last year of the coalition government it had already put in place an extra \$94 million over four years to provide training opportunities for 50 000 young Victorians. The former government committed more than twice the amount allocated by the Bracks Labor government to boost training opportunities for young people. In respect of boosting training opportunities and expanding the work of TAFE I take on board a comment made by one of my colleagues who asked by interjection, 'What are you doing to TAFE councils with the removal of members of Parliament from those boards?'. The house will debate that issue extensively in the coming weeks, but that is a retrograde step because it does not allow

TAFE councils to take into account a broad range of experiences and views from the full community.

The statement refers to a youth employment line. The government promised \$5.25 million during the last election campaign for the youth employment line. My colleague Mr Rich-Phillips asked about that issue during question time today but drew a blank, a zero answer. The government has now been in office for six months, so it should have taken more than the first initial steps to establish a youth employment line. It is a token statement with no outcomes.

Today I asked the minister to identify one of the pilot programs established for the school-to-work plans. There was no response. The minister should admit that there are no pilot programs and one wonders whether any will ever be established.

The next pledge relates to a strategy to deal with drugs. The Labor Party policy was lengthy, but it did not mention how the strategy would be achieved or funded. Later I will set out the opposition parties policies that will address the issue. The opposition's program, Communities that Care, is a sound policy to address the issue. I will present that policy to the minister today in the hope that he will take on board some of the coalition policies.

The Youth Pledge refers to protecting the environment and states:

Labor will end Kennett government neglect and implement comprehensive new strategies to protect our natural environment and promote a sustainable future for Victoria.

How will it do that? It is a motherhood statement with no action plan. Under the heading 'Cheaper public transport for tertiary students' the policy states:

Labor will commit \$2.2 million a year to develop a partnership with the private transport operators with the intention of bringing the cost of the tertiary student concession card in line with the secondary school student concession card.

It is now April, almost midway through the school year, and the government has not taken any action. The Youth Pledge refers to reconciliation and states in part:

For a Labor government, reconciliation with our indigenous people will be a matter of urgency and priority.

Where is the urgency and priority? Today, six months after the government was elected, a notice of motion has been listed that hints at reconciliation. There is no action plan and no real commitment to deliver on that pledge. They were the nine pledges listed in the ministerial statement, but the government's policy at

the last election had 10 pledges, the last one having gone by the wayside because it was a pledge for a modern Victoria in an Australian republic. The republic is now no longer on the agenda.

The ministerial statement is about developing policy and incorporating the Youth Pledge given during the last state election. It is nothing more than a collection of ideas rapidly thrown together during an election campaign and indicates that the Labor government has no policies.

I turn now to the opposition policies and will offer some sensible suggestions. I direct to the attention of the minister a document I received today on the steps of Parliament House. I am sorry the minister was not present to receive the same document. It was put together by an organisation called Here for Life and was drafted in response to National Youth Week. It contains ideas, suggestions and policies coming from five conferences involving young people from different parts of Victoria: Bendigo, Ballarat, Melbourne, Geelong and Wangaratta. Although I have only briefly examined the ideas set out in the document I commend it to the minister and congratulate the organisation for the clear and sensible policy ideas. The minister should read the document. The Minister for Health was also given a copy of the document on the steps of Parliament House and promised to give it to the Minister for Sport and Recreation. I hope he takes the ideas on board. I commend those young people for their efforts in developing some real policy ideas — something the government has failed to do.

It would be remiss of me not to put on the record some of the policies of the Liberal and National parties when in government that were directed at improving the welfare and opportunities for young people in the state. One of the first tasks undertaken by the former Premier was the establishment of the Premier's Youth Council. The minister proposes to reinvent the wheel by establishing a youth round table. The former Premier regularly met with a group of young people. I was pleased to nominate a young person from my electorate to that council. It comprised people of all ages with different backgrounds coming from different parts of Victoria. The establishment of a youth round table is hardly an exciting initiative, especially when the former Premier had established a youth council and met regularly with it to achieve the same purpose that the minister has announced he intends to achieve.

The former Kennett government had a successful youth development program. In 1999 an additional 1150 students in years 8 to 12 from 41 government secondary schools were in the program taking the total

number of participants to more than 3000 teenagers from 107 schools.

I relate that to the comments in the ministerial statement under the heading 'Victorian Youth Development Program'. I read that with interest because although it commented on that successful program the statement makes no judgments about it and makes no commitment to continue it. The bland comments, which appear on page 10, do not reveal whether the new Labor government will continue to support the youth development program or provide an ongoing financial commitment to it. It says nothing about the program, bar an acknowledgment that it exists.

The opposition would like to know more about the government's views on the Victorian Youth Development Program, which is one of the most successful of the initiatives engineered by the former Premier. I commend the Honourable Jeff Kennett on his efforts in getting the program up and running. Judging by its continued popularity it is a great initiative that enhances the educational opportunities of students in Victorian schools.

Through its community business employment program the former coalition government created employment opportunities for 19 000 young people. The opposition is not sure what the government is doing about that successful program. Between 1992 and 1999 the former government allocated \$17 million from the Community Support Fund to prevent young people from becoming homeless and to improve the care of and boost services for street kids.

The coalition government established 15 regional youth committees. I note that although the ministerial statement refers to those committees, the government is currently reviewing their function.

The former government also funded more than 130 early intervention and prevention services through the youth services grant program, which was aimed at promoting young people's wellbeing and strengthening their connections to family, school and community. Many of the organisations funded under that program focused on rural areas, including the Young Farmers Organisation.

To meet the needs of young Koori people the coalition government launched the Koori 2000 framework, which was aimed at improving educational outcomes for Koori students. The former government also pioneered a suicide prevention strategy, committing \$24 million a year to strengthen the support and referral services available to people at risk of suicide. The

Turning the Tide strategy that the former government introduced, together with a \$100 million commitment, went a long way towards addressing the issues associated with youth suicide.

The coalition government also established programs to encourage high-risk adolescent students to stay on at school, and the Strengthening Families initiative was a \$6.5 million a year program. Some of the last programs I will mention are those undertaken in conjunction with Victoria Police to encourage young people to live productive lives by participating fully in society.

Programs established through the Department of Justice included the Youth Awareness Day, the High Challenge Program, the Victoria Police Youth Corp and the Police Citizens Youth Club. In addition, the coalition government placed 260 district youth advisers and station youth officers in police stations throughout the state to liaise with local youth and youth organisations.

One of the great programs initiated by the former coalition government was Start, an anti-violence program that was designed to encourage young people to occupy themselves by participating in various activities. Many excellent projects were set up under the Start program involving sporting and recreational activities and clubs of various natures, all conducted in conjunction with the local police. They are the sorts of programs the opposition hopes the government will not only concede were excellent and worked well but also take on board and continue.

As I said, I am happy to give the minister some ideas on policy development. The establishment of the Victorian Youth Development Program was a coalition government initiative, and the opposition now wants the government to give a commitment to continue the program.

Another of the former government's policies in the lead-up to the 1999 election was the establishment of a training guarantee for all 15 to 17-year-olds receiving the youth allowance. That guarantee, which would have entitled them to up to 400 hours free accredited training with a registered public or private training organisation, would have cost \$23 million over four years. If the government were realistic about helping young people make the transition from school to work it would acknowledge that the training guarantee program offered by the former coalition government would have achieved that objective. The program may also relate to the school exit plans that the government has talked about but not delivered. The opposition suggests that in developing its school exit plans the government take

into account the training guarantee proposed by the former government.

I again mention that the former government was prepared to spend twice as much as the Labor government is prepared to spend on providing increased opportunities for apprenticeships and traineeships.

The former coalition government was committed to spending \$10 million over four years to expand the popular Vocational Education and Training (VET) in Schools program. That was the subject of one of the questions I asked during question time, in which I was critical of the government's failure to introduce any new VET projects or to commit \$1 to its pledge to fund the program. The outcomes of the VET program speak for themselves. Over 94 per cent of the year 11 or year 12 students who have undertaken the program have either gone on to further education or gained employment. Given the youth unemployment rates across the country, the success rate is remarkable — and in some country areas the figures are even higher. It is an important youth initiative that I hope the government will not only continue to talk about but also put some real finances behind to ensure it works.

Another initiative of the coalition in government was the Youth Employment Initiative, which enabled young people to gain traineeships in the public and private sectors. The coalition government promised to expand the number of young Victorians participating in the program to 1100 a year. The coalition worked to create traineeship opportunities for young people.

They are just a few of the policy ideas the former government proposed in the lead-up to last year's election. As I have mentioned, others involved the Premier's Youth Council and the regional youth committees. One of the proposals was to take the youth council on the road and hold meetings in different parts of the state, not just in Melbourne. Perhaps the minister's proposed youth round table should also visit different parts of Victoria and not focus solely on Melbourne.

The coalition government was also prepared to hold Youth Parliament twice a year and to participate in the establishment of a national youth week — and the opposition is glad the government has already taken that suggestion on board. The former government funded peak multicultural youth organisations and supported the Victorian section of the Young Australian of the Year award.

I return to the Freeza program, which was one of the anti-drug and anti-alcohol programs implemented by the former government. For the life of me I do not know why the government has been procrastinating about giving a commitment to continue that program. Freeza is a highly successful anti-drug and alcohol-free program that provides entertainment opportunities for young people. The ministerial statement contains a 12-month commitment to provide funds only for the 2000–01 year, after which the government is proposing to review it.

The opposition has not seen any justification for such a review. The government should be prepared to admit that the program has been an outstanding success and should here and now give some ongoing support to it.

I now turn to a further policy idea for consideration by the minister. It relates to working with young people to encourage healthy and active lifestyles and to minimise risk-taking behaviour. The coalition put forward a policy initiative called Communities that Care, a strategy that was developed at the University of Washington in Seattle. The strategy tackles problems that confront at-risk youth, including drug and alcohol abuse, depression, delinquency and early school leaving, by tackling their causes. I do not have time to go into every detail of the program, but the former government committed an initial sum of \$2 million over three years to conduct a series of pilot Communities that Care programs around Victoria. If the pilots had proved effective the coalition government planned to implement the model statewide. I urge the minister to look at the program because the initial work of the former government showed that it was one of the world's best programs to assist young people in dealing with the many issues they confront in their growing years.

I am happy to make available to the minister a full and comprehensive list of policies put forward by the coalition parties prior to the last election. No doubt the minister has access to the policies, as does any member of the public, via the Internet. As a starting point I urge the minister, in the absence of any developed policy on youth, to look at the well-constructed and thought-out policy developed by the coalition parties prior to the last election.

I also refer the government to existing youth organisations around Victoria. As I said earlier, today I met with representatives of an organisation that has made an extra effort to try to identify and suggest ways to address the needs of young people statewide, in particular young people in rural areas.

Opposition members welcome a statement on youth. We welcome the fact that at last the government has signalled its intention to develop a policy on youth. We do not welcome the fact that the government has to date had no policy on youth, but we hope the situation will improve from here on in.

Opposition members note that the establishment of the Office for Youth is a starting point, but we do not know the number of staff, the extent of resources available or the budget for that office. We will watch it closely. The government has provided a blueprint for the opposition to monitor its progress on youth issues. I assure the minister that we will monitor the government's progress closely. We will contribute in a constructive way to the development of policy, and I have started today by putting some ideas on the table. We hope the youth statement presented by the minister to the house today is the start of improving the services available to young people in Victoria.

**Motion agreed to.**

## ABORIGINAL AND TORRES STRAIT ISLANDERS: STOLEN GENERATIONS

**Hon. E. C. CARBINES** (Geelong) — I move:

That this house acknowledges the devastating effect of the removal of indigenous children from their families on the children, their families and their communities which created the stolen generations and condemns any action which would threaten Australia's international reputation or further set back the cause of reconciliation.

In moving the motion it is important for me to acknowledge that prior to the white settlement of Australia more than 200 years ago the indigenous people of this country had lived in peace and harmony with their land for tens of thousands of years. The history of relations between our ancestors and the indigenous people of the land has been one of dispossession.

When the first white settlers came to Australia they assumed the indigenous people's land was there for the taking. That resulted in the loss of vast tracts of traditional tribal homeland, the loss of a local food supply and the loss of the people's spiritual connection with their land. Indigenous people became alienated from their traditional lifestyle and lived on the margins of white settlement. Historians estimate that in the first 10 years of white settlement in what was known as the Port Phillip District up to 80 per cent of our indigenous people died. Whole tribes were wiped out, such was the effect of white settlement in the Port Phillip District.

In the 20th century the alienation of indigenous people has continued. For most of the past century indigenous people were not considered citizens of Australia. They could not participate in a democracy because they were not entitled to vote. They were not even counted in the census.

From 1910 onwards government policy centred around the removal of children from indigenous families in a devastating social experiment that was aimed at assimilating indigenous people into white culture. The policy was predicated on the belief that our ancestors were culturally superior to indigenous people. So, in the first century of white settlement we dispossessed indigenous people of their land, and for most of the last century we dispossessed many indigenous people of their children.

What did the government policy mean for indigenous people? It meant the total destruction of many families and their networks. It meant the total destruction for those families of the parent-child bond. It meant the imposition of an alien culture and an alien religion. Many parents never saw their children again. Children grew up uncertain of their indigenous heritage. These children were deprived of the basic human right to have parental care and love. Many even had to change their names to a more acceptable white name in order to assimilate.

I cannot begin to imagine the pain and suffering those government policies wrought on our indigenous people, but as a mother of two young children even thinking about someone taking my children away from me and never seeing them again stirs deep and frightening emotions inside me.

In 1997 *Bringing Them Home* formally explored the experiences of such indigenous families. The report estimated that between 1 in 3 and 1 in 10 indigenous children were forcibly removed from their families between 1910 and 1970.

In 1997 the Victorian Parliament apologised on behalf of all Victorians for such past policies. It was a constructive, bipartisan demonstration of Victoria's commitment to reconciliation. It was an important part of the healing process, and it was an important step in reconciliation for the stolen generations, and indeed for the whole nation.

As we now enter the 21st century it is incomprehensible that over the weekend we learnt that the federal government's response to *Bringing Them Home* denies the experiences of the stolen generations. That rejection of the well-documented experiences of the stolen

generations diminishes us all. It is unfounded, and at the very least it is insensitive and highly provocative.

Those comments come on top of the revelation last week that the federal government is considering a ban on ministerial appearances before the United Nations Race Discrimination Committee. Why is that? It is because the committee had the audacity to scrutinise Australia's treatment of our indigenous people, and we have been found wanting.

In the past Australia has supported the United Nations in its condemnation of other countries whose governments practise policies of discrimination. Yet, when the spotlight is turned on us we squirm and attempt to discredit the United Nations and its committee.

Today indigenous people remain marginalised in Australian society. Many are among the most disadvantaged people in Australia. Some live in appalling Third World conditions. As a race of people they have a lower life expectancy than the average Australian male and female. Indigenous people are under-represented in our educational institutions and yet they are over-represented in our jails.

We cannot change the past, but part of the healing process and one of the steps to reconciliation demands an acknowledgment of that past. As elected representatives of communities throughout Victoria, it is incumbent on honourable members to show strong and positive leadership on the issue. We have an obligation to all Victorians and it is imperative that we stand up and be counted for the stolen generations. We must not shirk our responsibility to our indigenous people.

I understand the opposition intends to support the motion and I wholeheartedly welcome its support. I place on record my appreciation of the bipartisan approach to the motion today.

**Hon. BILL FORWOOD** (Templestowe) — I rise both in my capacity as shadow Minister for Aboriginal Affairs and as Bill Forwood, an individual, to support the motion moved by the Honourable Elaine Carbines. Honourable members would be aware that the house last debated this issue in October 1997 when the following motion was moved:

That this house apologises to the Aboriginal people on behalf of all Victorians for the past policies under which Aboriginal children were removed from their families, expresses deep regret at the hurt and distress that this caused and reaffirms its support for reconciliation between all Australians.

I was pleased to speak to the motion on that occasion and I am pleased to speak again today.

This is one of those issues that enables honourable members to express from the heart views that they hold. Some government members who have been here longer than others will know that this is a matter that is dear to me, not least because I spent a long time in the Northern Territory and formed relationships with people from indigenous backgrounds that are deeply important to me. As best we could, the Kennett government and the then opposition worked on Aboriginal affairs in a bipartisan way, and I have made that commitment to the current Minister for Aboriginal Affairs. I hope and trust our joint approach to such complex and difficult issues will continue to the benefit of Aboriginal and Torres Strait Islander people, not just in Victoria but throughout Australia.

I was surprised at the submission made by the federal government to the Senate inquiry. In its response it took a technical approach to something that does not need a technical approach; it needs a human approach. It is beside the point whether the figures of people who were separated or forcibly removed from their families are accurate. The past policies were wrong and we should acknowledge that they were wrong. One separation was one separation too many, and whether there is a generation or a series of generations is beside the point.

In such circumstances all one can do is try to imagine what it must have been like. I appreciated Mrs Carbines's words. She said she could not imagine it and in my speech last time I said I could not imagine it, either. In our lives we all have moments of trauma or grief that we cope with, but to have the policies of a government inflicted in that way is something I cannot imagine trying to cope with. There are extraordinary stories around. I do not know whether honourable members have read *It's Not Easy Walkin' in There*, the work of the Catholic Commission for Justice, Development and Peace. I recommend that honourable members read some of the stories in that document and some of the stories in *Bringing Them Home*. They are heart-rending. The story of the patrol officer whose job it was to separate kids from their families and the description of how it was done draws into real emphasis the feelings of the people who were involved.

We cannot turn the clock back and undo it, but we certainly can and should say that the policies were wrong, that we are sorry that they took place and that we will actively work in the future to set right the wrongs that then occurred. I am not alone in this. I know many members of Parliament have attended various sorry days in various areas. I have attended two

in my electorate; one at Nillumbik and one at Banyule. I have been to some of the reconciliation meetings that are taking place, which is an interesting experience because not many people in urban Melbourne have had much interaction with indigenous Australians, so they are inquiring about the process and what it meant.

The task for us is to move forward. I am disappointed that it seems to be a road that goes up and down; we make some strides forward and then we seem to slip back. Our society is a complex organism. People have such diverse views on those issues, not just in the Parliament but throughout the community. I am still staggered at the number of people whose views are diametrically opposed to mine, and frankly, having spent so many years in the Northern Territory, there were and still continue to be many diametrically opposed views up there.

However, it is important that we periodically revisit such issues and, as human beings, members of Parliament, and leaders in our community, get the opportunity to acknowledge the devastating impact the removal caused and acknowledge what happens to people in such circumstances. I will refer to three brief quotes from *It's Not Easy Walkin' in There* that deal with reconciliation. I chose three because they are so different. Marj Thorpe states:

To me reconciliation means the opportunity for this country to resolve differences between indigenous and non-indigenous Australians ... But it's meant to resolve the differences that we have in this country and so to be able to do that Aboriginal people need to be able to come to the table as equal participants in that process.

We are not anywhere near getting them to the table as equal participants in the process. I am sure it is not that we are not trying — it is just difficult to achieve.

Monica Morgan has a different approach. She is an activist and seeks to achieve change in the world by different approaches from those taken by others. She commences by saying:

Reconciliation means very little to me. I mean I think it's a word they put to a process where Aboriginal and non-Aboriginal people are supposed to melt together and forgive each other. The reality of that situation is far removed from that though.

She is coming from a totally different direction.

The final quote I share with the house is from Melva Roberts. She says:

I feel very sad about the future. I cry sometimes over things and my daughter gets very, she know how I feel about things. It's just as well I haven't got the phone because I'd be ringin' up everybody. I've got calls comin' in but I can't ring out.

Sort of not being able to ring Francis up and discuss this about things that upset me ...

It is a living situation that people still cope with daily. As I said at the outset of my contribution to the debate, it is not something you can approach in a technical way; all you can do is approach it in a human way. I encourage everybody to do that.

On behalf of the opposition I am delighted to support the motion, which acknowledges the devastating effect caused by the removal of children from their families and recognises the effects that were experienced by the children not only then and not just by the communities but on an ongoing basis from here on in.

As I tend to do in such moments as this I commit myself in whatever small way I can to advancing the cause. This issue will continue long after now. We will continue to grapple with ways of improving the lot of indigenous people. I have never had a problem about saying sorry for what happened. I do not feel guilty about it, I didn't do it, but I recognise that people must come to grips with significant problems surrounding the issue. For those reasons I am happy to support the motion.

**Hon. M. M. GOULD** (Minister for Industrial Relations) — On behalf of the government I wholeheartedly support the motion. For the record, I thank the opposition for its bipartisan approach on the issue.

As the Honourable Bill Forwood said, this motion is similar to that moved in this place on 17 October 1997. If anything, I have only one minor difficulty with what Mr Forwood said during his contribution — that is, it saddens my heart that the government has again, after three years, been forced to move the motion. It has been moved for reasons similar to those that forced the then government to move a motion on the issue in 1997. A number of present members of the house were not members in 1997: I strongly urge them, and all honourable members, to read the report of the 1997 debate.

In a bipartisan approach I contributed to that debate as the Deputy Leader of the Opposition. The then Leader of the Government moved the motion, which was seconded by the then Leader of the Opposition.

The context in which today's motion is debated saddens me. It is a scene similar to the one that existed when the 1997 debate occurred. The difference that then separated Victoria and other governments of the day was that this house was prepared to support that motion

and to send its apologies to the indigenous people of Australia.

In 1997 a similar motion to that supported here was moved and supported by all parties in the other house. Therefore, all members of the Victorian Parliament, as individuals and representatives of all Victorians, supported motions expressing the community's regret. In their support of the motions every member of Parliament said, 'I'm sorry'.

In preparing for this debate I read in *Hansard* my contribution to the 1997 debate. I recall telling the house a story extracted from the report of the Council for Aboriginal Reconciliation entitled *Bringing Them Home* about Paul and what he went through in trying to re-establish connections with his family.

I refer honourable members to today's letter to the editor of the *Age* from Michael Long. The sentiments in the letter, on the front page of today's *Age*, could not have been put better. As the Honourable Elaine Carbines and the Honourable Bill Forwood said, we don't understand. We have never been in their shoes, we have never had members of our families torn away from us. The *Age* article says it all.

The problem is that Victoria has again, as it did three years ago, had to demonstrate a bipartisan approach through the motion to exemplify leadership to the rest of Australia. The support for the motion demonstrates the commitment of Victorian members of Parliament — the government and the opposition — on behalf of all Victorians. Unfortunately that leadership seems to be lacking in Canberra. Unless the leader of the country can reconcile himself to what happened, there will be no true reconciliation. That message should get through to him.

As I said in the 1997 debate — then as Deputy Leader of the Opposition, now as Leader of the Government — I apologise for what happened. I speak for all government members in the chamber today. It is tragic that the motion needed to be moved here because one person wants to play with figures rather than, as the Honourable Bill Forwood said, dealing with human lives and tragedies. It is inappropriate that the federal government has mishandled the issue. Again Victoria will show leadership on the issue and will bring to the community of Victoria and Australia what needs to be said and done in Australia on the issue of the stolen generations.

At the conclusion of my remarks on 17 October 1997 I said:

I apologise for the policies that led to such atrocities. If ever our memories of this important debate should fade we only need again read it in *Hansard*. This motion should never be forgotten or the basis of it repeated.

I stand by those words and I repeat them again. Today's motion again acknowledges what has happened in the past and acknowledges that Australian families and communities will not forget. We need national leadership to acknowledge what happened and to apologise to the indigenous and Torres Strait Islander people of Australia; then to move forward so true reconciliation can take place.

**Hon. M. T. LUCKINS** (Waverley) — I am proud to have the opportunity to contribute to the debate today. It is important for me personally to acknowledge the hardship and pain felt by many indigenous Australians after being separated from their families, their community and, importantly, their culture over many generations.

In 1995 the Human Rights and Equal Opportunity Commission was asked to:

Trace past laws, practices and policies that resulted in the separation of Aboriginal and Torres Strait Islander children from their families by compulsion, duress or undue influence and the effects of those laws, practices and policies ...

on indigenous Australians. The inquiry was careful to evaluate past actions in the light of values and legal standards operating at the time. That is important for us to reflect on.

Throughout history in every society actions have been taken which subsequent generations have been appalled by, but at the time they were condoned by prevailing values and public policy initiatives that discriminated against segments of the community.

In our own relatively short Australian history the treatment of Aborigines by European settlers and the kidnapping of Kanakas and Torres Strait Islanders from their homes to work as slaves on sugar plantations are chapters that I and all Australians feel ashamed to reflect upon.

My generation has trouble in relating to any form of discrimination. In my lifetime the White Australia policy was repealed in the late 1960s. That decision contributed to a wonderful, vibrant, rich and diverse multicultural Australia.

A policy was enforced from 1855 to the late 1960s to maintain Australia's British-European origin, and the same school of thought was then applied to the Aborigines and Torres Strait Islanders.

Antidiscrimination laws to protect any person or group from disadvantage on the basis of race, religion, gender or parental status have also been enshrined in my lifetime. It is difficult for people my age to relate to an era in which such blatant discrimination was taking place and affecting so many young generations of Aborigines and Torres Strait Islanders.

I make these points to demonstrate that, with the benefit of hindsight, many harsh and unconscionable acts cannot be justified. As Australians, to ensure that we maintain harmony and unity in our community, we must acknowledge the sins of our forefathers.

For all of the last century, children and babies were systematically removed from their mothers and families, not only in Australia but around the world. Many single mothers, some carrying babies as a result of rape and incest, and others from lower socioeconomic circumstances, lost their babies to institutions, religious orders and foster homes.

In Britain after World War II thousands of young children were separated from families and brought to Australia. Many were told that even though their parents were alive, they were orphans. Many children later found out that they had parents and were not orphans for most of their lives. Unfortunately, for many, they did not have the opportunity to meet their parents because they had passed away.

In Aboriginal communities, which sadly still have many inherent social problems and abject poverty, the same practices were carried out. The removal of indigenous Australian children, whether forcibly or with the consent of their parents, had a devastating and profound effect on the child, the extended family of the children and the community.

Like most Australians, I had little awareness of the personal tragedy experienced by so many indigenous Australians who were separated from their family heritage, their culture and were deprived of their sense of self and of belonging. Those children were removed from their parents solely on the ground of their race. No other Australians were ever subjected to a discriminatory assimilation policy, only the indigenous people.

As a mother of two young children I know that any separation of children from family is utterly traumatic for all involved. Even in cases where a mother consented to the authorities and institutions removing the child from her care, the undeniable fact is that that heart-wrenching decision was usually made in the context of the parent feeling helplessness, hopelessness

and an inability to raise the child in a safe environment where basic necessities could be guaranteed.

The Aboriginal children were often removed from an environment in which alcoholism was prevalent, physical and emotional abuse was commonplace and domestic violence against women and children was a constant threat. I am appalled that those conditions are prevalent in Aboriginal communities today.

The plight of Australia's Aboriginal people and the disadvantages to which they are subject has confronted every Australian government in the country's history.

I acknowledge that the policy-makers and the people and organisations involved in the removal of Aboriginal children over generations may have considered their actions to be humanitarian. They were doing what they thought was right at the time in the context of accepted social attitudes and values.

I also acknowledge that many of the stolen generation thrived with families who loved them. Sadly, many other children were subject to great hardship. Regardless of the outcome for individuals removed from their families, all were disenfranchised through the denial of contact with their birth parents, extended families, communities and culture.

I am fortunate to come from a large family. My family history has been documented for generations. I know who I am and where I have come from, which has given me the confidence to know where I am going. I am sincerely sorry that so many fellow Australians, whether indigenous or not, have been denied their sense of self because of decisions made by others.

I regret that the removal of children occurred in Australia's past. I regret that the socioeconomic circumstances of the first Australians, our indigenous people, prompted the policies that I find abhorrent today.

In his contribution Mr Forwood said that he had no problems saying sorry and that he did not feel guilty because he was not responsible. That is an important point in the motion. This morning I read a publication listed on the web page for the Aboriginal and Torres Strait Islanders Social Justice Commission which states:

No indigenous Australian who gave evidence at the national inquiry said that they wanted non-indigenous Australians to feel guilty. Overwhelmingly, those who gave evidence simply wanted people to know the truth. They wanted to be able to tell their stories and have the truth of their experiences acknowledged.

I acknowledge that decisions made by the law-makers of society discriminated against indigenous Australians on the basis of race. Those people have suffered through no fault of their own but rather because of their birth. As a member of the society that wittingly or not caused hurt and pain to generations of indigenous Australians, I accept that an apology is owed and graciously accepted by the Aboriginal and Torres Strait Islander people.

I am conscious that future generations of Australians will judge us, as policy-makers and people, on decisions we make today.

My children and grandchildren will no doubt ask how my generation could have allowed the destruction of the environment, the use of fossil fuel that pollutes the air, the use of chemicals that deplete the ozone, the tearing down of trees, the bulldozing of habitats and the pollution of Australia's greatest assets, the land and the sea, which if not sustained will not sustain future generations. In the same way, Australians have now asked previous generations how they could have justified the removal of babies from mothers on the basis of their aboriginality.

The previous motion moved in 1997 has been referred to in earlier contributions. I am proud that the Parliament in a bipartisan manner passed a motion of unreserved apology to indigenous people for past government policies of separating Aboriginal and Torres Strait Islander children from their parents.

Mick Dodson, the Aboriginal and Torres Strait Islander social justice commissioner said at the time:

I was heartened by the personal apology Premier Kennett offered and his commitment to ensure that government policies of forcibly removing indigenous children from families are never enacted again.

Indigenous Australians do not ask us to feel guilty; they ask us to acknowledge that past policies caused pain for members of their cultural family.

The Howard government response to *Bringing Them Home* was to provide \$63 million towards facilitating family reunion and the restitution of the oral history that is so important to indigenous Australians. No amount of money will ever assist in healing the pain and suffering felt by many people directly affected by the separation of children from their parents. The period of family separation is a sad chapter in the history of Australia. It is important that we acknowledge the mistakes of the past and continue to move towards true reconciliation between indigenous and non-indigenous Australians.

I hope and trust all Australians will be united in the future regardless of ethnicity and aboriginality. I hope future generations will judge our actions today as the closure of a sad period for the country. I commend the motion to the house.

**Motion agreed to.**

## GAMBLING LEGISLATION (RESPONSIBLE GAMBLING) BILL

### *Second reading*

For **Hon. J. M. MADDEN** (Minister for Sport and Recreation), Hon. M. M. Gould (Minister for Industrial Relations) — I move:

That this bill be now read a second time.

The government is very much focused on its election commitment to policies that swing the pendulum back to better gaming regulation that will ameliorate the adverse impacts of gambling on all communities.

For its part, the government is not opposed to the gaming or casino industries in Victoria. But we want an industry that is acutely aware of its special place in the community and committed to fulfilling its obligations to the people of Victoria.

The bill introduces key areas of our election commitments relating to the better regulation of gambling in order to:

secure a better balanced approach to gambling; and

better protect the community from the adverse effects of gambling.

Part 1 of bill sets out the preliminaries, including commencement mechanisms.

Part 2 of the bill amends the Casino Control Act 1991 to:

limit the number of gaming machines permitted in the Melbourne casino to 2500;

remove the object of the Victorian Casino and Gaming Authority to promote tourism, employment and economic development generally in the state;

add the objective of fostering responsible gambling in casinos in order to:

minimise harm caused by problem gambling; and

accommodate those who gamble without harming themselves or others; and

provide for the making of regulations with respect to the provision of relevant information to players of gaming machines in the casino.

Part 3 of the bill amends the Gaming Machine Control Act 1991 to widen the purpose of the act to include fostering responsible gambling, and also to establish the conditions under which:

regional caps are determined by the authority and gaming operators directed to meet them;

new and existing metropolitan gaming venues can seek approval for 24-hour gaming operations or for extended days or dates of 24-hour gaming, subject to meeting a test of net social and economic benefit for the community of the municipal district where the premises are located;

existing metropolitan and non-metropolitan venues which currently have 24-hour gaming may apply to the authority to continue that same incidence of 24-hour gaming until the expiry of their current premises approval. They need to demonstrate a history of 24-hour gaming over the past 12 months;

metropolitan venues that do not obtain approval for 24-hour gaming must have an enforced break from gaming of 4 hours after every 20 hours; and

non-metropolitan venues must have an enforced break from gaming of 4 hours after every 20 hours.

Part 3 of the bill also provides that the authority's consideration of an application for approval of premises or for additional gaming machines at an existing venue must now include an assessment of the net economic and social impact of the application on the wellbeing of the community of the municipal district in which the venue is located. In making this assessment the authority must take into account the views submitted by the relevant municipal council.

Part 3 of the bill also amends the Gaming Machine Control Act 1991 to provide for the establishment of an independent gambling research panel, and establishes the conditions under which it may operate. The bill provides that the budget of the panel shall be met from the Community Support Fund.

Part 3 of the bill also amends the Gaming Machine Control Act to provide for the making of regulations with respect to both the advertising of gaming and the

provision of relevant information to the players of gaming machines in gaming venues.

The bill is a significant move which will restructure the regulation of the gambling industry in Victoria. It establishes a rigorous legislative framework to:

provide for the determination of the maximum numbers of gaming machines in regions of the state;

provide that the views of a municipal council are to be taken into account when the authority is considering the placement of gaming machines in the municipal district;

provide for the establishment of a gambling research panel;

provide for users of gaming machines to receive accurate information about gaming and gaming machines; and

provide for the regulation of advertising in relation to gambling.

The bill inserts a new section into the Gaming Machine Control Act 1991, which provides for the approval by the authority of contracts between a venue operator and a gaming operator. The authority must not approve a relevant contract if it is of the opinion the contract is:

harsh and unconscionable;

not in the public interest;

jeopardises the integrity of the act;

does not promote the purposes of the act; or

is in breach of the act.

The bill furthers the government's commitment to a well-regulated gaming industry and is consistent with the government's stated policy objectives.

**Statement for the purposes of section 85 of the Constitution Act**

I wish to make a statement under section 85(5) of the Constitution Act 1975 of the reasons why clause 28 of the bill alters or varies section 85 of that act.

Clause 28 inserts a new subsection (2) into section 158 of the Gaming Machine Control Act 1991. That subsection provides that it is the intention of section 12AB of the Gaming Machine Control Act to alter or vary section 85 of the Constitution Act 1975.

The proposed new section 12AB of the Gaming Machine Control Act 1991 provides that no compensation is payable by the Crown in respect of anything arising out of three categories of actions by the Victorian Casino and Gaming Authority.

The first category of action is a direction given under the proposed new section 12AA of the Gaming Machine Control Act 1991 to a gaming operator requiring compliance with a regional cap on the number of gaming machines.

The second category of action is any action taken by the authority under the proposed new section 27(2AB). That action would cover the proposal by the authority of an amendment to the conditions of a venue operator's licence to vary the number of gaming machines permitted in an approved gaming venue. Such an amendment would be proposed as a result of a request in writing by a gaming operator for the purpose of complying with a regional cap.

The third category of action is a decision made by the authority arising out of such a proposed amendment. This would be a decision to amend the conditions of a venue operator's licence to amend the number of gaming machines permitted in an approved gaming venue.

The reason why the Supreme Court is not to have jurisdiction in these matters is as follows.

By enacting this bill the Parliament has indicated that it is a matter for the government, acting in the interests of the community as a whole, to determine the most appropriate distribution of gaming machines throughout the state. Therefore no compensation right should exist in respect of the removal of gaming machines as a result of directions made by the Victorian Casino and Gaming Authority or proposals for amendments to venue operators licences or approvals of amendments to those licences.

I commend the bill to the house.

**Debate adjourned on motion of Hon. R. M. HALLAM (Western).**

**Debate adjourned until next day.**

**AGRICULTURAL AND VETERINARY CHEMICALS (CONTROL OF USE) (AMENDMENT) BILL**

*Second reading*

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I move:

That this bill be now read a second time.

The Agricultural and Veterinary Chemicals (Control of Use) (Amendment) Bill 2000 provides for the labelling of certain feeds and meals of animal origin by amendment of the Agricultural and Veterinary Chemicals (Control of Use) Act 1992.

The bill is required to give full effect to the decision of the Agricultural and Resource Management Council of Australia and New Zealand (ARMCANZ) that a ban be placed on the feeding of mammalian material to ruminants in line with national and international requirements.

In April 1996, the association between bovine spongiform encephalopathy (BSE), or mad cow disease, in cattle and a neurological condition in humans significantly depressed world markets for beef. In September 1996, ARMCANZ placed a ban on the feeding of mammalian material to ruminants following the BSE crisis, in line with recommendations of the World Health Organisation. Since then an order under the Livestock Disease Control Act 1994 has been in place prohibiting the feeding of stock food containing mammalian material, prohibiting or regulating the sale and use of certain stock foods and specifying the labelling requirements which are to apply in line with the ARMCANZ decision.

The order was intended to be a short-term measure until effective regulations could be put in place under the Agricultural and Veterinary Chemicals (Control of Use) Act 1992 to deal fully with the relevant issues contained in the National Agreement on Mammalian Material.

The act empowers regulations banning the feeding of stock foods containing mammalian materials to ruminants and regulations prohibiting the sale of stock foods containing mammalian material unless they are appropriately labelled. The amendment in this bill is to comply with a provision included in the National Agreement on Mammalian Material that is not already empowered under the act. It regulates the labelling of mammalian material in the production process where it

is an ingredient that could potentially enter the food chain and become stock food.

The proposed amendment provides for labelling requirements for mammalian material at the point it leaves a rendering plant when it could be mixed with other ingredients and used for stock food but could also be mixed with other ingredients and used for fertilisers or pet food. This additional provision to label the mammalian material from the point it leaves the rendering plant is considered necessary so that stock food manufacturers have adequate information to comply with the labelling requirements that are already empowered by the act. There is sufficient flexibility in the provisions to allow adjustment to the changing requirements of the national ban following demands from the European Union and other markets, such as the changing status of blood meals.

The initiatives have the support of industry and honour the state's commitment to support the 1996 ARMCANZ ban on feeding of mammalian material to ruminants. They will reinforce Australia's favourable animal health reputation and ensure that the regulations are in line with Australia's major international trading partners and the national agreement on the feeding of mammalian materials.

I commend the bill to the house.

**Debate adjourned on motion of Hon. PHILIP DAVIS (Gippsland).**

**Debate adjourned until next day.**

## JURIES BILL

### *Second reading*

**Debate resumed from 22 March; motion of Hon. M. R. THOMSON (Minister for Small Business).**

**Hon. C. A. FURLETTI (Templestowe)** — I am pleased to speak on the Juries Bill. The opposition does not oppose the bill, but it has serious concerns about a number of changes made by the government to the bill prepared by the previous government and read a second time in another place in May 1999, similarly titled the Juries Bill. That bill had been prepared after extensive consultation over a long period, to which I will refer shortly.

According to my research, the history of juries goes back about 800 years, beginning around 1215. Some 800 years ago the church prohibited priests from attending what was then the common form of trial —

trial by ordeal. If ever divine intervention was needed to assist somebody, that assistance was to be sought through trial by ordeal. As an indication of the development of the jury system I point out that in the earliest days the jury was not the jury as we understand it now but rather a group of local persons acting as witnesses rather than as determiners of fact.

It is difficult to piece together the history of juries because, although some records exist after the 16th century, there is little recorded history before that time and nothing of any real significance or great assistance to help us in determining the functions and conduct of juries before the 18th century. So it is that the jury, having been born some 800 years ago, has developed over time, with our jury system being amended and rewritten in the bill before the house.

It was interesting to note the similarity between the second-reading speech on this bill and on the original Juries Bill introduced by the former Attorney-General, the Honourable Jan Wade, in another place. Similarities come through regularly. Both second-reading speeches suggest that trial by jury is fundamental in ensuring that the determination of whether a person is guilty of a serious criminal offence is made by his or her peers.

An interesting element in the conclusion of both the present and the former Attorney-General is the reference to the nature of jury service. Both Attorneys-General say jury service is an important right and obligation of the citizens of the state. Those principles are at the core of the criminal justice system. I totally endorse and support those principles because all good and effective systems are developed over time and through experience.

The jury system has developed over a long period. It has reached the point where people hold to it dearly as an essential element of the judicial system and particularly the criminal justice system. But let us not forget that juries play a significant role in civil trials as well as in criminal trials.

The jury system was introduced into Victoria in 1839. As I said, the development of the jury system has been long and sometimes tortuous. One aspect of the history of the jury system is that from 1839, 12 local inhabitants were empanelled on a jury and from that time on military juries no longer were the norm in the Port Phillip district, as it was then. Before that members of the military and navy constituted the jury.

Juries are uniquely British. They are part of the English legal system. They are not found in other parts of the world such as European countries where the legal

system is more inquisitorial, although based on my readings I am sure our jury system passed through a phase where juries were more inquisitorial than they are today.

The fundamental element of juries is that one is being tried by one's peers. That phrase is heard regularly, but in real terms one must ask, and it is a question that has been asked by jurists for many years: who are one's peers? Are they, in line with the 13th century notion I mentioned earlier, the townsfolk or country folk who were in the immediate vicinity or were one's neighbours? Clearly travel was not as easy then as it is today. That seems to be the general thrust of what the word 'peer' is intended to mean — your normal fellow countryman.

The Law Reform Committee conducted an inquiry, on which its report is largely based, and examined the issue of the representativeness of juries, which clearly is closely aligned to the notion of being judged by one's peers. I will come back to that in a moment, because it is pertinent to examine the development of the bill and to note that the last major amendment to juries legislation was made in 1967. A number of ad hoc amendments have been made since, such as majority verdicts and the change from standing aside of prospective jurors to a system of peremptory challenges.

In 1993 the Law Reform Committee, which was then chaired by the Honourable James Guest and on which I suspect some members of this place participated, was given a reference to examine jury service in Victoria. In November 1994 the committee issued its first issues paper and in November 1995 it issued its second issues paper. Approximately 2500 copies of each of those papers were distributed. An election occurred in March 1996. The Kennett government was returned and the Law Reform Committee was re-established in May, with new terms of reference that were almost identical to the original terms. The committee was chaired by the honourable member for Doncaster in the other place, Mr Victor Pertou.

Together with the Leader of the Government in this place, I had the honour of being an upper house representative on the committee and took part in the development of the final report, which was tabled in 1997. The committee received a record 137 submissions, took evidence from 32 expert witnesses from Victoria, interstate and overseas, and had 44 overseas meetings as part of its study tour of the United States of America, the United Kingdom and Hong Kong. My colleague Mr Forwood will relate one of his experiences on one of those study tours. His

contribution to the initial Law Reform Committee is well known in this place.

The Law Reform Committee commissioned three independent research papers on topics of particular importance: the historical jurisdictional aspects, juries and complex trials, gender issues, multiculturalism and the Victorian jury system. Those writings formed a good basis of reference for the future. I put on the record details of the extensive research and investigations that were undertaken to underscore the work that has gone into the preparation of the report on which the bill is based.

As I foreshadowed earlier, one of the main areas of concern to the committee of which I was a member was representativeness and how one was able to ensure a jury was a jury of one's peers. Clearly it was significant that a jury should be an accurate reflection of the culture, gender, ethnicity, age, occupation and social and economic status, and so on, of society. It is difficult to achieve that representativeness on a random basis, which is the way juries are selected. Having said that I doubt that anybody would expect that certain sectors of society should be represented on juries, such as young children; aged, infirm and invalid people; and in particular those who are unable to speak or understand English. So immediately there is a watering down of the representativeness of the community. One could add to those categories the people who are disqualified and are listed in schedule 1 of the bill as being automatically excluded from serving on jury panels.

At this point I foreshadow that the opposition will move an amendment that will propose to include in the list of people who should be disqualified from being on juries those who are awaiting trial on serious criminal charges. When the bill was introduced and read a second time in the lower house there was an outcry in the media at the suggestion that somebody who was on bail should be permitted to sit on a jury.

The bill is a substantial rewrite of the existing law — a rewrite of considerable proportions. Apart from some minor variations, to which I will refer shortly and which the opposition does not support, the bill was prepared and compiled by the previous Kennett government and consequently has the support of the opposition.

Notwithstanding some aberrations that may occur from time to time it is universally accepted that juries function effectively and generally get it right. They get it right because as was revealed from a survey of a large number of jurors conducted in 1998 by the Department of Justice, 95 per cent were happy to be on a jury and

75 per cent found the experience to have been beneficial.

The vast majority of those surveyed found they were contributing something to their community. One can therefore draw the conclusion that those who serve on juries take their service seriously and that their participation gives them a sense of ownership of that part of the legal system.

Jurors are able to make determinations and reach conclusions based only on the evidence presented to them. Although occasionally an aberration occurs in jury trials, generally that will be because of the evidence presented to the jurors rather than because of the system itself. One of the great advantages of our legal system is that in such exceptional cases the wonderful backup of judicial discretion can be brought to bear. If a judge is concerned about the verdict of a jury, that can be reflected in his or her contribution to the judicial system on which we so strongly rely — that is, in the penalty imposed.

As I said, the system is by no means free of criticism. I read with some interest an article in the *Age* of 10 March written by Christopher Wright, who recently retired as a judge of the Supreme Court of Tasmania. In the article headed 'Consider your verdict', Mr Wright was fairly critical of the jury system, calling it inefficient and costly. He made the surprising statement that he is:

... convinced that juries return a wrong verdict in about 25 per cent of cases.

It is difficult to imagine how that conclusion could be reached. Those honourable members who have practised law are aware that a judge is privy to a considerable amount of information that is kept away from the jury, so I accept that in some instances a judge may have an opinion different from that of a jury. However, it is somewhat irresponsible for a judge to make such public comment, because although our jury system may not be perfect, it is far better than the systems that exist in many other parts of the world.

I noted with interest that Mr Wright sees lawyers, judges sitting alone or judges and small numbers of laymen or laywomen as acceptable alternatives to juries. Throughout my legal experience, one thing I always tried to do was to keep lawyers off juries because they tended to be somewhat overbearing. While the members of the Law Reform Committee were preparing their recommendations on jury service, the debate on whether legal practitioners and their staff should or should not be disqualified from serving on juries consumed an enormous amount of time.

Ultimately it was resolved, as the bill shows, that they should be kept off juries, and as a lawyer I can understand why. It is not only because of the overbearing personalities of lawyers but because at the end of the day the majority of people on a jury would defer to the opinion of somebody who had practised in a given field, if only for a short period. That could create an imbalance in a jury that would undermine the element about which I spoke at the beginning of my contribution — that is, the element of being judged by one's peers and not by experts in various fields. That opens up the issue of expert juries and all the rest of it, a discussion of which would take up considerable time but into which I will not venture.

The bill is a rewrite of the previous government's bill. As I said, it is a culmination of more than three years work by two separate law reform committees, and many of the recommendations of the Law Reform Committee on which I served have been included in it.

The bill was prepared in consultation with the Law Institute of Victoria, the Victorian Bar Council, the Director of Public Prosecutions and Victoria Legal Aid. The committee's report recommended improvements in representativeness, which I have already touched on, administrative practice, and facilities and conditions for jurors, which in many cases were pretty ordinary. The committee also recommended the increased use of technology in the processing of juries and the government's taking steps to improve community attitudes to jury service. The bill treats all those recommendations as principal areas of reform. The previous government should be applauded for the productive work it undertook in preparing the legislation.

As I said, this bill is Jan Wade's bill, with a bit of tinkering around the edges. Unfortunately — I have also said this before — when the government starts tinkering around the edges it tends to get it wrong. While the opposition does not agree entirely with a number of provisions, it will defer to government prerogative. However, several issues need to be drawn to the government's attention. One is permitting persons on bail to sit on juries, which the opposition will be seeking to change by proposing an amendment under which people who fall within that category will be disqualified from jury service. I will address that later.

Some of the amending provisions that were also contained in Jan Wade's bill include the establishment of a juries commissioner to take the place of the Supreme Court officer who in the past has empanelled juries and so on. The bill says that a specific officer will

control juries, both civil and criminal, and will have the power to take on deputy jury commissioners as needed.

One of the innovations in the bill is the creation of jury districts, which will be interlocked with Legislative Assembly electorates. That system, which was recommended by the Law Reform Committee, will facilitate the management and control of jury rolls. That is a welcome change.

The bill provides for increases in the pool of jurors through a number of substantial changes, including amendments to schedules 2 and 3 of the existing act, which will become schedules 1 and 2.

Schedule 1, former schedule 2, relates to disqualified persons, and schedule 2 in the bill before the house — schedule 3 in the current act — relates to ineligible persons. Of significance is the repeal of schedule 4 of the existing act, which included a lengthy list of persons who as of right would be excused from serving as jurors.

It is worth pausing to highlight the significant changes. Under schedule 4 persons who as of right were entitled to be excused from serving on a jury included officers and servants of His Excellency Sir James Gobbo, permanent heads of state government departments, teachers, airline pilots, doctors, dentists, pharmacists, mayors, presidents, councillors, town clerks and secretaries of municipalities, persons over 65 years of age, and, relevantly, persons who reside more than 32 kilometres from the courthouse at which they would be required to serve. Some 19 categories of people were excluded as of right.

One difficulty that became clear during the inquiry by the Law Reform Committee was the fact that the pool from which jurors could be drawn was so small that a number of problems arose, including the nature of people who were available to serve on juries and also the regularity with which they were called on to contribute to the judicial system as good citizens. The repeal of schedule 4 is welcome, and I will address the changes in due course.

Schedule 2, which replaces schedule 3 of the act, deals with persons ineligible to serve as jurors. It is substantially the same as the schedule that was prepared by the previous government. Schedule 1 relates to persons disqualified from serving as jurors and differs from the bill introduced by the former coalition Attorney-General, Mrs Wade — which I will refer to as the Wade bill — in that it is somewhat broader than the Wade bill. The Wade bill was restrictive in that anybody who had been sentenced to a term of

imprisonment of more than six months would have been disqualified from serving as a juror.

The bill before the house states that the term is three years. Although the bill then refers to diminishing levels for the period of incarceration it allows for a wider pool, and although the opposition could argue about the ramifications of that type of line drawing in the sand it is not an issue of great concern. Opposition members will wait to see how it develops. Some people consider that once people have been incarcerated for any length of time they should be deprived of all rights. That is a question of ideology.

The omission of what was item 5 in schedule 1 of the Wade bill, which dealt with the disqualification of a person who is released on bail, is of concern to the opposition. Item 6 of schedule 1 in the Wade bill is identical to item 6 of schedule 1 of this bill. Under item 6 of schedule 1 to both bills a disqualified person is a person who is remanded in custody in respect of an alleged offence. I make that point because it is relevant to the issue I intend to raise shortly.

Even the categories of people who are disqualified and ineligible are substantially the same as those in the earlier bill. Opposition members take credit for the fact that the bill implements the recommendation of the Law Reform Committee that the pool from which jurors can be chosen should be widened and broadened. That provision appears in the bill.

The Wade bill proposed the introduction of majority verdicts for the crimes of murder and treason. Majority verdicts now exist for every offence other than murder and treason. I do not remember anybody being tried for treason. I stand to be corrected, but it must be many years since someone was charged with treason in Victoria. The opposition accepts that murder is a very serious crime, but murder and treason are no longer capital crimes. Serious crimes such as drug trafficking carry serious penalties involving not only jail terms, fines and the like, but also the confiscation of personal property.

The second-reading speech fails to explain why the initiative of the earlier bill — that is, the introduction of majority verdicts for all crimes across the board — was rejected. That question remains open. When talking about majority verdicts one must bear in mind that majority verdicts are called on by a trial judge only in the event that the jury is unable after 6 hours of deliberation to reach a verdict. In all trials the judge directs the jury that it must come to a unanimous verdict, and it is only after 6 hours have elapsed and there is an impasse that the judge can direct the jury to

go away and try to reach a majority verdict. It is the opposition's view that the government has failed to explain why, if majority verdicts are appropriate for other serious crimes for which serious penalties are prescribed, it has made that minor variation to the earlier bill.

The bill increases the power and discretion of the Juries Commissioner and the courts with respect to the procedural issues relating to jurors. For example, the Juries Commissioner has the power to grant a deferral, and if a person has a valid reason he or she can apply to the Juries Commissioner for a deferment of up to 12 months.

The bill provides for the permanent excusal of some people, whether on the basis of age, health, incapacity or invalidity. Deferrals from jury service can be made for individuals who are called up within 12 months of previously having served on juries. The courts will have an overriding power in most instances to defer, excuse or exempt any jurors as they see fit. Power has been given to the court to select reserve jurors — two for civil trials and three for criminal trials — if the judge thinks that is appropriate.

The judge also has the power under the bill to refer to a juror by number rather than name if the circumstances warrant that sort of anonymity. The bill provides for counselling facilities. During a 1998 survey of former jurors it became obvious that a number of jurors were distressed and affected by the experience of serving on a jury, albeit some may have had a beneficial experience. The bill provides for jurors to receive treatment from medical practitioners and psychologists to assist those with such a need.

Increased penalties have been proposed for existing offences and several new offences will be introduced covering offences by jurors relating to information supplied to juries. It will also be an offence if an employer terminates the employment of a person because that person has been called to do jury duty. I will shortly address some concerns the opposition has with that provision.

The bill broadens the pool from which jurors can be called to serve. Rather than excusal as of right we now have those who are disqualified because of criminal conduct or the like, those who are ineligible, and those who are excused for good reason. There is also a provision for permanent excusal because of health, disability or advanced age.

The grounds for excusal for good reason deserve to be noted. They have fairly broad-based grounds. Illness

and incapacity clearly are good reasons for excusal. The current act provides for the excusal of people who live 32 kilometres from a court at which they are required to attend for jury service. That provision has been changed. The bill provides that excusal can be granted to those who live beyond 50 kilometres from the court at which they are to attend in Melbourne, and to those outside Melbourne who live 60 kilometres from a court. I recall strenuously debating this recommendation during the Law Reform Committee's inquiry. The committee considered that at the turn of the century 32 kilometres was a substantial distance to travel, given the facilities available for travel in those days. When the issue was analysed, the committee considered an hour's travel in the city would not be too much, hence the change to the distance to be travelled in the city. The Law Reform Committee recommended a distance of 100 kilometres in the country, but the government has reduced that to 60 kilometres. The changes obviously widen the net considerably for those eligible to sit on juries.

There is an overriding provision that if it will take excessive time or inconvenience to attend, an application can be made for excusal. The bill provides for excusal to be applied for by persons in circumstances of substantial hardship, both personal and financial, including small business owners, those who need to care for dependants, and those of advanced age.

An issue that was also raised in the committee was that of religious belief. Previously ministers of religion were excused as of right; they are now not excused. However, if a person's religious beliefs are incompatible with the concept of jury service, that person can apply for excusal on those grounds as good reason. There is the catch-all provision in the bill which refers to any other matters of special urgency or importance which can be cited as a ground for excusal. If the prospective juror can satisfy the Juries Commissioner that those grounds are good reason, he or she will be granted an excusal.

I refer to the procedure for the removal of disqualified persons from the juries list referred to in clause 26. It is appropriate that I do so at this point because it will lead me to the thrust of my major objection to the bill. The Law Reform Committee considered at length a practice called jury list vetting. Jury list vetting comprised the Chief Commissioner of Police providing to the office of the Director of Public Prosecutions the conviction details of the prospective jurors on the list so that the prosecutor could challenge and exclude from the list those prospective jurors with convictions that, in the

opinion of the prosecutor, were considered to have an effect on that person's ability to be impartial.

The Law Reform Committee considered whether that practice was appropriate or whether changes should be made to the practice of jury vetting. The final recommendation — and I will not go through the deliberations of the committee — was that jury vetting should be retained and should be considered part of the jury system. However, there should be a greater participation by the defence and by the judge. That is my recollection of the recommendation. It was a good recommendation because it married in substantially with the concept of persons on bail, persons in custody, and people who had committed an offence, which again always comes back to the representative element, an issue that was raised and discussed early in the committee's inquiry.

The bill varies the Wade bill. It provides for only the names of those persons who have been disqualified — that is, those with convictions referred to in schedule 1 — to be notified by the Chief Commissioner of Police to the Juries Commissioner so the Juries Commissioner can eliminate those names from the roll because they are disqualified persons.

One of the idiosyncrasies I detect in the bill is that while it talks about persons who within the past 10 years in Victoria or another jurisdiction have been committed to a particular period of imprisonment or persons who in the past five years in Victoria or another jurisdiction have been committed to a particular period of imprisonment, the provisions of clause 26 do not compel the Chief Commissioner of Police to seek advice about whether an individual has been convicted outside Victoria of any offences described in the schedule.

The legislation says the chief commissioner may advise of an offence, but clearly there is no compulsion for the chief commissioner to make that search. I raise the issue because, given our current facilities and available technology, and given the provision for it in the schedule — that is, that any person convicted of an offence in Victoria or elsewhere — the chief commissioner should ensure that disqualified persons do not sit on juries. The provision says the Juries Commissioner must strike the name of a disqualified person from the juries list.

The final issue I raise concerns clause 76. It changes the Wade bill in a couple of ways. It creates an offence that was foreshadowed by the Wade bill but which, on reflection, should not have been there. The clause states:

- (1) An employer must not —
  - (a) terminate or threaten to terminate —

and the words 'threaten to terminate' are a government initiative —

the employment of an employee; or

- (b) otherwise prejudice the position of the employee —

because the employee is, was or will be absent from employment on jury service.

The opposition has no difficulty with that reasonable proposition. However, the penalty for a breach in the case of a body corporate is 600 penalty units — that is, \$60 000 — and in other cases, 120 penalty units — that is, \$12 000 — or imprisonment for 12 months. They are hefty penalties. We can live with that, but clause 76(2) troubles me. It states:

In proceedings for an offence against sub-section (1), if all the facts constituting the offence other than the reason for the defendant's action are proved,

and the next part of the subclause offends —

the onus of proving that the termination, threat or prejudice was not actuated by the reason alleged in the charge lies on the defendant.

That is a serious reversal of the onus of proof which casts back to the employer the onus of proof that he or she is innocent of the charge. It amounts to criminal onus in a civil matter. That provision is threatening and unacceptable because the penalties are most severe and probably not warranted. The opposition asks the government to reconsider the operation of clause 76(2) because it creates a reversal of onus of proof not only in circumstances where there is an actual termination but also in cases where there is an alleged threat of termination of employment which otherwise may prejudice the position of an employee. The generality and breadth of application of the clause is unacceptable. That is why the opposition does not support the bill in toto.

I now turn to a provision to which the opposition objects and which it will seek to amend during the committee stage. The opposition believes the provision proposed to be excluded from schedule 1 — namely, that a person who is released on bail should be disqualified — must be reinserted in the schedule.

To understand the thrust of the opposition's argument it is important to understand that when a suspect is arrested, he or she is deemed to be in custody. Without entering into the whys and wherefores and the debate

about what constitutes an arrest, I assure the house that if certain procedures are not followed an arrest has not been made. An arrest is the actual placing of a person under arrest. That person remains in custody until some other event occurs. It may be that the person is released without charge. If it is a minor offence, that person could be released notwithstanding that he or she could be charged. If it is a serious offence — it is important to note it must be a serious offence — that person either remains in custody or can apply to be released on bail.

The application for release on bail is a formal process and needs to be made either before a bail justice or a magistrate or, in serious cases, before a judge. The only basis upon which a person in custody is released is if that person is able to put up some security — usually money, but other securities are generally acceptable — to guarantee that person's return to be tried. He or she must turn up to court to be tried for the charge laid.

The house is discussing a situation where the discretion of the person granting bail is exercised on the basis of the ability of the person applying for bail to come up with the security. For example, if a person has prior charges for offences, the likelihood is that he or she will not get bail. Those are discretionary measures, which is why the opposition strenuously objects to the provision; the concept of being released on bail is, of itself, discretionary.

If a person were in custody, the exclusion in clause 6 of schedule 1 is such that that person could not serve on a jury. Yet, if he or she had the money or wherewithal to convince a bail justice that he or she should be released, he or she would be entitled to serve on a jury. The opposition does not believe that fine legal distinction should exist. The granting of bail constitutes a change of character from that person being held in custody to being released only because he or she is able to satisfy a bail justice or judge to exercise a discretion necessary to be released.

One of the other elements considered in granting bail is the seriousness of the crime that the accused is alleged to have committed. The range can be broad because bail is generally sought only for the more serious lower or middle-level crimes up to serious crimes.

People who are on bail have been charged with relatively serious offences, not just traffic offences. Given the High Court decision in September last year in *Katsuno v. R*, there is no means of confirming or clarifying a person's prior convictions. That case found that while jury list vetting had been going on for decades there was no provision in the Juries Act to permit it, and therefore jury list vetting went out the

door. That is why pre-empting that decision was included as a specific legislative provision. It has been excluded in this bill and therefore the only way of knowing whether a person presenting for jury duty has a criminal background is if that person is disqualified under the provisions of schedule 1 of the bill. An awkward position could arise where a number of members of a jury could be awaiting their own trials. What is to say that those persons would not, while performing jury duty, have their own cases come up for trial?

The bill allows for awkward circumstances that should not be allowed to arise, and that is why the opposition proposes an amendment, which will allow the government to reconsider its position in the other place and to accept the arguments about its appropriateness. If the government determines not to accept the amendment the opposition will not pursue the issue.

It is important that the conundrum is resolved, as some people in identical legal circumstances with people on bail could for reasons beyond their ability be kept in custody. A person who is a convict and has spent three years in jail is disqualified from jury duty and a person who is held in custody is disqualified from jury duty.

The opposition is proposing that an accused who has been charged with the commission of an offence be suspended from sitting on a jury until the determination of the charges on which he or she is to stand trial and thereafter that person's rights be reinstated according to the provisions of the act. That proposal is made on the basis that statistically some 80 per cent of alleged offenders released on bail are convicted at trial.

The Law Institute of Victoria supports the opposition's view of the bill and the proposed amendment. The matter was raised in the other place during the second-reading debate but the government failed to take it seriously. The opposition urges the government to reconsider its position and make the necessary amendment when the bill is returned to the other place.

The opposition supports the majority of the provisions in the bill. It is good legislation and I look forward to the government's accepting the proposed amendment to make it good law. I commend the bill to the house.

**Hon. D. G. HADDEN** (Ballarat) — I support the Juries Bill, the purpose of which is to re-enact, with amendments, the laws with respect to juries. It repeals the Juries Act 1967 and deals with other matters. Its purpose is to provide for the operation and administration of a system of trial by jury that:

- (a) equitably spreads the obligation of jury service amongst the community; and
- (b) makes juries more representative of the community; and
- (c) permits the timely adoption of new technologies for the selection of persons for jury service.

Clause 46 retains unanimous verdicts for murder trials and commonwealth offences.

Clause 76 introduces penalties to protect the integrity of the jury system. Employment should not be terminated or prejudiced because of jury service. An employer must not:

- (a) terminate or threaten to terminate the employment of an employee; or
  - (b) otherwise prejudice the position of the employee —
- because the employee is, was or will be absent from employment on jury service.

Subsection (2) reverses the onus of proof on the employer. It provides that the employer must prove:

... that the termination, threat or prejudice was not actuated by the reason alleged in the charge ...

The penalties are severe. In the case of a body corporate it is 600 penalty units and in any other case, 120 penalty units or imprisonment for 12 months.

As I said, clause 76 purports to reverse the onus of proof in relation to whether an employer has been charged with an offence against an employee. The Law Institute of Victoria considers that that reversal of onus of proof is not justified.

Clause 78 protects the confidentiality of a jury's deliberations.

The bill expands the list of persons who are eligible to serve on juries, thereby spreading the community's obligation to do so. It also, if I may use the term, widens the catchment area for jury panels.

Clause 31 concerns the safety of jurors. Subclause (3) provides that if the court considers that for security purposes the names of the jury panel should not be called out in open court, each person can be identified by number. That is an important provision, especially for courts on country circuits, where, because most people know each other, it is not unusual for persons on a jury panel to know someone involved in a case.

Under part 8 jurors who suffer distress as a result of a trial can receive counselling and medical treatment, which is to be commended. I was contacted by some constituents in the Ballarat area who have concerns

about the bill. They want to ensure that Parliament does not change proposed section 8(3)(j), which provides that persons can be excused from jury service by the Juries Commissioner for good reason, which includes the fact that:

a person is a practising member of a religious society or order the beliefs or principles of which are incompatible with jury service.

In the Ballarat area 182 persons in 44 households belong to a god-fearing group of Christians known as the Brethren. They inform me that they attend prayer meetings every Monday evening and that they continually pray for good government, which is high on their agenda. They are very concerned that that clause remain unchanged.

I refer to the vetting of jury lists. Volume 1 of the final report of the former Law Reform Committee, which is dated December 1996 and is entitled *Jury Service in Victoria*, contains 81 recommendations for the improvement of the jury system. The thoroughness of the exercise undertaken by the members of the committee makes for interesting reading, and I commend them on their work.

In December 1995 the practice of jury list vetting was thought to have existed for at least 40 years, according to the then Court of Appeal of the Supreme Court of Victoria. However, Judge Mullaly of the County Court handed to the Law Reform Committee a copy of a note dated 13 October 1890 that was written by a police sergeant and addressed to the Crown solicitor. It referred to the practice of police officers reading out jury panel names at police musters at a police station.

Over time judicial opinion on the merits of jury list vetting has varied. It is interesting to note the opinions of some members of our judiciary, which are referred to in the former Law Reform Committee's report. In a dissenting judgment in the Victorian appeal case of *Robinson*, Justice Nathan said the practice should stop. The majority of the bench said that if the practice was unfair the legislature should remedy it.

I wholeheartedly support clause 91, because in my experience jury list vetting removes the randomness of jury selection, is incompatible with fairness in a trial and gives the prosecution an added advantage over the accused and the accused's representatives. I note that in recommendation 65 the then Law Reform Committee stated that it considered jury list vetting should continue.

The decision in *Katsuno v. R.*, which was handed down in the High Court of Australia on 30 September 1999,

is interesting to read on jury list vetting. The interveners in Yoshio Katsuno's appeal to the High Court were the attorneys-general of the various states of Australia as well as the federal Attorney-General. The High Court was comprised of Chief Judge Gleeson and Justices Gaudron, McHugh, Gummow, Kirby and Callinan.

The court considered two principal issues. The first was whether the facts disclosed a contravention of the 1967 Juries Act, and the second was whether a contravention affected the conviction of the appellant. The Chief Judge, Justice Gleeson, found there was no justification for concluding that the appellant's conviction should be quashed. He also agreed that the practice of jury list vetting, which was followed in the case, contravened an implied prohibition contained in section 21(3) of the 1967 act, which is the equivalent of clause 26, and was therefore unlawful. The appeal was unsuccessful, but the opinions of the members of the High Court on jury list vetting are interesting and appropriate for today's purposes.

The case started in the Supreme Court of Victoria, and the reported reasons for judgment state in part:

The process by which the jury panel was constituted, and jurors' cards were drawn, was random. When it came to the selection of the jury, the prosecution and the defence, pursuant to section 34 of the act, were entitled to exercise a specified number of peremptory challenges. The prosecution exercised one such challenge to exclude a person about whom certain information had been obtained.

The unlawfulness of that incident did not result from the provision of information concerning the potential juror to a representative of the prosecuting authorities, but from the provision in advance of the trial of the names of the people on the jury panel. However, that contravention did not render the appellant's trial a nullity or involve a miscarriage of justice requiring the conviction to be set aside. The High Court judges went on to say that the questions the case raise include whether the chief commissioner's practice is lawful and, if not, what consequences should follow.

My experience of jury list vetting in my years as a practising lawyer in the criminal jurisdiction in both Melbourne and country Victoria is that the practice gives the prosecution an advantage over the accused. It certainly does not sit well with the principle of the Westminster system of a fair and just trial which requires that all information is on the table. In my view it was unfortunate that the prosecution had a perceived knowledge of the jury panel whose role was to determine the guilt of the accused.

The bill expands jury panel participation. It is important that people participate as jurors, that they be

encouraged to participate and that their experience be enjoyable. That has much to do with the conditions of the courthouse, especially in country Victoria. In its report entitled *Jury Service in Victoria* the Law Reform Committee considered the physical condition of jury facilities. It recommended they should be improved, suggesting that court buildings be redesigned and refurbished to that end, particularly providing disabled access, comfort and child-care facilities.

I am very familiar with the Ballarat courthouse, which was built just after the Second World War. It serves the Ballarat region as a Magistrates Court, County Court, Supreme Court, Coroners Court and Children's Court. It has visiting circuit judges and two resident magistrates. It services the Victorian Civil and Administrative Tribunal circuits.

The new court complex will co-locate with the police complex in Eastwood Street, Ballarat, which is due to be opened officially in the early part of June this year. That \$30 million complex was built on the old gasworks site in Ballarat. The court facilities at the new law court complex are much improved. They needed to be, in the light of the requirements and expectations of juries.

The juror's oath is set out in schedule 3, referenced by clause 42 of the bill. Jurors must be sworn in open court that they will:

... faithfully and impartially try the issues between the Crown and [*name of accused*] in relation to all charges brought against [*name of accused*] in this trial and give a true verdict according to the evidence.

Clause 39 of the Magna Carta of 1215 has been translated to read:

No free man shall be taken or imprisoned or desseised or outlawed or exiled or in any way ruined, nor will we go or send against him, except by the lawful judgment of his peers or by the law of the land.

An accused is just that — accused of offences with which he or she has been charged. He or she is presumed innocent until found or proven guilty beyond reasonable doubt by a judge and jury comprising 12 men good and true — that is the old phrase — who give a true verdict according to the evidence at the trial.

Schedule 1 of the bill sets out persons disqualified from serving as jurors. As Mr Furletti stated, it excludes a person on bail. That is properly so because of the presumption of innocence in our Westminster criminal justice system.

The jury service report of the former Law Reform Committee recommended that persons on bail should

continue to be eligible for jury service despite the recent legislation of the United Kingdom and Scotland excluding from jury service persons on bail on the basis that that condition might improperly affect their attitude to the criminal trial. There is no basis to assume that persons on bail serving on a jury would not faithfully and impartially try the issues of the trial. Not everyone released on bail in Victoria is convicted.

Regarding circuits and juries, I give as an example the Ballarat court experience. Each year 8 criminal circuits, 4 civil circuits, a Supreme Court circuit in September and 2 Transport Accident Commission circuits are held. Approximately 3000 jurors a year are involved. The Ballarat jury district is comparable in size to those of Horsham, Warrnambool and Hamilton. The Ballarat court jury district takes in the lower house electoral districts of Ripon, Ballarat East, Ballarat West and parts of Wimmera.

Clause 8(3) of the bill increases from 32 kilometres to 60 kilometres the travel distance to a country court that is deemed acceptable. That provision will go a long way towards increasing the participation rate of jurors in country circuits. A problem that might arise is that of persons in isolated rural areas who have been called on by jury questionnaire but do not have access to the public transport services necessary to enable them to attend jury service. Such people might rely on the exemption of hardship or inconvenience, but that has yet to be tested.

Australia has an ageing population, and that might cause problems. Some older persons called for jury service might want to be exempted because of age and other health restrictions.

From the point of view of the Ballarat court, rural jurors have been called twice a year because of the number of jurors required per annum — approximately 3000. For every criminal trial a pool of 50 jurors is required for a minimum of 3 days.

The jury payment of \$36 a day for the first three or five days is not an incentive that will make people eager to participate on juries, and needs to be addressed in the future. That is especially so for casual employees. Many people in country Victoria may have to travel up to 60 kilometres to get to and from a circuit court, so the \$36 could easily be eaten up in petrol costs.

The Criminal Justice Statistics and Research Unit report commissioned in July 1998 by the former Attorney-General, Jan Wade, was prepared from a survey of Victorian jurors. The report surveyed jurors from the Melbourne Supreme and County courts and

from five circuit courts. It surveyed 495 jurors from the country courts of Bendigo, Geelong, Warrnambool, Morwell and Sale because only those five country courts had jury trials during the month of July 1998, the survey period. The report makes interesting reading, especially the difference in perception between country and Melbourne jurors. The survey involved jurors from 40 criminal trials and 12 civil trials, and in total 1385 non-empanelled and empanelled jurors completed the questionnaire. The answers on the questionnaire were generally favourable to jury participation. Country jurors had a more basic demand than city jurors in that they wanted more comfortable facilities and child-care facilities. The report indicated that not all jurors sat on juries that reached a verdict and that about a quarter of criminal jurors and three-quarters of civil jurors reported that they were discharged before a decision was reached. The majority of the jurors who reached a verdict said that remembering the evidence was difficult.

In terms of the perceived impact of jury service, the majority said there was little or no inconvenience, with about 70 per cent saying that it had little or no impact on their home life and work. Only a small proportion indicated that special arrangements were required for child care or care for the aged. Loss of income as a result of jury service was said to be important to about a quarter of the surveyed jurors. The report contains many other interesting comments, and they should be taken on board by the Department of Justice. On that basis I support the bill.

**Hon. P. A. KATSAMBANIS** (Monash) — I am pleased to contribute to the debate on the Juries Bill, and I particularly commend the contribution of my learned colleague Mr Furletti, who outlined in considerable detail the background to the bill and its provisions. I do not intend to waste the time of the house by repeating that detail. I commend anyone who wants a knowledge of what the bill is about and the process that led to its development to read the *Hansard* report of Mr Furletti's contribution. It will stand as a tribute to him and to his great knowledge of this subject.

The operation of an effective jury system is critical not just to the operation of our system of justice but to our democratic society as a whole. I know there is bipartisan support for the notion, because the minister's second-reading speech referred to that concept. I would be concerned if the concept were questioned. An effective jury system requires the full confidence and faith of the people of Victoria — after all, they are the people whom the jury system is established to serve. Without the full confidence and faith of the people of

Victoria in the court process the entire system of civil and criminal justice, as well as the basis and genesis of our democratic society, is brought into question.

It is a pity that over the years the system of jury service has developed in a way that does not seem to provide a great pool of what in the old days were called common people, the man and woman on the Clapham omnibus, or a system where individuals in great numbers are called to serve on a jury to judge the guilt or innocence of a person in a criminal proceeding or to judge the relative merits of a case in a civil proceeding.

Over the years, as outlined by the work of the Law Reform Committee conducted over two parliaments, from 1992 to 1996 and from 1996 to 1999 — lengthy, comprehensive and groundbreaking reports — the system that we have today risks falling into disrepute mainly because of the narrowness of the pool of jurors upon which it draws. It is easy to gain exemptions from serving on a jury to dodge jury service — there is no other term to describe it. That is a great pity. It appears that, for one reason or another, mainly to do with time, distance and cost and financial and personal reasons, people have spurned jury service, in the same way as they seem to have spurned many other voluntary activities. Many organisations bemoan the fact that the spirit of volunteerism has disappeared. That is unfortunate. The recommendations of the Law Reform Committee, as they now appear in the bill, first introduced in the other place in the 1999 autumn session by the former Attorney-General, Jan Wade, are the first step towards bringing back credibility to the system of jury service.

More importantly, the bill will ensure that a more representative group of Victorians — including professionals, who were probably the largest group to gain ready exemption from jury duty — will be included in jury pools. That will make juries more representative.

If the aim of the process is to reflect the views of the community by giving ordinary individuals the opportunity to sit on juries and judge the guilt or innocence of their peers, the broader the pool the better it will be for society. The more representative juries are, the more they will reinforce the benefits of the jury system to our system of justice and our democratic structure.

It is important to record that the bill still picks up the concepts proposed by the former government of expanding the jury pool to allow a wider range of people to serve on juries. That in turn will enable people to be tried by their peers in courts of law where

the tribunals of fact are not judges sitting together or alone but juries of 12 men and women, good and true and fair and honest. The bill is an important piece of legislation that needs to be seen in that light.

The bill introduces a number of new and improved procedures to ensure that the greatest possible number of people can be called on for jury service. It also sets out the means by which people can be excused from jury service. It provides for necessary procedures such as allowing extra jurors to be empanelled in civil trials so that if a juror has to be discharged, a trial does not have to be restarted.

That provision addresses in part the problems caused by the length and cost of judicial proceedings. Nothing is more frustrating for the people involved in civil proceedings than to have the trials abandoned because of the need to discharge jurors.

As I said, because the provisions of the bill have been fully outlined by my colleague Mr Furletti, I do not intend to go through them in great detail. However, I will focus on an issue I raised earlier, which relates to people's faith and confidence in the jury system. For the system to survive, it not only needs to be accepted by the broader community but must be seen to reflect the views of that community.

The Labor government introduced the bill in the spring sessional period last year, allowing it to sit on the table over the Christmas recess. That has given all honourable members the opportunity to engage in significant community consultation. I know from talking to a number of my colleagues that one issue about which the community seems concerned is the issue alluded to by Mr Furletti — that is, that schedule 1 allows people who have been charged with offences and granted bail pending the final determination of those charges to serve on juries. I have learnt from talking to people in the four or five months since the bill was introduced that schedule 1 deviates significantly from the community's expectations and desires.

A number of my constituents and a number of the groups to whom I have spoken have made it clear that it is not only unacceptable but extremely contradictory to allow persons who are charged with offences but who are out on bail to sit on juries when other persons who are, for example, charged with the same offences but who are not granted bail or cannot satisfy the bail conditions — the monetary condition is the one most people cannot satisfy — are unable to serve on them.

The community is justifiably concerned because persons who have been charged with offences have a series of rights suspended. The opposition would not say that disqualifying from jury service people who have been charged with offences in any way infringes the sacrosanct legal maxim that they are innocent until proven guilty. That maxim is not challenged in any way: under our legal system people who have been charged with offences, whether they have been granted bail or not, enjoy the presumption of innocence until a court of law proves otherwise.

However, our society expects that, until their cases are heard and determined, people who are charged have a series of rights suspended. Otherwise, there would be no point in having a system of bail because no offenders would be held in custody pending the determination of their cases. If society places no limits on alleged offenders from the time the police or the Director of Public Prosecutions fill out the charge sheets to the time the charges are determined in courts of law, they would be free to live without restriction in the community. However, in reality they are not.

As Mr Furletti said, people who are charged with minor offences are allowed to go back out into the community without being required to provide any surety that they will return to face their charges, but when people are charged with serious offences they are required to apply for bail before they can return to the community. When an application for bail is made, a bail justice, a magistrate, or in serious cases a judge, must determine whether, given the circumstances of the offence, the applicant is a fit and proper person to be granted bail.

Once it is determined that bail should be granted, the bail justice, magistrate or judge can determine the conditions upon which bail is granted. Standard conditions are a monetary surety in the form of either money or assets. Often people put up title deeds to their houses to enable relatives or loved ones to be released on bail pending the hearing of alleged offences. In many cases other conditions are imposed, such as regularly reporting to police between the time bail is granted and when the offence is finally determined. In many instances such persons are required to hand in their passports and are not allowed in the vicinity of an international departure area of any sort.

When people are charged with serious offences a number of limits are placed on them by society. Such people are not treated in the same way as those who are not charged with an offence. It is wrong for the government to say that because the maxim that you are innocent until proven guilty in a court of law stands firm — no-one disputes that — no limits should be

placed on a person charged with an offence. That does not stand the test of reality in today's society.

Given that limits can be and are placed on people on bail, and given the significant community consultation undertaken by the opposition between the time the bill was tabled and now, it is quite clear in the minds of opposition members that the community generally does not accept that persons on bail should have the opportunity to serve on a jury. Most members of the community believe such persons should not serve on a jury until their cases are determined. It is not an indefinite disqualification; they are not disqualified forever and a day. The restriction remains only until the offences are heard and determined in a court of law.

At that stage another set of criteria applies. If the person is found not guilty, he or she is free to be called up for jury service at any time. If a person is found guilty of an offence, the other provisions in schedule 1 relating to the disqualification period for persons found guilty of certain offences apply from that time. It is only a temporary disqualification, but it is a very important one.

As I said at the outset, the criminal justice system depends almost in whole, not just in part, on general community acceptance that it serves the needs and desires of ordinary, law-abiding Victorians who wish to go about their daily lives without undue interference. That is what we must always remember and be careful of when we tamper with the legal system. We must be sure we do not depart too far from what the community wants of its legal system, because it is the community's legal system.

It has been made crystal clear to me that the people of Victoria do not believe people on bail are fit and proper persons to sit on juries until such time as their offences are determined. That has been the case up until now and it was the case with the bill presented by the former Attorney-General in the other place in 1999. As Mr Furletti said, in the committee stage the opposition will move an amendment to schedule 1 to ensure that persons who have been charged with alleged offences and are on bail are not able to serve on a jury until their offences are finally determined.

The government has said that the Law Reform Committee, to which I referred earlier, as did Ms Hadden and Mr Furletti, recommended that persons on bail could serve on a jury. That is a fact. However, what the government failed to mention in the same breath is that the Law Reform Committee recommended an important safeguard to counteract the

ability of people on bail to sit on juries, a process called jury vetting.

The process of jury vetting has been discussed by both previous speakers. I am aware that in 1999 in the case of *Katsuno v. R* the High Court ruled out Victoria's existing jury-vetting rules at the time, but the High Court also ruled that it is up to a government to introduce legislative provisions for jury vetting rather than having a non-legislative procedure. The High Court did not say jury vetting is out; it stated that arbitrary procedures determined outside the Parliament were not acceptable, but if the Parliament introduced jury-vetting procedures jury vetting could take place. The Law Reform Committee's recommendations clearly outlined a series of measures for conducting jury vetting. The government has chosen not to go down that path. Jury vetting is a very important safeguard, and that is why opposition members say that without it you cannot enable people on bail to serve on juries.

The government has chosen not to include the checks and balances of jury vetting even though it has not been precluded by the High Court. The High Court knocked out the previous rules and said that one can have a legislative system of jury vetting, and went on to encourage it. The High Court encouraged states to follow the process if they wanted to have jury vetting. The government has chosen not to follow that process and has removed a positive safeguard. It is therefore hypocritical for government members to come into the house and say they are introducing the recommendations of the Law Reform Committee. They are not. They are introducing some of them without others. You really cannot have one without the other.

Through significant consultation with many interested parties, people in the community as well as legal groups such as the Law Institute of Victoria, it has been made clear to opposition members that the community does not tolerate the bill allowing people on bail to sit on juries while their offences have not been heard in court. People see that as a great contradiction, and opposition members see it as a great contradiction. That is why in the committee stage the opposition will move an amendment to the bill.

The bill is important in ensuring as we move into the new century that the jury system does not fall into disrepute, that it is representative and all-encompassing and that it draws from the widest possible pool in the community, not a narrow pool. When jurors are drawn from a narrow pool of individuals there is the risk of people saying that juries are not representative of the whole community. That is why the Law Reform Committee commenced its groundbreaking work.

Later in the debate Mr Forwood will talk about the labour involved in producing that committee report and how long it took for the committee to reach its final conclusion. But time was not of the essence, and sometimes getting things right is more important than getting things done quickly. That is how the bill was prepared, and that is why the opposition is saying that the government has almost got it right but has not got it totally right.

I do not want to foreshadow what will happen to the bill, but I assume it will go back to the other place. I want government members and the three Independents in the other place to stop and consider what the opposition is proposing, because it is rational and meets the expectations of the community we serve. I hope the government and the Independents — if not the government then at least the Independents — will take on board the opposition's proposed amendment and support it.

In closing, I commend the hard work of the two committees of the 1992 Parliament and the 1996 Parliament and all members who served on them because the excellent work they produced has led to significant reforms to the jury process in Victoria that will benefit our legal system and democratic process for many years to come.

**Hon. J. M. McQUILTEN** (Ballarat) — I ask opposition members to support the bill in its entirety. The arguments put forward by the government in the other place are strong and convincing. I wish to take a different perspective in my contribution to the debate. Some 26 years ago I was a member of a jury and found it an enormous learning experience.

The first thing I learnt was about the law and the process of the law, which was a new experience for a 24-year-old. It is a worthwhile experience for all members of the community. The second and most important thing I learnt was the meaning of responsibility. A member of a jury makes decisions that impact on other people's lives. One gains a new perspective on one's place in society. The responsibility and understanding of how society works is a great lesson. One gets an understanding of the law, of what society says and expects people to do and not do. For a 23, 24 or even 40 or 50-year-old it is a great experience and helps one to understand people's responsibilities in the broader community.

The impact it had on me played a part in my ending up in this place and trying to understand the separation of powers. Honour is another word that comes to mind. I often think that word is neglected. From my jury

experience I learnt about responsibility and about being aware of what is happening in society. Ordinary people would do well to spend some time on a jury because the decision is ultimately theirs. Honourable members often have to make decisions that affect many people and they are generally aware of the impact their decisions can have on society as a whole. That is also what I learnt when I served on a jury.

I had a major problem with the case I was on because it was a murder trial. On the morning that Ronald Ryan was hung I was one of those standing in front of Pentridge Prison. That was a very important event in my life. At 8 o'clock in the morning as a man was being hung I stood in front of Pentridge next to Catholic and Anglican priests. It was an important time in my life and is partly why I am speaking on the bill tonight.

One of the reasons I have been a staunch member of the Labor Party is because of its strongly held view against capital punishment. It is one of the core issues of what makes Victorian society civilised. At that time many years ago when I was standing at the front of Pentridge I swore that I would fight against capital punishment. Some six years later I ended up on a jury for a murder trial. One can imagine what a young man of 24 who was involved in a murder trial and who was dead against capital punishment went through. I had a problem.

In those days the Premier was a great old stalwart of the Liberal Party. His name was Henry Bolte. I had major problems with Sir Henry because of the actions of the government at the time. It was an incredibly important time in Victoria's history and the government's actions reflected on the moral base of the state. Henry Bolte did not fulfil what I thought should be the Victorian dream or vision. I was disappointed in Sir Henry's stance on capital punishment.

Some years later the former parliamentary leader of the Liberal Party, Jeffrey Kennett, with whom I disagreed on many issues, made what was to me an important stand. My side of politics was united against capital punishment — that is why I am here — and to his enormous credit the former Premier also took a moral stand against it. I honour him for that. His was a moral and correct decision. I ask the opposition to reaffirm that position because that is what makes Victoria a civilised state.

**Hon. A. P. OLEXANDER** (Silvan) — I join my colleagues the Honourables Carlo Furletti and Peter Katsambanis in contributing to debate on the Juries Bill. I do not oppose the legislation and I see merit in what Mr McQuilten said. I agree that the bill is at the

very heart of the democratic system enjoyed by Victorians, and it is important in that respect. As was pointed out by my learned colleague Mr Furletti, the British system of trial by jury developed over at least the past 800 years, and Australia's legal system evolved in tandem with it.

I speak on the bill not from the perspective of a jurist or somebody prominent in the profession, but as somebody deeply committed to the democratic system and therefore to the issues in the bill. I strongly support the concept of juries in civil and criminal cases and their role in determining the facts of cases, and the role of a judge being to determine the law surrounding the facts and how the law should be applied.

The evolution of the system in Victoria did not occur by accident. It was not inherited from England holus-bolus when Australia became a colony but developed over the years. Before the state had the current jury system it now enjoys the colony of New South Wales, of which Victoria was a part, had an inquisitorial system or tribunal that consisted of military or naval officers and a deputy judge advocate, which ruled on allegations of serious criminal offences. The adoption of criminal juries in trials occurred over time. It took even longer to institute civil juries as part of the legal system.

The introduction of the jury system in the colony of New South Wales many years ago was met with stiff opposition by the British. They decided against instituting a jury system for three main reasons. Firstly, they felt there was too much class distinction in the colony; at the time they referred to it as factionalism. That was due indirectly to the issues of how representative a jury can be. Secondly, they argued that at the time there was an insufficient pool of people from which a jury could be constituted. Thirdly, they argued strongly that serving on juries would be inconvenient and difficult for people in the colonies. Some or all of those arguments are relevant today, for good reason. Honourable members must remember how long it took for the system to evolve. When considering change it is Parliament's responsibility to ensure that above all else any changes strengthen and do not denude the system or make it less representative.

Diversity is an issue in the bill, as it was years ago. Because the system of juries is quite detailed, when a jury renders a verdict it is important that those rendering it be as representative of society as possible. Juries sitting in judgment on people charged with offences, serious or otherwise, need to be constituted in a way that ensures they are not biased and are not in the system because of any special privilege or right. That is

a similar system to the one we uphold in the voting system — universal suffrage. We must be mindful of that fact at all times.

Honourable members will recall that in 1993 the Law Reform Committee began the process of reviewing the jury system. The review was completed in 1997 and in May 1999 the former Attorney-General introduced in the other place a bill to repeal the Juries Act. The 1999 Juries Bill represented the culmination of the fine and painstaking work of that committee over many years.

The opposition is pleased, as I am personally, that a number of changes in that bill have made their way into this bill. In reviewing the current jury process the former Attorney-General conducted a survey of people who had and had not been called to serve as jurors. The information came from the Supreme and County courts. The survey aimed to collect information about a wide range of issues. It aimed to analyse and assess the experience of those who had served on juries, to determine whether they had understood the key issues in the trial process, to evaluate the information provided to jurors and to determine how jurors viewed the facilities provided for them.

It is instructive that a key result of the survey was that 95 per cent of jurors believed their experience was worth while. That high rating says something for the community's endorsement of the jury system. Also, 75 per cent of jurors surveyed believed that the community had benefited from their jury service. There was a sense of altruism in the way jurors felt about their contributions to society. Those elements of the system should be kept in mind and preserved because they are fundamental to our legal system. We will have problems if those sorts of attitudes are eroded.

The bill improves the present situation in many ways. Its ultimate objective is to make the jury system more representative. That is a worthy cause. Under the 1967 act the Electoral Commissioner could exclude from jury service those living more than 32 kilometres from a court. The bill provides that all persons aged 18 and over who are on the electoral roll, unless they are not qualified or ineligible, can be called for jury service. That provision is only fitting because the transport systems have improved enormously since 1967. The bill allows people who live more than 50 kilometres from Melbourne and more than 60 kilometres from a country court to be excused from jury service.

The bill abolishes the list of people who are entitled as of right to be excused from jury service. The opposition does not oppose that fundamental measure because it adds to the representativeness of any jury empanelled in

Victoria. It lists the categories of people who can apply with good cause for exclusion from serving. The list includes among others members of the medical profession, teachers, pilots, employees of Parliament House, pregnant women, permanent heads of departments and members of statutory bodies.

**Sitting suspended 6.30 p.m. until 8.02 p.m.**

**Hon. A. P. OLEXANDER** — Too many excusals from the jury process will impact upon its representativeness. One of the solutions to ensure a right to trial by jury is to reduce the availability of exclusions. The system proposed creates that scenario and is testament to the time and effort put into the preparation of the proposals by the previous Attorney-General and her department. She should be congratulated on that work.

Some classes of people will remain ineligible for jury service for a variety of reasons. However, the vast majority will be able to serve. Most people will have to seek excusal from jury service and will not be able to expect it by right. That is a positive move and facilitates the possibility of a more representative jury system.

The bill also provides a degree of flexibility when one is called for jury service. It will be possible to defer jury service for a short time to allow individuals to make time in their lives for that service. That positive step will improve the conditions for those serving in the jury system. It will also remove the perception to some degree that jury service is onerous and something to be avoided at all costs.

A number of changes have been made to the administration of the jury system that will come to the fore as a result of the passage of the bill. Chief among them is the modernisation of procedures. New technology has come a long way in a short period and that will help to streamline the process. The future selection procedure will rely on a database and evidence will be provided in electronic format and other forms that will make a positive impact on the system and be less onerous for those who currently run it.

As Mr Furletti said, the bill provides for a Juries Commissioner to be responsible for the overall administration of the jury process. That will allow a more homogenous approach to the administration of juries statewide and will provide greater control and a better standard of service for participants.

A consistent finding in the survey conducted by the former Attorney-General's department was that, having often been exposed to horrific details of crimes

in different cases, jurors should have psychological and medical assistance where necessary. That proposal is timely and recognises that being confronted with graphic and detailed information about crimes and seeing them in a pictorial sense is real. That should be recognised and the proposal will assist jurors to ameliorate those effects when the need arises. That is a step in the right direction.

Honourable members must be mindful that jurors should experience the jury system in a wholesome way and have sufficient facilities at their disposal to make them favourably disposed to that service. I hope the recommendations of the Law Reform Committee in respect of jury service are upheld and that the quality of the facilities, particularly the provision of childminding services for women with young children, are monitored closely.

The Juries Act disqualifies people from serving on criminal trials if they have been convicted of certain offences. It is conceded that that provision is inadequate insofar as it is difficult to determine whether a person has such a conviction recorded against his or her name and how that information can come to the attention of the appropriate authorities when selecting a jury. That led to the widespread practice of jury vetting, which entailed the Victorian police commissioner providing the prosecution with information on the criminal backgrounds of prospective jurors. That was the case no matter how minor such convictions might have been. The practice of jury vetting by the prosecution based on information provided by the police does not occur in other jurisdictions.

The practice ceased in Victoria in 1999 after the High Court ruled that the Juries Act did not provide the police commissioner with the necessary powers to provide the prosecution with such information. Most people concede that the practice of vetting is advantageous to the prosecution. It is not a practice that can be used by the defence and therefore introduces an imbalance into the system. That will no longer occur.

Civil libertarians have also persistently referred to issues such as privacy, the abuse of privileged information, the lack of representativeness in juries, the lack of random selection and other problems that arise in the system.

The removal of jury vetting will result in more representative or better-appointed juries, without higher assessment or prejudgment, and that is an important aspect of the system. The implementation of a more rigorous regime for disqualifying people from the pool of jurors is also a positive step.

The strict legal criteria by which individuals can be struck from the roll temporarily or permanently, depending upon the seriousness of the crimes they are found to have committed, will rid the system of a grey area. It will also go some way towards addressing significant community concerns about criminals serving on juries. The new system definitely has merit. It will bring Victoria roughly into line with the regimes in New South Wales, Queensland, South Australia and the Australian Capital Territory.

I refer briefly to majority verdicts, which is one of the issues on which the bill departs significantly from the earlier measure. The bill prepared by the former Kennett government provided for majority verdicts in murder and treason trials. The reason outlined by the former Attorney-General was the success of majority verdicts in cases other than murder or treason.

In society charges of murder and treason are clearly the most serious criminal charges that can be laid against citizens. Therefore I support the notion that the burden of proof must remain with the state. 'Beyond all reasonable doubt' means just that, and in a murder or treason trial unanimity needs to be maintained. When we seek to diminish the requirement of that proof — and majority verdicts can be considered to do that in some respects — the chances of a conviction are obviously greater but there is also a greater probability of an unjust result, and that must be guarded against.

That brings me to one of the issues on which the opposition has foreshadowed an amendment — that is, the exclusion from jury service of people on bail. Honourable members will be aware that in committee Mr Furletti will propose on behalf of the Liberal and National parties an amendment to the bill that is crucially important to maintaining community support for the process and the integrity of the system.

Essentially the partnership's amendment will exclude from jury service a person who has been charged with a crime but whose case has not been heard. The presumption of innocence is a fundamental tenet of the legal system, and it holds until a charge is heard and the facts of the case are determined. Along with many others in the community I consider that people who have been charged with committing serious crimes, whether they are incarcerated or on bail, must have been affected by their situation and that the experience must have coloured their thinking to some degree.

In the push for representativeness it is important not to lose sight of the fact that the bill could introduce into the system a bias that is not in keeping with the spirit of the system. It is all very well to say that because we

want representative juries we want to increase the pool of jurors as much as possible. However, when increasing the pool to include people who have had a certain experience of the legal system but who are still in limbo, so to speak, it is fantasy to believe that their participation on a jury, particularly in a case about a similar crime, will not be biased by that experience. Most members of the community agree with that, which is why the partnership will move its foreshadowed amendment.

In conclusion, the bill enhances the judicial system. It is a positive step forward, for some of the reasons I have outlined. As I mentioned, the right to serve on a jury is a vital component of the legal system and the general system of justice in Victoria. I encourage all members, particularly members of the government, to be mindful of and careful about the exact nature of changes Parliament makes. It is incumbent on all honourable members to ensure that any changes are constructive and can be supported by most of the Victorian community.

Most of the bill is a reflection of the work and dedication that the former Attorney-General, Mrs Wade, and her department put into developing the bill. Notwithstanding some of the reservations it has about elements of the bill, the opposition believes the changes will result in a more representative and democratic jury system and a stronger system of justice for all Victorians.

**Hon. E. C. CARBINES** (Geelong) — I am pleased to support the Juries Bill, which will repeal and replace the Juries Act of 1967. As many speakers have said, the bill underlines the importance of the jury system to Victoria's democratic society. It reinforces the basic right of an accused person to be judged by a jury of his or her peers and ensures that Victorian citizens participate in the state's system of criminal justice.

The bill will enhance the existing jury system by making juries more representative of the community. That is undoubtedly a good thing and deserves wide support. Historically juries were the province of propertied males only — the privileged class.

**Hon. R. F. Smith** interjected.

**Hon. E. C. CARBINES** — Yes, Mr Smith. God forbid! It was not until the 1960s that women were given the right to sit on juries.

The bill aims to widen the pool of persons available for jury service. Currently many people may be automatically excluded from jury service because of their profession. Schedule 4 of the Juries Act

categorises those people who have an automatic right to be excluded. They include teachers, pilots, pregnant women, nuns, doctors and dentists — and even members of the Legislative Assembly and Legislative Council. Following the passage of the bill those people will no longer have an automatic right to be excluded from jury service. The bill will ensure that the jury system is more representative of the community.

I speak from the experience of having been a member of a jury in Geelong 18 months ago. I was called up for jury service but I had a right to be excluded because, as a secondary school teacher, I fell into one of the professional categories of people who under the 1967 Juries Act had an automatic right to be excluded. However, I wanted to participate. I looked forward to learning more about the criminal justice system, and I did not hesitate to complete my form and return it. When I discussed my intention to follow through with my call up for jury service with my friends in other professions on the scheduled list and with my teaching colleagues, I met with an adverse reaction. People told me that it was not necessary, that I did not have to do it, that it would be a hassle and that it would be boring. They asked why was I bothering to participate.

At the time I can remember feeling seriously that I had an obligation as a member of the community in Geelong to participate in the criminal justice system. I felt the system was compromised by so many classes of people being allowed to be excluded by profession from the jury system. People who took up their option of exclusion were denying themselves the opportunity to participate in a justice system that needs to be representative of the whole community and not just part of it. The Juries Bill abolishes the right of classes of people to be automatically excluded from jury service. That will strengthen our criminal justice system.

Also under the Juries Act 1967 people living further than 32 kilometres from a court could be excused from jury service. In my electorate of Geelong Province residents in outlying coastal towns on the Bellarine Peninsula and in some Surf Coast Shire towns could be automatically excluded from jury service. The bill increases that distance to 60 kilometres, which will further enhance the jury system, especially in regional Victoria.

Another important function of the bill is to establish the role of a Juries Commissioner. Clause 8 sets out the powers of the Juries Commissioner to administer a uniform system across Victoria. Many honourable members today have spoken about the obligations of Victorians to participate in the jury system. I fully endorse and support their comments, but I also mention

the obligation of employers to facilitate employee participation in the jury system.

Having sat on a jury in Geelong for a prolonged period I know several of my fellow jurors were experiencing difficulties with their employers. Those difficulties ranged from employers showing low-level irritation to others being increasingly hostile about the amount of time my fellow jurors required to complete their jury service. I understand it is difficult, but it is vital that everyone in society support the involvement of citizens in the criminal justice system. I am pleased that clause 76 makes it an offence for an employer to terminate, threaten to terminate or otherwise prejudice an employee's employment in response to jury service.

The jury system is fundamental to the criminal justice system. The bill is about making jury service much more representative of the community. I commend the bill to the house.

**Hon. E. J. POWELL** (North Eastern) — I am happy to contribute to debate on the Juries Bill. I put on record that, unlike some people who contributed to debate today, I have no legal background, but I have a strong interest in ensuring that the jury system is among the best in the world and that people who are accused of crimes receive fair trials by impartial and representative juries. The jury system must reflect the community's morals and expectations, and a jury must be made up of a group of peers.

Earlier today the Honourable John McQuilten spoke with great passion on the reasons for his decision to make a presentation on the bill. He made a number of strong points about his disagreement with the death sentence. He was outside a jail when somebody was put to death. That must have made a strong impression and influenced the way he feels about many things.

The Juries Bill is important in that it brings about significant reform of a system that was in dire need of review and had not been reformed since 1967, when the original act was put in place. It is disappointing and concerning to know that less than 25 per cent of people in the community serve as jurors.

I put on record my congratulations to and acknowledgment of the work of the Law Reform Committee of this Parliament and the preceding Parliament. In both instances it was an all-party committee — in other words, members from all parties make up the committee membership, including both legal and non-legal representatives. Those committees were instrumental in bringing to the house the recommendations now contained in the bill.

I also put on record my congratulations to the former Attorney-General, the Honourable Jan Wade, on the introduction of the original bill. Some changes have been made to the bill before the house, but it is virtually what the committee recommended.

The last major review of the jury system was conducted in 1967. It is interesting to note the changes that have come about over that time and the way society has moved on and become much more modern. Some such issues have been dealt with, and others will probably be dealt with later.

The bill is the culmination of a number of years work by the Law Reform Committee, which commenced its study of the reform of the jury system in 1994. The reference lapsed with the dissolution of the Parliament on 5 March 1996. I acknowledge the work of the Honourable Bill Forwood, who was a member of the Law Reform Committee in that Parliament.

The new committee was elected on 14 May 1996. On 12 June 1996 it received a reference similar to the original reference. I will read some of the terms of reference:

1. To review and make recommendations on the criteria governing ineligibility for, and disqualification and excusal from, jury service under sections 4 and 5 of the Juries Act 1967.
2. To review and make recommendations in respect of the compilation of jury lists under part II and the preselection of jurors under part III of the Juries Act 1967.
3. To review and make recommendations in respect of the preparation of jury panels and the summoning of jurors under sections 20, 20A, 21, 23, 24, 25, 26 and 27 of the Juries Act 1967.

The committee consulted widely throughout Victoria, speaking to legal professionals and others with an interest in the reference. Committee members looked at some overseas common-law jurisdictions. The house heard earlier that the committee received 137 written submissions from all sorts of people — private citizens wanting to have a say, church and religious groups, professional associations, agencies and boards, the chairman of the law reform committee of the County Court of Victoria, the Criminal Bar Association, the Director of Public Prosecutions and even the acting commissioner of the Victoria Police. The committee received much input from people with an interest in making recommendations to the committee.

The recommendations of the Law Reform Committee were aimed at making juries more broadly representative of the Victorian community. Some of the

overriding principles identified by the committee were the need to maintain the separation of powers between the executive, the legislature and the judiciary; the need for an accused person to receive and be perceived to receive a fair trial from an impartial tribunal; and the need to maintain respect for the jury system.

The committee also identified five factors that would operate to reduce the representativeness of the jury system. The first was the extensive categories of people disqualified, ineligible or entitled to be excused from jury service, which meant a smaller pool of people from which jurors could be drawn. The second was the manner in which jury districts were determined — that is, the 32 kilometre radius from a Supreme or County court town. The third was the right of peremptory challenge. The fourth was the conditions of jury service that may discourage people, for example, the lack of adequate remuneration, child-care facilities or other amenities. The fifth factor was the public perception that jury duty is onerous and to be avoided at all costs. Honourable members have talked about that issue. The bill provides for an education program so that the community will better understand the jury system and some of the rights and obligations of citizens in relation to it.

The committee made recommendations on the categories of exclusion that rendered persons not liable for jury service. They included broadening the range of people who may be selected for service, narrowing the categories of disqualification, abolishing the categories of excusal as of right, excusal for good reason in accordance with published guidelines, and no upper age limit. If people feel they have strong reasons to be excused from jury service they will still have the right to put forward those reasons. In future jurors should comprise a cross-section of the community. They should have different lifestyles and different life experiences, and be of different genders. Jurors should make decisions and judge the evidence on the basis of their broad life experiences.

Currently the Juries Act allows an exemption from jury service if a person resides more than 32 kilometres from a court. The bill allows automatic exemption for a person who resides more than 50 kilometres from a metropolitan court or 60 kilometres from a country court. That provision will rectify some of the problems that existed in smaller communities.

The Women's Action Plan Consultative Committee appointed by the former Attorney-General, the Honourable Jan Wade, held meetings in many country and regional centres throughout Victoria and in metropolitan Melbourne to gain some understanding of

the issues that affected Victorians. As a member of the committee I know that some of the issues involved education, health, leadership and safety.

The committee was told at a public meeting in Wangaratta in regard to safety that in a large number of rape cases there had been a failure to obtain a conviction. Some of the reasons mentioned were that in smaller communities many people knew the families involved, or at least some member or relation of the family. The family members of a convicted person would often know the members of the jury and jurors were concerned about possible intimidation. The extension of jury districts to 60 kilometres from a Country Court town may mean a broader range of people will serve as jurors and help to alleviate some of the problems faced by people in smaller communities.

The Juries Act provides a list of professions that are entitled to be excused as of right, such as doctors, teachers, pilots, employees of Parliament House, pregnant women, permanent heads of departments and members of statutory bodies. I believe many people in those professions would welcome the opportunity to serve as jurors, or even see it as a right or obligation. Some may still seek exemption but the provision will broaden the representative nature of juries.

The bill provides for the appointment of a Juries Commissioner, who will have wide powers. The commissioner will have the right to excuse from jury service people who have a valid reason. The circumstances under which people may be excused from jury service will be looked at on a case-by-case basis. A religious organisation called the Brethren has approached me and my colleagues Mr Baxter and Mr Bishop about the provision. It indicated it was pleased that clause 8(3)(j) proposes to allow the exemption of a practising member of a religious society the beliefs or principles of which are incompatible with jury service. In a letter to me dated 1 March the organisation states:

We wish to express our interest in relation to the above section of the bill which makes provision for a practising member of a religious society to be granted exemption from jury service ...

We do not belong or have part in any other associations, and to be involved in jury service to reach a common judgment, would be against our beliefs.

Another exemption that may affect my constituents, many of whom come from non-English-speaking backgrounds, applies to people who may have difficulty understanding English. Some people in my community have said they do not like the idea of jury service. The system is not perfect but I believe it will be better in the

future. Many people to whom I speak have expressed dissatisfaction about the decisions of judges. They understand that the alternative to a jury system is to have a judge deciding cases alone. Some members of my community have expressed concern that some decisions by judges do not reflect community views. They say that some judges appear to be out of touch and that sentences should reflect community values.

I congratulate the former Attorney-General, the Honourable Jan Wade, for introducing the Sentencing (Amendment) Bill, which implemented reforms to ensure sentences met community expectations. Public meetings, including a meeting held in Shepparton, consultation with a range of people and surveys revealed that many people were dissatisfied with the length of sentences judges imposed, especially for cases relating to sexual offences against children, armed robbery, offences where death resulted and home invasions. I am pleased to say the outcome was that longer sentences are now imposed for those sorts of crimes.

The bill makes a number of important changes to the old act. As was mentioned earlier, jurors should receive counselling or treatment from medical practitioners or psychologists if during a case they are confronted with disturbing facts. I have spoken to a number of people who have done jury service. They said they had been affected by the traumatic evidence they have had to listen to over a number of days.

It is common practice to offer debriefings to many people in the community. For example, if a child has been killed in a schoolyard accident, schoolchildren, parents and teachers are offered debriefings or some sort of psychological assistance. It is important to understand that when jurors are confronted with disturbing evidence they are not used to hearing — for example, evidence involving young children — the effect on them may be traumatic. The effect of such evidence on mothers of young children could last for many days. It is important to provide counselling for jurors so they can talk about, work their way through and get out of their system some of the things they have heard and seen.

I was the president of the former Shire of Shepparton during the floods of 1993. The council dealt with a number of people who were badly affected by the floods, having lost their livestock, their livelihoods, their businesses and many thousands of dollars. As shire president I was on one of the committees that helped those people work through the issues by giving them some sort of help. I recall some of the horrific stories we heard about the hardships they were

experiencing. We were offered debriefings at the time, but I knocked the offer back because I thought I was handling it well. However, it was difficult for a number of people on the committee to deal with some of the issues they faced during that time, and memories of the hardships that people experienced during the floods still linger in the community.

Clause 16 provides that a court may order a jury pool or panel to be enlarged. That is important because it will allow 2 extra jurors to be empanelled beyond the 12 jurors required for criminal matters and the 6 required for civil matters. It will eliminate any hold-ups that could be caused by a juror falling ill or being excused for any other reason, because the two extra jurors will be able to go onto the jury, allowing the case to continue.

The previous Law Reform Committee was concerned about certain aspects of the bill. Clause 76 increases penalties for employers who threaten to terminate the employment of employees on jury service. As the Honourable Elaine Carbines mentioned, some employers will use that threat to intimidate their employees. The committee was concerned about the onus being on the employer to prove that the reason for the sacking was the jury service and not some other unrelated reason. That concern has not been addressed and the onus is still on the employer to prove that the jury service was not the reason for the employee's employment being terminated.

The other issue of concern to the committee was that people on bail awaiting trial should not be allowed to serve on a jury. Most people in the community believe the rights of people on bail should be suspended during that time and will strongly back the amendment that will prevent such people being allowed to sit on juries.

The opposition does not oppose the bill. However, I will be supporting the amendment that has been foreshadowed by the Honourable Carlo Furletti, which I hope the government will accept.

**Hon. JENNY MIKAKOS** (Jika Jika) — I support the bill. As speakers on both sides of the house have said, juries remain a fundamental component of our modern democracy. They allow citizens to participate in our justice system, to gain an insight into how the system operates and to increase their confidence in it.

I refer to a statement by Chief Justice Murray Gleeson of the High Court, who was quoted at page 72 of the *Law Institute Journal* of December 1999 as follows:

The experiences of citizens as members of juries form the basis of a substantial part of the community's perception of

the law and of judges and court administrators. It may be assumed that most juries find the responsibility of decision making burdensome, but the experience of judges is that they approach the task conscientiously. They take away from the courtroom strong impressions about the fairness, impartiality and competence of judges and lawyers. They also gain an insight into the responsibilities of judicial decision making.

It is interesting to note that in referring to their experiences of jury service honourable members on both sides have confirmed the Chief Justice's views of the benefits of juries.

Juries also impose an important duty on Australian citizens that is akin to their right to vote. Participation in the jury process is related to the notion of the citizen's mutual obligation — that is, the citizen's expectation that his or her person, family and property will be protected by our legal system and the rule of law but that, in turn, he or she is responsible for the enforcement of the rule of law.

**Hon. C. A. Furletti** interjected.

**Hon. JENNY MIKAKOS** — Victorians retain the right to a jury trial in serious criminal cases and in civil trials at the election of either party — and at the cost of the party so electing.

This bill is the first major review of the jury system since the Juries Bill was enacted in 1967. I acknowledge that the previous Attorney-General, the Honourable Jan Wade, sought to reform the jury system last year following the publication of a Law Reform Committee report entitled *Jury Service in Victoria*, which was tabled in 1996.

**Hon. C. A. Furletti** — On a point of order, Mr Deputy President, I have already interjected to point out to the honourable member that although the opposition has given members opposite plenty of latitude on the reading of speeches she continues to read her speeches even though she has been a member of this place for six months. I draw your attention to that and ask you to advise her of the rules.

**The DEPUTY PRESIDENT** — Order! It is the custom of the house to allow members to use copious notes, but it is not the custom of the house to allow members to read those notes into their speech. I urge the honourable member who I believe has been reading from the notes to use them to speak to the subject.

**Hon. JENNY MIKAKOS** — I will continue to refer to my copious notes, Mr Deputy President. As I said, although the bill is based on what I will refer to as the Wade bill, it makes a number of significant

departures from that bill. I will elaborate on those departures and explain the reasons for them.

The bulk of the bill, which provides for the administration of the jury system, relates to the process for selecting jurors. Clauses 2 and 92 provide that the Juries Act is to be repealed at a date to be proclaimed or on 1 January 2001, whichever is the earlier. The major focus of the Law Reform Committee report was the need to make juries more representative of the general community. The current act automatically excludes from jury service a number of people including doctors, teachers, dentists, nuns, ministers and pregnant women. That automatic exclusion provision is to be removed so that a wider pool of people can be made available for jury service.

Schedule 2 provides that judges, members of the police force, members of Parliament, lawyers and other people connected with the legal system are ineligible to serve on a jury. Also, people who have a poor understanding of the English language are ineligible.

Clauses 7, 8 and 9 empower the Juries Commissioner to exclude a person from jury service for good reason, such as ill health, financial or other hardship, in cases where significant travel could be involved in attending for jury service and where there are no reasonable alternatives for the care of dependants. Other reasons include advanced age or where religious beliefs are incompatible with jury service. I note that the basis for exclusion on the basis of religious observance or belief is a new feature not contained in the bill introduced by former Attorney-General Wade.

Clause 13 allows the Juries Commissioner to exempt for a period of up to three years a person who has previously served on a jury or attended for jury service. Clauses 11 and 12 empower the court to exclude a person from jury service for various reasons. Clauses 32(3) and 43 allow a judge to discharge a juror in particular circumstances, which can include illness or where it becomes apparent to the court that a juror is not acting impartially.

Members on both sides of the house have discussed the bill in great detail, and I will refrain from reiterating that detail. However, I will comment on several issues raised by opposition members. Clause 5 forms the basis of who is to be eligible for jury service by providing that every person aged over 18 years who is enrolled to vote in Victoria is qualified to be on a jury unless that person is disqualified under schedule 1 or is ineligible under schedule 2.

Schedule 1 should be viewed in the light of the totality of clause 26 and clauses 33 to 40 inclusive. Schedule 1 provides a disqualification from jury service for persons convicted or sentenced for criminal offences for a specified time. It reflects community concern about persons who have been convicted of criminal offences sitting on juries but also acknowledges the concept of rehabilitation. The bill provides a lifetime, 10-year, 5-year and 2-year disqualification for persons convicted of a range of offences and sentenced for differing periods of imprisonment. I will not go through that aspect in detail.

In addition the bill provides for disqualification for people who remain undischarged bankrupts and people who have been placed in remand.

The opposition expressed concern about why persons placed on bail have not been included in schedule 1. I again refer opposition members to the recommendations of the Law Reform Committee, particularly given that they have indicated they will seek to amend schedule 1. I refer honourable members opposite to recommendation 14 on page 43 of the Law Reform Committee report, which states:

Persons on bail or charged with a criminal offence which has not been determined should continue to be eligible for jury service.

Paragraph 3.59 of the report states:

The committee is of the opinion that the presumption of innocence requires that persons on bail and those charged with offences not be disqualified from jury service. There is also a practical problem caused by the annual nature of the jury list. Persons qualified at the start of the cycle may become disqualified during the 12-month period, while disqualified persons may become qualified. Charges can be laid and determined quite quickly.

I refer opposition members to section 4 of the Bail Act, which provides for a person to be placed on bail, with or without a monetary surety, while awaiting trial or sentence where the court is satisfied that they should not be remanded. The section requires a court to take into account the nature and seriousness of the offence and to consider issues such as whether there is an unacceptable risk that the accused person if released on bail will either fail to surrender himself or herself into custody in answer to that bail or while on bail will commit an offence or endanger the safety or welfare of members of the public or witnesses.

Because of the provisions in the Bail Act I have just referred to I cannot see the logic in the opposition's argument that people released on bail should be disqualified. There is no logic in the argument that people released on bail, who are presumed to be

innocent, should be excluded from jury service where a court has taken all the factors set out in the Bail Act into consideration and has found that that person does not constitute a public risk and should not be placed in remand.

Schedule 1 should be seen in the light of clauses 26 and 33 to 40 inclusive, which relate to the abolition of jury vetting. Previously the Chief Commissioner of Police was able to provide information to the prosecution about criminal convictions of potential jurors, no matter how old the conviction and no matter how trivial. The prosecution could use that information as the basis for deciding whether to peremptorily challenge a potential juror without showing cause. The practice of jury vetting ceased on 30 September 1999 when the High Court in the case of *Katsuno v. R* found that the police commissioner had no power to provide such information to the prosecution.

The bill does not seek to reinstate the practice of jury vetting because it is the government's view, as was expounded by the minister in her second-reading speech, that jury vetting is against the principle of random selection of jurors and gives the Crown the advantage of having information that is not available to the defence.

I refer opposition members to Justice Kirby's judgment in the *Katsuno* case which was handed down on 30 September 1999, in which Justice Kirby expounded in great detail why — —

**Hon. C. A. Furletti** — Which court was it?

**Hon. JENNY MIKAKOS** — The High Court of Australia.

**Hon. C. A. Furletti** — Justice who?

**Hon. JENNY MIKAKOS** — Kirby. I can hand the honourable member a copy of the judgment if he wishes. In the judgment Justice Kirby set out in detail why he believes jury vetting is an illegal process.

Schedule 1 does exactly what Justice Kirby set out in his judgment. He said it is for the Parliament rather than for the prosecution, the Director of Public Prosecutions or the police force to determine who should be disqualified from jury service.

Clause 26 restricts the Chief Commissioner of Police to informing the Juries Commissioner, which is the new position to be established under the bill, of those offences which would disqualify potential jurors under schedule 1. In effect, clause 26 provides that the prosecution will no longer have access to information

that is not available to the defence, and people who are disqualified under schedule 1 will not be part of a jury panel.

Clause 91 of the bill will commence operation on royal assent. It ensures that any person found guilty by a jury prior to 30 September 1999 cannot lodge a technical appeal because of the Katsuno case.

Clauses 33 to 35 set out the procedure for challenges to jurors in civil trials. Peremptory challenges will remain unaffected and both the plaintiff and the defendant will be able to make up to three peremptory challenges in civil trials and an unlimited number of peremptory challenges for cause.

Clauses 36 to 40 set out the procedure for challenges to jurors in criminal trials. Clause 37 allows an unlimited number of challenges for cause by both prosecution and defence.

Another significant departure between this bill and the Wade bill is that clause 38 reinstates the process of the Crown standing aside potential jurors.

**Hon. C. A. Furletti** — Window-dressing.

**Hon. JENNY MIKAKOS** — It is not window-dressing because the process of the prosecution standing aside potential jurors, which was repealed in 1993, has given rise to a perception in the community that both the Crown and the defence in criminal trials have the same rights to excluding members of the public from serving on a jury. That is not and should never be the case because the defence should be entitled, as proposed in the bill, to peremptory challenges on a jury in the criminal justice system. The Crown should not give rise to a perception that it is forum shopping. It is important that the public be made confident of the impartiality of the selection process of juries.

The other significant departure from the Wade bill is that clause 46 sets out that majority verdicts are to be allowed in criminal matters other than murder trials, treason trials and commonwealth offences. The Wade bill sought to introduce majority verdicts in treason and murder cases which the government does not support because of the seriousness of those offences.

The final point I wish to address relates to clause 76, to which a number of opposition members have referred. The key thing to note is that the bill seeks to establish a criminal offence for matters that are already subject to unfair dismissal legislation in the civil arena. It is important, as the Honourable Elaine Carbines noted, that we do not allow employers to threaten or

discourage their employees from participating in a jury trial. In order for juries to be fully representative of the whole of our society we must allow employees to be part of that jury. The clause ensures that employers are effectively discouraged from preventing their employees from participating on a jury. Those employees will be able to go through the normal unfair dismissal processes to seek reinstatement.

**Hon. C. A. Furletti** — Have a look at clause 83.

**Hon. JENNY MIKAKOS** — I am aware of clause 83.

**The DEPUTY PRESIDENT** — Order!  
Mr Furletti!

**Hon. JENNY MIKAKOS** — The clause adds a criminal offence for employers who dismiss or threaten an employee for wishing to participate on a jury. If the onus is not on the employer, prosecutions will not be able to proceed until an unfair dismissal case has been concluded. That would unduly restrict the teeth of the clause.

In conclusion, I support the Juries Bill which has been brought before the house in its entirety. It is a well-considered bill that builds upon the previous Wade bill and subsequent community consultation. I urge opposition members to consider the recommendations of the Law Reform Committee before they bring some half-baked amendments before the house.

**Motion agreed to.**

**Read second time.**

**Ordered to be committed next day.**

## BUSINESS OF THE HOUSE

### Adjournment

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I move:

That the Council, at its rising, adjourn until Tuesday, 11 April.

**Motion agreed to.**

### ADJOURNMENT

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I move:

That the house do now adjourn.

### St Kilda: backpacker lodges

**Hon. ANDREA COOTE** (Monash) — I refer the Minister for Sport and Recreation, as the representative in this place of the Minister for Planning, to the fact that St Kilda in the electorate of Monash Province has many backpackers and backpacker lodges. That lucrative industry attracts a lot of tourists and others into the area who spend a lot of money. Because some indiscriminate owners of backpacker lodges have been putting people up left, right and centre, which has caused concern, the City of Port Phillip introduced new regulations providing that each backpacker lodge must have a manager and that alcohol is not to be consumed on the premises.

However, Dick Gross, the former mayor — who I believe is one of yours! — revealed that the Victorian planning policy definition of residential building was inadequate for backpacker lodges. I ask the minister to approach the Minister for Planning to clear up the uncertainty and lack of clarity in the current policy so that St Kilda's backpacker lodges can be well managed.

### Water: Geelong supply

**Hon. E. C. CARBINES** (Geelong) — I ask the Minister for Energy and Resources to direct the attention of the Minister for Environment and Conservation in the other place to the critical situation regarding Geelong's water supply, which is now at only 32 per cent of capacity. In the past three years Geelong has had water restrictions; they were increased last Christmas to level 2 restrictions. The main ramification of the restrictions is that grassed areas cannot be watered. Cars and windows must be washed with buckets of water, hence most people do not bother washing them.

The people of Geelong have accepted and are cooperating well with the restrictions. However, residents, businesses, the Victorian Employers Chamber of Commerce and Industry, the Geelong Chamber of Commerce and the City of Greater Geelong have raised with me the continued availability of water supplies to Geelong.

I have had briefings from Barwon Water about the depletion of water supplies. In particular, I raised the possibility of recycled water being used in Geelong. Barwon Water tells me it sells recycled water to consumers at about one-third of the normal price for water but that total infrastructure costs for that use must be met by the consumers. What will the minister do to encourage a greater use of recycled water?

### Fire services: Casey and Cardinia

**Hon. N. B. LUCAS** (Eumemmerring) — I direct a matter to the attention of the Minister for Sport and Recreation as the representative in this place of the Minister for Police and Emergency Services in the other house. On 15 December 1999 the Honourable Gavin Jennings made what I consider to be an interesting statement to the house. He said:

There are serious concerns about the capacity of the community to deal with fires in and around Melbourne's growth corridors, because firefighting services in those areas are under-resourced. The government may be required to establish an additional 19 fire stations in the outer metropolitan areas and provide the necessary resources for them. However, that obligation will go only part of the way to ensuring resources are in place.

That statement was made at the start of the fire season. Victoria has just experienced months of poor rainfall. Given those circumstances, on 22 December I wrote to the Minister for Police and Emergency Services. I referred to the statement made by the Honourable Gavin Jennings and asked the minister:

... whether any of the additional 19 fire stations are to be established within the municipalities of Casey and Cardinia?

When will the construction of these stations take place?

What arrangements does the state government intend to put in place to provide additional resources, given that the 1999–2000 fire season has commenced, to address the concern raised by Mr Jennings?

I received a letter dated 6 January from Mr Bruce Esplin, the director, emergency management policy, Justice Operations Portfolio Group of the Department of Justice. He wrote on behalf of the minister stating:

I acknowledge your letter of 22 December.

A substantive reply will be forwarded as soon as possible.

I assumed that because we were then in the middle of the fire season I would receive a reply from the minister shortly thereafter. To date I have received no reply. Given the comments of the Honourable Gavin Jennings on 15 December and the fact that the Minister for Police and Emergency Services has acknowledged my letter of 22 December, will the minister supply the information requested in my letter of 22 December so I can advise my local community about the government's intentions to rectify what it describes as its serious concerns, as the honourable member said, resulting from an under-resourcing of firefighting service provisions in my electorate?

**GST: Carols by Candlelight**

**Hon. T. C. THEOPHANOUS** (Jika Jika) — I direct a matter to the attention of the Minister for Energy and Resources for reference to the Treasurer in the other place. On 23 March I was honoured — —

**Hon. G. R. Craige** interjected.

**Hon. T. C. THEOPHANOUS** — Don't be a dill, just listen!

*Honourable members interjecting.*

**The PRESIDENT** — Order! Mr Craige's remark was unhelpful to the debate. I suggest the honourable member desist and allow Mr Theophanous to make his request.

**Hon. T. C. THEOPHANOUS** — On 23 March I had the honour to present awards to blind and visually impaired children at the Royal Victorian Institute for the Blind. Following that event, senior representatives of the RVIB raised with me the impact of the goods and services tax (GST) on that organisation. They spoke about compliance costs using the organisation's valuable resources that could better be used to assist the blind. Specifically, I was concerned that the RVIB raised with me the fact — —

**Hon. M. A. Birrell** interjected.

**Hon. T. C. THEOPHANOUS** — Just listen! It raised with me the fact that its major fundraiser, Carols by Candlelight, would be subject to the GST. Thousands of Victorians purchase tickets in the belief that they are assisting the RVIB but the GST component will be added to the purchase price.

**Hon. M. A. Birrell** — Why does your party support it, then?

**The PRESIDENT** — Order! Mr Birrell made his point and he should allow Mr Theophanous to continue.

**Hon. M. A. Birrell** — He should not provoke me.

**The PRESIDENT** — You should be unprovokable.

**Hon. T. C. THEOPHANOUS** — The RVIB is a charity, but when it provides a service it must charge the GST. The service, in this case, is Carols by Candlelight. That is tantamount to taxing the celebration of Christmas.

*Honourable members interjecting.*

**Hon. T. C. THEOPHANOUS** — It is an absolute disgrace and I ask that the Treasurer raise the matter urgently with his federal counterpart so all funds paid by Victorians at the Carols by Candlelight concert go to the RVIB, not the Australian Taxation Office.

**Connecting Victoria**

**Hon. P. A. KATSAMBANIS** (Monash) — I direct a matter to the attention of the Minister for Energy and Resources representing the Minister for State and Regional Development in the other place. On 11 November last year in his ministerial statement entitled 'Connecting Victoria' the Minister for State and Regional Development announced that the Bracks Labor government would help everybody who wanted to obtain an email address to do so. Despite his commitment in answering question on notice 132 on 29 February the minister failed to provide evidence of any specific action he and the government intended to take to fulfil its commitment to Victorians.

It appears from the answer to the question on notice that the original commitment by the minister in the Connecting Victoria policy was poorly thought out and, dare I say it, an objective that is impossible to achieve. He should have known at the time of making the statement that such an objective was unreal. That highlights the minister's lack of knowledge of the information and communications technology (ICT) industry and brings into question the commitment of the Victorian government to the ICT industry when it cannot even deliver on core commitments made by it.

Unless the minister can now provide specific details of how he is to achieve such a commitment, Victorians and the ICT industry can consider the promise to be another example of how the minister is totally out of his depth in this important policy area and that he has no idea of the ICT needs of Victorians.

I call on the minister to immediately explain what specific steps he intends to take to fulfil the commitment in Connecting Victoria to help every Victorian who wants an email address to obtain one.

**The PRESIDENT** — Order! Are you asking a question or making a complaint?

**Hon. P. A. KATSAMBANIS** — I call on the minister to immediately explain what specific steps he intends to take to fulfil the commitment in Connecting Victoria to help every Victorian who wants an email address to obtain one.

### Schools: food hygiene standards

**Hon. P. R. HALL** (Gippsland) — I raise a matter with the Minister for Industrial Relations in her capacity as the representative of the Minister for Health in another place. It concerns the food safety regulations as they apply to the delivery of school lunches. I can best way express my concern by way of illustration. I choose the small township of Swifts Creek to illustrate the genuine concern I share with my school communities about the matter.

School lunches typically follow a process. When students wish to purchase school lunches in schools that do not have canteens they usually fill out lunch orders early in the day. The orders are delivered to the local supplier in the town, in this case the High Plains Bakery in Swifts Creek. As close as practical to lunchtime, the meals are prepared and delivered to the school. Traditionally paper bags and probably large plastic containers are delivered to the classrooms and classroom groups.

The issue I raise concerns the new safety regulations that require the prepared lunches to be delivered — in the case of cold foods — in refrigerated containers from the place of preparation to the classroom and — in the case of hot foods — in thermal containers. That regulation applies despite the fact that the High Plains Bakery is located within 100 metres of the Swifts Creek Primary School.

Frequently in country towns the local milk bar is directly across the road from the school. Because of the additional cost of supplying special containers the small business has decided it cannot afford the equipment necessary to deliver school lunches. Students who want to purchase lunches have to leave the school grounds, walk 100 metres up the street and buy their lunches directly over the counter. That is absurd. With due respect to the diligent mums and dads who prepare school lunches, they are often prepared early in the morning and sit in schoolbags in warm corridors for many hours before they are consumed. One would imagine the hygiene and the food safety standards associated with that would be a greater risk than food prepared by the local supplier located close to the school.

I am also aware that at least one small business supplier in the Gippsland community has closed because it has lost the ability to supply school lunches. I ask the minister to pay me the courtesy of re-examining the food safety regulations as they apply to the delivery of school lunches in small rural communities.

### Preschools: participation rates

**Hon. M. T. LUCKINS** (Waverley) — I ask the Minister for Small Business, who represents the Minister for Community Services in the other place, to direct a matter to her attention. I refer to promises made after the election by the Minister for Community Services to increase the participation of four-year-olds in kindergartens. The Bracks government promised to provide a \$250 subsidy to health care cardholders to encourage the enrolment of their children in kindergartens.

I represent a province with highly disadvantaged areas in Springvale, Clayton and Oakleigh. Many of my constituents would be potential recipients of the subsidy. I ask the minister to justify why the initiative has resulted in only a paltry increase of 0.1 per cent in enrolments of children from lower socioeconomic groups. Has the minister failed to adequately promote the initiative, and what steps will she take to ensure that people eligible are made aware of the subsidy?

### Frankston: safe boat harbour

**Hon. B. C. BOARDMAN** (Chelsea) — I raise an important matter for the Minister assisting the Minister for Planning because I have received no assistance from the Minister for Planning in the other place. The matter affects many residents in Frankston and the Mornington Peninsula.

I direct the attention of the minister to an article that appeared in today's Frankston *Independent*. As most honourable members would be aware, that newspaper has much credibility. The front page carries the headline 'Marina key with minister'. It concerns the development of the Olivers Hill safe boating precinct. The Frankston City Council is shirking its responsibility to the ratepayers of Frankston and is no longer interested in the project. The article states:

A report on marine industries by consultants hired by council has led to hopes for new jobs and economic growth being pinned on the marina project going ahead.

Yet the new mayor of Frankston, Cr Mark Conroy, as honourable members would know, is also the electorate officer of the Honourable Bob Smith — —

*Honourable members interjecting.*

**The PRESIDENT** — Order! There is no way Hansard can record proceedings with that sort of racket. I ask Mr Bob Smith and others to desist. I ask Mr Boardman to proceed with his question.

**Hon. B. C. BOARDMAN** — I welcome the interjection from Mr Bob Smith because he also represents the Frankston area. It is clear he does not support the project and does not accept the proposal the council has voted for. The newspaper further states:

However, the mayor, Cr Mark Conroy, last week signalled council may not be as supportive of the project as it was last year ...

Council has already voted to support option three, the major project at Olivers Hill for a safe boating facility. He is now saying, as the sole spokesman in his new-found, ego-driven role, that the council may not be supportive. Not only is he pre-empting a decision the Frankston City Council may make, he is shirking his responsibility to the Frankston ratepayers who support this vital development that will provide unlimited opportunities for the council.

Will the Minister assisting the Minister for Planning keep up the pressure on his colleague the Minister for Planning to ensure that he responds appropriately in the best interests of the City of Frankston and the people of Frankston and the Mornington Peninsula to ensure that this necessary, vital and invaluable proposal does not fail?

### **Planning: red-light districts**

**Hon. J. W. G. ROSS** (Higinbotham) — I raise with the Minister for Small Business a matter relating to prostitution. In light of the response she gave to my colleague Mr Katsambanis last evening on a similar matter, she may wish to consult with the Attorney-General or the Minister for Health. I preface my remarks by reminding honourable members that a little more than two weeks ago the government introduced the Prostitution Control (Planning) Bill, which was specifically intended to restrict the development of prostitution in the state.

The matter I raise relates to comments made on ABC radio by the immediate past mayor of Port Phillip, Cr Dick Gross, who called for red-light districts to be set up in response to the sorts of problems raised by my colleague Mr Katsambanis. He failed to say that he is also a member of the Drug Policy Expert Advisory Committee that was set up by the Premier, the second term of reference of which relates to the trial of safe injecting facilities. It is well known that the self-injecting facilities in cities such as Frankfurt and Amsterdam are in red-light districts. It is not much of a leap of logic to assume some link between the call by Cr Gross for the setting up of red-light districts and self-injecting facilities and the work of the committee that is considering that matter.

I seek an assurance from the government that it will not entertain the establishment of red-light districts or the development of prostitution on a larger scale than is currently allowed.

### **Energy and Resources: ministerial adviser**

**Hon. PHILIP DAVIS** (Gippsland) — I refer the Minister for Energy and Resources to a question without notice that I asked on 22 March, when I invited the minister to advise the house why facilities at the Orbost office of her Department of Natural Resources and Environment had been appropriated for political purposes — that is, to accommodate a ministerial adviser. The minister responded by saying she did not know anything about it and she would seek information and advice. Mr President, you requested clarification of the minister's response by saying she should report back to the honourable member. The minister then said, 'When I have the information'.

Two weeks have elapsed. I have heard nothing on the matter and I invite the minister to advise the house of the situation.

### **Safety Beach: mussel farm**

**Hon. R. H. BOWDEN** (South Eastern) — I raise a matter for the attention of the Minister for Energy and Resources, which I ask her to refer to the Minister for Environment and Conservation in the other place.

A few days ago I received some correspondence from the Safety Beach Sailing Club expressing concern about a meeting of the Mornington Peninsula Shire Council on 15 February that was attended by club members and representatives. At that meeting the shire council was invited to support a recommendation from the Department of Natural Resources and Environment on the extension of a small-scale mussel farm in Dromana Bay, opposite the Safety Beach Sailing Club in an area known as Safety Beach.

The proposal from the department involves a fifty-fold expansion of the mussel-growing facility. The expansion of the aquaculture facility is the minister's responsibility, but I am advised that the licensing of it is the responsibility of the Minister for Environment and Conservation. As honourable members who are familiar with it will know, the area is extensive. It is used by the sailing club for Olympic and other national and international-class sailing events, and it is a major recreational area for boating, sailing and fishing. It is also immediately adjacent to the Safety Beach coast guard station, from which in a typical year many

rescues are carried out. So the area is a multipurpose and valuable resource for the community.

Members of the club have expressed concern that if the department's proposal is accepted there will be a real danger that the resource would be lost to the community at large. I am also concerned that, if the report is accurate and the department is seeking support from the council, which I understand controls the site of the Safety Beach Sailing Club, an enormously valuable resource will be lost. I ask the minister not to facilitate the granting of a fifty-fold extension of the current facility, which would be to the detriment of the boating and other recreational resources in the area.

### **Inland ports: Bendigo**

**Hon. G. R. CRAIGE** (Central Highlands) — The matter I raise for the attention of the Minister for Ports goes to a question I asked yesterday, although more importantly the community of Bendigo has raised it constantly over the past few days. I refer to ongoing concerns about the proposed inland port of Bendigo, a venture that has been scuttled. The project, which is worth \$4 million, would have created at least 60 to 100 jobs; but more importantly, it would have resulted in the construction of significant infrastructure in the region. In particular, as a minister has said, a rail siding would have been built, as well as significant road works. As a result, the region would have benefited from more development and attracted more investment. The project would have given a significant boost not only to the region but also to the port of Melbourne.

Both the City of Bendigo and the proponent of the project, Mr Jeff Cleave, the managing director of Inland Port of Bendigo Pty Ltd, have stated that the venture was prevented from going ahead because of persistent delays in the planning process. In view of the fact that it was a planning matter, that the mayor of Bendigo indicated that the Minister for Planning had some jurisdiction over it, and that the minister clearly indicated that the project was beyond the government's responsibility, I ask her, in light of her answer yesterday, what conversations or meetings she has had with the Minister for Planning, the mayor of Bendigo, the chief executive officer of the City of Bendigo and even Mr Cleave.

### **Industrial relations: 36-hour week**

**Hon. W. I. SMITH** (Silvan) — I raise with the Minister for Small Business an article in today's *Age* under the heading 'State set pace in work hours', which is about the 36-hour week agreement. The article states that national building companies Multiplex, Bovis Lend

Lease, Walter Constructions and Probuild agreed yesterday with the secretaries of the construction union, Mr Martin Kingham and Mr John Van Camp, to a 36-hour week. It states also that:

The deal gives building workers a 15 per cent pay rise over the three-year life of the agreement and a small 3 per cent in the first year of the next agreement as an offset against the 36-hour week.

The matter of concern is the prediction by accountants KPMG that there will be an extra 16.78 per cent increase in wages and conditions over the three years. I ask the minister what actions she will take to protect small businesses faced with financial difficulties due to those extra costs.

### **Electricity: Yallourn dispute**

**Hon. D. McL. DAVIS** (East Yarra) — I refer the Minister for Small Business to my question in the house last night, in response to which the minister indicated that she had not seen any analysis by the Department of Natural Resources and Environment of the economic impact of the electricity crisis on small business. Given the minister's answer last night and given that the Victorian Employers Chamber of Commerce and Industry, or VECCI, and other groups have estimated that costs to Victorians exceeded \$100 million — indeed some estimates suggest a cost of over \$125 million to Victorians and Victorian businesses in particular — a key VECCI spokesperson, Mr David Gregory, said on 11 February:

... yesterday's uncertainty could have cost the state up to \$40 million in lost productivity, with retailing hit particularly hard. Retail representatives claim they are losing \$10 million a day in turnover as power restrictions keep shoppers away and hit late-night trading.

Given those facts will the minister concede to the house either that the department has failed to undertake such an important examination or that the department has undertaken an analysis but the minister is too embarrassed to release the result of it?

### **Commonwealth Games: shooting**

**Hon. R. A. BEST** (North Western) — Yesterday the Minister for Sport and Recreation confirmed that the Wellsford Forest rifle range was the government's preferred site to host the shooting events for the 2006 Commonwealth Games. I am sure the minister would be aware that the former Minister for Sport and Recreation, the Honourable Tom Reynolds — a nice gentleman — instigated a report to look at ways to develop all shooting facilities at the Wellsford Forest

site, including the establishment of the Victorian Rifle Association headquarters.

Most honourable members would not be aware that a number of different shooting organisations are located in the Wellsford Forest area, including the Victorian Field and Game Association, Bendigo branch; the Victorian Rifle Association; the Bendigo Bowhunters; and the Bendigo Pistol Club.

It is my understanding that last year the Victorian Rifle Association submitted its plans and costs associated with an upgrading of facilities at the Bendigo or Wellsford Forest site so it would have an adequate site to host the 2006 Commonwealth Games. The Victorian Field and Game Association, Bendigo branch, together with all parties involved in the review, decided that, given all the problems with the potential environment effects statement and the difficulty in finding an appropriate area within the Wellsford Forest site, it would be better if a safer location were found away from the Wellsford Forest.

The freehold site near Bagshot was considered. The hosting of the event at the Bagshot site would involve changes to the planning scheme of the City of Greater Bendigo. An appeal was made to the Victorian Civil and Administrative Tribunal by surrounding landowners, and the club incurred extensive expenses in fighting that case. However, the VCAT found in favour of the Victorian Field and Game Association, and the site has been established at Bagshot.

One of the other groups, the Bendigo Bowhunters, is waiting for the long-term lease to be organised between that group and the department, as well as looking at the rerouting of Plant Road by the local council to enable the configuration of that group's range to be changed. Finally the Bendigo Pistol Club still needs to request and confirm a long-term lease with the Department of Natural Resources and Environment.

A range of problems require not only capital works funding but also the reimbursement of expenses incurred. Accepting the recommendations of people involved in the review process, those groups should be able to recover their costs as well as seek assistance from the government in dealing with a number of agencies, thus ensuring the range and surrounding area are brought up to a standard suitable for the host venue for the 2006 Commonwealth Games.

Will the minister guarantee that the required funding will be provided to the Victorian Rifle Association so its headquarters can be established at the Wellsford Forest site? In the case of the Victorian Field and Game

Association, Bendigo branch, will the total costs associated with the association's relocating to the Bagshot area be reimbursed to the club and its members, particularly as the club accepted advice from the people representing the government?

### **Sport and recreation industry awards**

**Hon. A. P. OLEXANDER** (Silvan) — I raise a matter for the attention of the Minister for Sport and Recreation. The minister will recall his response to an adjournment issue I raised with him last night relating to the annual sport and recreation industry awards. The minister should now be aware of the withdrawal of corporate sponsorship support from this year's sport and recreation industry awards. I ask him to advise the house why there has been a withdrawal of corporate support from that important annual event.

### **Victalent**

**Hon. I. J. COVER** (Geelong) — My adjournment matter is also for the Minister for Sport and Recreation, and it concerns the popular Victalent program raised on the adjournment last night by the other member for Geelong Province.

I have taken more than a passing interest in the guidelines for applications, given that my colleague the honourable member for Bellarine in another place, Mr Spry, raised this matter in the Geelong community some two weeks ago. I understand he also raised it in a letter to the minister and again in a press release dated 23 March — before the matter was raised in the house last night.

**Hon. T. C. Thephanous** — You're a bit slow.

**Hon. I. J. COVER** — If I am slow, I am not far behind Mrs Carbines, who raised the matter last night — two weeks after the honourable member for Bellarine raised it in the Geelong community.

It would seem some confusion still surrounds the application guidelines, despite attempts last night to clarify the matter. Mrs Carbines, in her question to the minister last night, pointed out that some athletes living on the Bellarine Peninsula have been ruled ineligible for funding because Victalent guidelines specify that applicants residing further than 60 kilometres from the Melbourne General Post Office are ineligible to apply.

The guidelines I have with me, issued by the minister's department, state that athletes can apply if they reside 60 kilometres or more from the Melbourne GPO, as indicated by the *Melway* directory. Last night

Mrs Carbines said those people were ineligible to apply. There is no doubt some confusion.

In his response the Minister for Sport and Recreation said that the guidelines were introduced by the previous government. The minister is right, the previous government did say who could apply and stipulated the requirements, one of which was that applicants need to reside more than 60 kilometres from the Melbourne General Post Office as indicated by the *Melway* directory. At the time the department interpreted that section of the requirement as being by road rather than as the crow flies. Somehow that phrase has worked its way into last night's response by the minister, but it was never part of the guidelines. The interpretation by the former government was done with considerable commonsense. I acknowledge that the minister said he would use commonsense to interpret the guidelines and that he would ask Sport and Recreation Victoria to review them.

In reviewing the guidelines and applying commonsense, will the minister ensure that in the future the application form is clear and unequivocal in respect of the 60 kilometre requirement so that it is clear not only to Mrs Carbines but to every Victorian.

### Responses

**Hon. M. M. GOULD** (Minister for Industrial Relations) — Mr Hall raised with me an issue about health regulations for the attention of the Minister for Health. I will pass on the honourable member's concerns to the minister and ask him to respond in the normal manner.

**Hon. C. C. BROAD** (Minister for Energy and Resources) — Mrs Carbines raised for the attention of the Minister for Environment and Conservation in the other place the Geelong water supply and in particular her concern about water shortages and the possible contributions to be made by recycled water. The honourable member requested that the minister advise what action will be taken to use recycled water in the future. I will take up that issue with the minister.

Mr Theophanous raised for the attention of the Treasurer the impact the goods and services tax will have on the activities of the Royal Victorian Institute for the Blind and in particular the effect the GST will have on Carols by Candlelight. He asked the Treasurer to take up the matter with the federal Treasurer with the aim of ensuring that all moneys paid by Victorians to the institute or Carols by Candlelight are received by that organisation. I will refer the issue to the Treasurer.

Mr Katsambanis raised for the attention of the Minister for State and Regional Development an answer already provided by the minister to a question on notice. He requested that the minister explain what specific steps he intends to take about providing every Victorian with access to email. I will refer the issue to the minister.

Mr Philip Davis referred to a question without notice regarding the use of the Orbost office and requested an answer to that question. He complained of the delay of two weeks. I have requested advice on the issue because it does not come under my direct responsibility. It has taken a little longer than I expected but I anticipate having an answer for the honourable member in a matter of days. In light of the previous government's record in responding to issues, the delay is not unreasonable.

Mr Bowden raised with me and the Minister for Environment and Conservation a report about the proposed expansion of a mussel farm and the potential conflict with recreational users at Dromana. That is not a matter on which I have advice, but I will undertake to seek advice on whether that report is correct and respond to the honourable member directly.

Mr Craig raised the inland port of Bendigo, an issue he has raised previously. I refer to advice I have received from Mr Jeff Cleave, the managing director of the Inland Port of Bendigo. Mr Craig has referred the comments of Mr Cleave to me previously so he will appreciate Mr Cleave's comments that he is heartened by my efforts to assist the progress of the project and, most importantly, that the recent announcement by the company to no longer proceed with an application to the City of Greater Bendigo to have residential land in Marong rezoned to allow for the port project to proceed was mainly due to community opposition.

**Hon. Bill Forwood** — What is the date of the letter?

**Hon. C. C. BROAD** — The letter is dated 5 April.

*Honourable members interjecting.*

**Hon. C. C. BROAD** — Honourable members opposite may not want to hear the answer. Mr Cleave further indicates that overwhelming support has been forthcoming in the establishment of the project from, in particular, the City of Greater Bendigo and the Department of Infrastructure. He says that this support goes back to the period of the previous government. He says that the support has been substantial and ongoing.

**Hon. K. M. Smith** — On a point of order, Mr President, the minister has quoted extensively from a letter purportedly from a Mr Jeff Cleave. I ask that the

minister make the letter available to honourable members.

**Hon. C. C. BROAD** — I am happy to make the letter available.

**Hon. M. R. THOMSON** (Minister for Small Business) — The Honourable Maree Luckins raised for the attention of the Minister for Community Services the Bracks Labor government's commitment of \$250 to health care card recipients to assist four-year-olds to attend kindergarten and asks what the minister is doing to ensure that the commitment is brought to the attention of low-income earners. I will pass on that issue to the minister.

The Honourable John Ross raised the issue of prostitution and the recent comments of Cr Dick Gross relating to the red-light districts as a means of controlling street prostitution in the St Kilda area. He also raised the link between safe injecting houses and red-light districts that occurred overseas and asked about the government's position on that issue. The Premier has publicly ruled out red-light districts.

The Honourable Wendy Smith referred to the *Age* article about the major building companies that have signed up for the 36-hour week and asked what the government is doing about the impact that may have on small business. As I understand it, the agreement is expected to give rise to a 3 per cent increase in building costs. I understand the Master Builders Association is still pursuing the matter and, I hope, negotiating with the unions. The government is committed to having an independent umpire decide those matters after weighing up all factors that impact on both employers and employees. It is relying on that independent umpire to make a decision that respects the needs of both the employers and employees.

The Honourable David Davis asked about the cost to small business of the recent electricity disputes. I repeat that the department did not do an analysis of the cost to small business. I know that the Victorian Employers Chamber of Commerce and Industry has made some estimates, but from what we are hearing from other peak bodies and from VECI it is hard to get an accurate picture of the impact.

**Hon. D. McL. Davis** — So your department has done nothing to try to cost it?

**Hon. M. R. THOMSON** — It is very difficult to calculate the impact on small business over that period.

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — The Honourable Andrea Coote raised a

matter relating to backpackers lodges in the City of Port Phillip that involved local guidelines and a lack of clarity in planning. I will refer the matter to the Minister for Planning and Local Government in the other place.

I will refer the matter the Honourable Neil Lucas raised about the resourcing of fire stations to the Minister for Police and Emergency Services in the other place.

I will refer the matter the Honourable Cameron Boardman raised rather animatedly about the Frankston marina project to the Minister for Planning and Local Government in the other place.

**Hon. B. C. Boardman** — I asked you to do something about it, not to refer it!

**The PRESIDENT** — Order! I suggest Mr Boardman keep quiet. He has asked his question.

**Hon. J. M. MADDEN** — The Honourable Ron Best raised a matter relating to the Wellsford Forest rifle range and the relocation of the Victorian Field and Game Association's Bendigo branch. I again confirm the government's commitment to the Wellsford Forest shooting range. I appreciate that the relocation of the association from the Wellsford Forest may be in anticipation of the site being used to host the 2006 Commonwealth Games shooting events with the aim of avoiding any programming conflicts over that period. However, I look forward to receiving further details on the relocation of the association through my department.

**Hon. R. A. Best** — What about the expenses they have incurred?

**Hon. J. M. MADDEN** — They are the details I am looking forward to receiving from them.

**Hon. R. A. Best** — So you do not know?

**Hon. J. M. MADDEN** — If they would like to forward those details to me — —

**Hon. R. A. Best** — The department has had them for months — since February.

**Hon. J. M. MADDEN** — I will source those details through my department.

As to the matter raised by the Honourable Andrew Olexander about the recreation industry awards, I have not been informed of any withdrawal of corporate sponsors. I appreciate that from year to year corporate sponsors may adjust their decisions about where they locate their funds. However, I reinforce my disappointment with the Honourable Andrew

Olexander for talking down such awards, because they are significant in the development of the sport and recreation industry. Unfortunately the previous government did not appreciate the significance of developments in that area, in particular the close association the sport and recreation industry has with the new information technology industry.

The matter raised by the Honourable Ian Cover about the Victalent guidelines was, I believe, answered last night. I do not know whether the honourable member was in the chamber at that time or not, but if he was he would have heard the answer and appreciated that the guidelines will be reviewed. When they have been reviewed I look forward to implementing the recommendations.

**Motion agreed to.**

**House adjourned 10.06 p.m. until Tuesday, 11 April.**



QUESTIONS ON NOTICE

*Answers to the following questions on notice were circulated on the date shown.  
Questions have been incorporated from the notice paper of the Legislative Council.*

*Answers have been incorporated in the form supplied by the departments on behalf of the appropriate ministers.  
The portfolio of the minister answering the question on notice starts each heading.*

**Tuesday, 4 April 2000**

**Transport: Better Roads**

**218. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): What projects have been funded from the Better Roads Program in each of the last four years in the municipalities of — (i) Towong; (ii) Wodonga; (iii) Moira; (iv) Campaspe; (v) Indigo; and (vi) Shepparton.

**ANSWER:**

A total of 27 projects have been funded from the Better Roads Program over the past four years in the six municipalities. The total value of these projects is \$7.216 million. Details of the projects are provided in Attachment 1.

**Attachment 1**

**BETTER ROADS VICTORIA PROJECTS**

| <b>Project Description</b>   | <b>TEC (\$m)</b> |                 |
|--|------------------|-----------------|
| <b>1.442</b>   |                  |                 |
| Girgarre-Rushworth Rd (9.3km. to 10.2km.) - Stabilise and resheet                              | 0.202            | Commenced 97/98 |
| Nagambie-Rushworth Rd, Rushworth To Whroo (9.2km. to 11.5km.) – Complete sealing to Whroo      | 0.312            | Commenced 97/98 |
| Byneside-Kyabram Rd (14.9km. to 15.9km.) - Lancaster rehabilitation                            | 0.204            | Commenced 98/99 |
| Bendigo-Murchison Rd Sec 2 (60.0km. to 61.5km.) - Stabilize & resheet pavement                 | 0.214            | Commenced 98/99 |
| Kyabram-Rochester Rd (34.6km.) – Strengthen bridge deck Campaspe River, Rochester              | 0.510            | Commenced 98/99 |
| <b>2.021</b>   |                  |                 |
| Euroa Shepparton Rd (27.9km. to 28.9km.) - Road widening - North from Arcadia Road             | 0.575            | Commenced 97/98 |
| Echuca-Mooroopna Rd (56.2km. to 56.8km.) - Pavement rehabilitation                             | 0.134            | Commenced 98/99 |
| Lancaster Mooroopna Rd (6.1km. to 8.1km.) - Pavement Rehabilitation                            | 0.385            | Commenced 97/98 |
| Bendigo-Murchison Rd (97.0km. to 97.0km.) - Rehab existing structure                           | 0.255            | Commenced 98/99 |
| Manley Road (0.0km. to 2.8km.) – Sealing of Gravel Road west of Shepparton                     | 0.432            | Commenced 99/00 |
| Bendigo-Murchison Rd (58.0km. to 60.0km.) - Murchison area. Asphalt regulation and fabric seal | 0.240            | Commenced 99/00 |

**BETTER ROADS VICTORIA PROJECTS**

| <b>Project Description</b>  | <b>TEC (\$m)</b> |                 |
|---|------------------|-----------------|
| <b>1.016</b>  |                  |                 |
| Beechworth-Wangaratta Rd (.1km. to .1km.) - Strengthen bridge and construct new pedestrian bridge over Spring Creek       | 0.225            | Commenced 98/99 |
| Chiltern Valley Rd (4.7km. to 4.7km.) - at Black Dog Creek - bridge replacement   | 0.306            | Commenced 97/98 |
| RLTR Twist Crk Rd - Widen Strengthen and Improve Alignment  | 0.165            | Commenced 97/98 |
| Chiltern - Rutherglen Road (.3km. to .3km.) - Replace bridge over unnamed stream, Chiltern                                | 0.056            | Commenced 97/98 |
| Rltr Myrtleford - Stanley Rd (7.5km. to 11.5km.) - Reconstruction of road from Circular Creek Rd to Alpine Shire Boundary | 0.174            | Commenced 98/99 |
| Dederang Main Road (.4km. to .4km.) - Reorientation of "T" intersection at Windham St, Yackandandah.                      | 0.090            | Commenced 97/98 |
| <b>0.185</b>  |                  |                 |
| Katamatite Shepparton Rd (16.3km. to 17.0km.) - Pavement reconstruction   | 0.114            | Commenced 97/98 |
| Benalla Tocumwal Rd (70.0km. to 70.5km.) - Pavement reconstruction  | 0.071            | Commenced 97/98 |
| <b>1.767</b>  |                  |                 |
| Murray River Rd (71.8km. to 71.9km.) - Replace timber bridge at Granya Creek  | 0.230            | Commenced 97/98 |
| Murray River Rd (109.2km. to 109.3km.) - Replace existing timber bridge over Burrowye Creek                               | 0.388            | Commenced 97/98 |
| RLTR Burrowye Koetong Rd (.0km. to 6.0km.) - Widen and Construct  | 0.204            | Commenced 97/98 |
| Benambra Corryong Rd (1.0km. to 20.0km.) - Major Patching   | 0.133            | Commenced 97/98 |
| Rltr Burrowye - Koetong Rd (.0km. to 6.0km.) - Widen and reconstruct  | 0.120            | Commenced 98/99 |
| Talgarno Rd (17.4km. to 17.4km.) - Replace timber bridge over Tarrangatta Creek   | 0.246            | Commenced 97/98 |
| Murray River Rd (90.5km. to 90.6km.) - Replace timber bridge over Flaggy Creek  | 0.446            | Commenced 97/98 |
| <b>0.785</b>  |                  |                 |
| Osburn St - Chappel St (.0km. to 2.2km.) - Strengthen Existing Pavement   | 0.785            | Commenced 98/99 |

**Total 7.216**

**Transport: Omeo Highway**

- 219. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): When will sealing of the Omeo Highway between Granite Flat and Begg's Gate be completed.

**ANSWER:**

The timing of any further sealing work on the Omeo Highway is dependent on its priority for funding when compared with other projects throughout the State. The works are currently not programmed.

**Transport: River Murray Bridge, Cobram**

**220. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): What discussions has the Minister had with his New South Wales counterpart regarding the replacement of the River Murray Bridge at Cobram.

**ANSWER:**

In discussions with my New South Wales counterpart, we have agreed that, whilst the recent significant rehabilitation of the existing bridge was essential to ensure continuing safe use of the structure, a thorough investigation of the long term management options for this crossing needs to be carried out.

We are currently considering the scope and timing for the study into the long term options for the crossing of the Murray River at this location, and hope to be able to make further announcements shortly.

This study will provide a sound basis for the future management of the crossing.

**Transport: motor vehicle registration renewals**

**221. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): In respect of motor vehicle registration renewals for the month of December 1999, what percentage was paid — (i) at a Post Office; (ii) by B Pay; (iii) at a maxi kiosk; (iv) at a bank; (v) by mail; and (vi) at a Vic Roads Office.

**ANSWER:**

|                                      |       |
|--------------------------------------|-------|
| Australia Post                       | 31.5% |
| Bpay                                 | 5.5%  |
| Maxi (*)                             | 5.6%  |
| Bank                                 | 27.2% |
| Mail                                 | 4.0%  |
| VicRoads Office                      | 24.5% |
| Other (Fleet and Telephone Payments) | 1.7%  |

(\* Telephone, Kiosk and Internet)

**Transport: drink-driving offences — licence cancellations**

**222. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many drivers licences were cancelled or suspended in 1999 for drink driving offences under the Road Safety Act 1986.

**ANSWER:**

In order to answer the Honourable Member's question a specific program must be written to extract the relevant data from VicRoads' computerised record systems.

The Minister will advise the Honourable Member separately when the information is available.

**Transport: learner driver permit cancellations**

**223. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many learner driver permits were cancelled in 1999 due to traffic offences.

**ANSWER:**

In order to answer the Honourable Member's question a specific program must be written to extract the relevant data from VicRoads' computerised record systems.

The Minister will advise the Honourable Member separately when the information is available.

**Transport: provisional driver licence cancellations**

**224. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many provisional driver licences were cancelled in 1999 due to — (i) alcohol offences; (ii) speeding offences; and (iii) other offences.

**ANSWER:**

In order to answer the Honourable Member's question a specific program must be written to extract the relevant data from VicRoads' computerised record systems.

The Minister will advise the Honourable Member separately when the information is available.

**Transport: unroadworthy vehicles — registration cancellations**

**225. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many motor vehicles were declared unroadworthy in 1999 and what percentage thereof subsequently had registration cancelled.

**ANSWER:**

In order to ensure the Honourable Member's question, a specific program must be written to extract the relevant data from VicRoads computerised record systems.

The Minister will advise the Honourable Member separately when the information is available.

**Transport: driver licence cancellations**

**226. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many drivers licences were cancelled in 1999 at the request of the holder or his/her personal representative and what is the total sum of refunds made.

**ANSWER:**

10,640 licences were received by VicRoads in 1999 to be cancelled at the request of the licence holder or their representative. This represents:

- Deceased licence holders.
- Drivers who have surrendered their licence because they have moved interstate or overseas.
- Drivers who have indicated they no longer wish to drive.

Of these, 9,858 asked for or were eligible for a refund.

The total sum of refunds made to the above licence holders was \$542,552.90.

**Transport: driver licence suspensions — medical tests**

**227. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many drivers licences were suspended in 1999 because of failure to submit to a medical test as requested by VicRoads or failing a medical test.

**ANSWER:**

In 1999, VicRoads cancelled approximately 690 licences and suspended approximately 1,310 licences due to drivers failing to submit to a test as requested by VicRoads or because the driver failed a test. Included in these numbers are licence holders who have had a licence category cancelled (for example a heavy vehicle licence holder downgraded to a car licence).

These statistics include drivers required to undertake a driving test conducted by VicRoads or by a qualified occupational therapist. Records maintained by VicRoads do not distinguish between these forms of tests.

**Transport: driver medical tests**

**228. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many drivers were requested by VicRoads to undergo a medical test in 1999 and subsequently passed such test.

**ANSWER:**

Regulation 226 of the *Road Safety (Drivers) Regulations 1999* defines medical test in terms of a medical or eyesight examination conducted by a medical practitioner.

In 1999 VicRoads received medical or eyesight tests (reports) for approximately 29,000 drivers. A number of these were sent to VicRoads without being requested by VicRoads. An approximate breakdown follows:

- 5,400 from new applicants;
- 6,200 unsolicited from the driver or from a practitioner (doctor, occupational therapist, eyesight specialist), or as a result of a VicRoads requesting a report due to a concern being raised; and
- 17,400 as a result of a routine ongoing review of the driver's fitness to drive.

Approximately 25,000 drivers and applicants were specifically requested by VicRoads to provide a report from a doctor, eyesight specialist or occupational therapist. Of the 29,000 reports received by VicRoads, approximately 27,000 were assessed as being fit to drive.

**Transport: driver tests — licence renewals**

**229. THE HON. W. R. BAXTER** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Transport): How many drivers were requested by VicRoads in 1999 to undergo a driver test prior to licence renewal and how many renewals were refused as a result of such tests.

**ANSWER:**

In Victoria, there is no need to undergo a driver test as part of the licence renewal process. Therefore, in 1999 VicRoads did not ask any driver to undergo a driver test prior to the renewal of their licence and there was no licence renewal refused on this basis.

**Arts: Victorian College of the Arts**

**230. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the Government’s promise to make \$10 million available to allow the Victorian College of the Arts to carry out repairs and to upgrade its buildings and facilities:

- (a) Is there provision for this promised funding.
- (b) When will this promised funding come into being and over what period of time.

**ANSWER:**

I am informed that:

The Bracks Labor Government’s \$10 million election commitment to the Victorian College of the Arts to carry out repairs and up-grade its buildings and facilities remains firmly in place.

Labor’s election policy statement for the Victorian arts and culture sector, ‘Making Victoria The Cultural Centre of Australia’, made a commitment to invest \$10 million over two years from 2001/2002, ie \$5 million in 2001/2002 and \$5 million in 2002/2003, in this important arts training facility.

It is expected that further information will be available when the Bracks Labor Government hands down its first budget in May 2000.

**Arts: long-term strategic and financial support**

**231. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the government’s promise to ‘actively provide long term strategic and financial support for arts and cultural activities’:

- (a) Will the Minister provide some detail about what exactly is meant by this statement.
- (b) What new funding will be provided in each of the 1999–2000, 2000–01, 2001–02, 2002–03 and 2003–04 Budgets.

**ANSWER:**

I am informed that:

As outlined in our election policy, *Making Victoria the Cultural Centre of Australia*, the Government has a crucial role to play in actively providing long term strategic and financial support for arts and cultural activities. This includes:

- financial support for the development and presentation of cultural projects, programs and services;
- programs of support to ensure access by the Victorian community and visitors to a diverse range of cultural experiences in metropolitan and regional areas;
- financial support for Victorian cultural venues and state owned facilities; and
- the provision of cultural development initiatives such as forums, research and publications.

In terms of specific new funding initiatives, these are contained in our election policy, *Making Victoria the Cultural Centre of Australia*. These initiatives are subject to normal Government budget processes.

**Arts: arm’s length grants**

**232. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the Government’s proposal to introduce a system of ‘grants

at arms length from the Minister that takes account of peer assessment and community/consumer evaluation’:

- (a) How does the Minister plan to administer this proposed scheme of ‘grants at arms length’.
- (b) Who will provide peer assessment and community/consumer evaluation.

**ANSWER:**

I am informed that:

Grant applications for the majority of funding programs will be appraised by using both internal and external expertise including peer assessment panels. The assessors and panels make recommendations to the Minister for approval. Panels and assessors are currently being considered for the March and April funding rounds, and membership will comprise artform and industry expertise to add depth and value to the quality of advice.

**Arts: policy development — union involvement**

**233. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the government’s arts policy, which states that ‘Labor will hold regular arts forums with peak organisations, unions and local government to review and develop arts policies and policy implementation’, what involvement will the union have.

**ANSWER:**

I am informed that:

A major industry forum to discuss marketing, publicity, media coverage, and audience development has been scheduled for March 29. The forum will examine issues such as new directions in audience development and raise the profile of the arts in the media. A joint forum on arts policy directions is also being planned with Arts Victoria and the Arts Industry Council, the peak body representing the non government arts sector. The Media, Entertainment and Arts Alliance is also a member of the Arts Industry Council and as such, will have indirect involvement in the forum. The forum will be held in April/May.

**Arts: artists’ representation on boards and management bodies**

**234. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the Government’s claim that it will ‘ensure appropriate representation of artists on key boards and management bodies’:

- (a) What precisely does the Government mean by ‘appropriate representation of artists’ and is this a euphemism for union representation.
- (b) Will the Government guarantee that the boards will not be stacked with unions.

**ANSWER:**

I am informed that:

In response to Part (a) of the Honourable Member’s question, that the Government is committed to ensuring that Arts portfolio management boards are comprised of members with appropriate skills and experience. The Minister for Arts is consulting with Board presidents and chairs regarding their respective Boards. The Government’s main imperative is to ensure that Victoria’s major arts and cultural organisations are managed by high quality, high performance management boards, comprised of people with an appropriate range of skills, experience and background. This would include artists who have diverse experience and knowledge to offer in respect of relevant Arts Agency Boards.

In response to Part (b), that the Government has no imperative in respect of union representation on Arts management boards.

**Arts: regional cinemas liaison officer**

**235. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Industrial Relations (for the Honourable the Minister for Arts): In relation to the government’s proposal to appoint a regional cinemas liaison officer to visit towns to ‘provide advice on establishing cinemas including assistance in finding and converting suitable accommodation for cinemas, accessing sound and projection equipment, cinema management and movie distribution’:

- (a) To whom will the regional cinemas liaison officer report.
- (b) How will the public know the outcome of the regional cinemas liaison officer’s finding.
- (c) How will the regional cinemas liaison officer be funded.

**ANSWER:**

I am informed that:

The issue of a Regional Cinemas Liaison Officer to provide assistance on establishing cinemas in regional Victoria, is currently under consideration. The Government, with the assistance of Arts Victoria and Cinemedia, is consulting with relevant parties, including Councils and communities across the State and will provide further information when the policy analysis and development is concluded.

Funding of the Regional Cinemas Liaison Officer will be from internal resources, as stated in Labor’s election policy statement for the Victorian arts and culture sector, “Making Victoria The Cultural Centre of Australia”.

**Environment and Conservation: marine conservation**

**236. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to marine conservation:

- (a) Will the Government implement a Marine National Parks scheme; if so, will the Government provide adequate funding for resourcing, management and research.
- (b) Where will the funding come from.

**ANSWER:**

I am informed that:

(a) & (b)

It is the Government’s intention to create a network of Marine National Parks and reserves. The Government will assess the funding requirements for the network of Marine National Parks and reserves when it considers the recommendations from the Marine, Coastal and Estuarine Investigation by the Environment Conservation Council.

**Environment and Conservation: Victorian Coastal Commission design guidelines**

**237. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to the Victorian Coastal Commission’s *Siting and Design Guidelines for Structures on the Victorian Coast 1998*, does the Government intend to give the VCC Guide a legislative basis.

**ANSWER:**

I am informed that:

The protection of significant coastal landscapes and features is integral to the Government's Coastal Conservation and Management Program which was announced at the recent National Coastal Conference held in Melbourne. Following a period of informal application by Local Government and other Coastal Managers, the Victorian Coastal Council reviewed the Victorian Coastal Siting and Design Guidelines. This review identified a number of areas where the Guidelines could be improved in terms of their intent and application and statutory usage. The Minister for Planning recently foreshadowed future work to address the protection of coastal landscape values. The Government will be moving to give increased statutory backing to coastal siting and design guidelines and will be seeking advice from the Victorian Coastal Council and the Department of Infrastructure on how this can be best achieved.

**Environment and Conservation: Angusvale Dam site, Mitchell River**

**238. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): What guarantee will the Minister give that the Angusvale Dam site on the Mitchell River will not proceed.

**ANSWER:**

I am informed that:

The Mitchell River is a Heritage River pursuant to the *Heritage Rivers Act 1992*, which provides for protection of its natural, cultural and recreational values. The Government's policy statement 'Our Natural Assets' commits to full protection of Victoria's heritage rivers, including prohibiting the damming of the Mitchell River. The Government is considering how to implement this improved protection.

**Environment and Conservation: Mount McKay**

**239. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): Does the Minister intend to re-instate Mount McKay as a National Park.

**ANSWER:**

I am informed that:

It is the Government's intention to re-incorporate into the Alpine National Park the 285 hectares of the Mt McKay area that was excised from the park in 1997.

**Environment and Conservation: cattle grazing — High Plains**

**240. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to cattle grazing on the High Plains:

- (a) What measures will the Minister take to ensure that meaningful monitoring of cattle grazing in the High Plains takes place.
- (b) Who will provide such monitoring and to whom will they be accountable.
- (c) Will the Minister ensure that areas in need of protection in cattle licence areas will be adequately protected.

**ANSWER:**

I am informed that:

- (a) Parks Victoria is responsible for managing grazing within the Alpine National Park.

Parks Victoria's management system aims to ensure that the Licensees are complying with the conditions of the Alpine Grazing Licence. As part of this system an environmental monitoring program has been successfully trialed in the Caledonia fire affected area of the park. Parks Victoria is currently examining ways in which the program can be cost effectively extended to the whole park.

- (b) An Alpine Grazing Coordinator has been appointed by Parks Victoria to implement the management system and provide support to the park Rangers who are managing grazing at a local level. The Alpine Grazing Coordinator and the Rangers report to the Chief Ranger of the Alpine District.

The environmental monitoring program is being carried out by Parks Victoria scientists in conjunction with staff from the Arthur Rylah Institute of the Department of Natural Resources and Environment. Parks Victoria is accountable for carrying out the monitoring program.

- (c) The long-term protection of the natural values of the grazed areas of the Alpine National Park continues to be a priority. There are ongoing negotiations with Licensees to protect sensitive areas.

**Environment and Conservation: regional forest agreements**

**241. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to regional forest agreements:

- (a) What strategies does the minister have in place to determine and eliminate the potential adverse effects of logging on the environment.
- (b) Will the minister ensure that pre-logging surveys are reinstated and that post-logging effects are monitored.

**ANSWER:**

I am informed that:

- (a) There are a wide range of strategies in place that include, among others, retention of undisturbed areas along water courses, retention of large areas of habitat suitable for owls, and restrictions on when and where harvesting can occur. These are set out in such documents as Forest Management Plans, Flora and Fauna Action Statement, Catchment Strategies.
- (b) Pre-logging surveys will not be reinstated at the level undertaken in the 1980s. These have been overtaken by more broad scale surveys that have formed the basis for regional strategies which are found in the above plans.

**Environment and Conservation: Sustainable Energy Development Authority**

**242. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to the Government's promise to establish a Sustainable Energy Development Authority to provide incentives and programs for energy conservation, alternative energy and reductions in greenhouse gas emissions:

- (a) Has the authority been established; if so, how does it operate and how is it funded.
- (b) Has the government established Solar Hot Water System Grants for those wishing to switch to solar hot water systems; if so what does this cost.

**ANSWER:**

I am informed that:

This question deals with issues outside my portfolio responsibilities and should be directed to the Minister for Energy and Resources.

**Environment and Conservation: Point Nepean visitors centre lease**

**243. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to the current status of the lease arrangement for the visitors centre at Point Nepean:

- (a) Does the Government agree that Point Nepean Visitors Centre should remain under Parks Victoria management; if not, what financial arrangements, commencement dates and terms will apply to any lease.
- (b) Will any additional funding for the Point Nepean Visitors Centre be provided in the 1999–2000, 2000–01, 2001–02 and 2002–03 budgets.

**ANSWER:**

I am informed that:

- (a) Parks Victoria continues to manage the Visitor Centre at Point Nepean. A refreshment service will operate in the Centre under permit.
- (b) It is proposed to upgrade the interpretation displays at the Visitor Centre and at Gunners Cottage to enhance the experience of visitors. It is anticipated these works will cost in the order of \$100,000 to be spent during 2000/2001 and 2001/2002.

**Environment and Conservation: proposed Melbourne parks and bays service**

**244. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to the Government's promise to 'revamp Parks Victoria into a new Melbourne Parks and Bays Service under its own act to care for our parks, to protect their recreational, environmental and historic qualities and ensure that they are left intact for the next generation':

- (a) What plans does the Government have for the management of National Parks, State Forests and State Reserves.
- (b) How does the Government propose to ensure park managers are accountable to the community.
- (c) Does the Minister intend to relocate more of Parks Victoria management out of its head office in Melbourne into regional areas.

**ANSWER:**

I am informed that:

- (a) Planning for the future management of Victoria's parks is nearing completion.
- (b) Special emphasis will be placed on park managers working in partnership with the community and consulting with it in the preparation and implementation of management plans and ongoing management of National Parks and Reserves.

- (c) Parks Victoria will continue to place staff in the most appropriate locations for the efficient management of the parks and reserves.

**Environment and Conservation: parks levy**

**245. THE HON. ANDREA COOTE** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): In relation to the government's promise to ensure that the parks levy is spent equitably:

- (a) How does the government propose to ensure this promise is met.
- (b) Does the government intend to extend the metropolitan parks levy to national parks as well.

**ANSWER:**

I am informed that:

- (a) It is the Government's intention to assess the distribution of accessible parklands across the metropolitan area and to direct application of the Parks Levy (Parks Charge) to correcting any imbalances, taking account of existing and future urban growth and demographics.
- (b) The current Parks Levy is collected from the metropolitan area as gazetted by the former Government under the *Water Industry Act 1994*. This Levy is already used to fund metropolitan parks and National Parks (and other parks scheduled under the *National Parks Act 1975*) within this area.

**Environment and Conservation: Australian garden project — Cranbourne botanic gardens**

**246. THE HON. M. A. BIRRELL** — To ask the Honourable Minister for Energy and Resources (for the Honourable the Minister for Environment and Conservation): Does the Minister intend to provide funding for the Australian Garden project at the Royal Botanic Gardens in Cranbourne; if so, when will the funds start being provided and over how many years.

**ANSWER:**

I am informed that:

The Government's plan for the South East Growth Corridor, which encompasses the Royal Botanic Gardens, Cranbourne, recognises the vital importance for the State of this fast-growing region. In addition, the Government's vision for the urban environment identifies the importance of adequate parks and recreation facilities for quality of life. The existing heathland, woodland and wetland areas of the Royal Botanic Gardens, Cranbourne, provide a much needed recreation facility for the regional community.

Any submission for funding for The Australian Garden project by the Royal Botanic Gardens will be carefully considered by the Government.

**Treasurer: public holidays**

**247. THE HON. R. M. HALLAM** — To ask the Honourable Minister for Energy and Resources (for the Honourable the Treasurer): What was the total cost to the Victorian Government and its agencies of the three additional public holidays gazetted for Christmas Day, Boxing Day and New Year's Day for 1999–2000.

**ANSWER:**

I am informed that:

The Government gazetted two, not three, additional public holidays to allow Victorian families to celebrate the new millennium: Boxing Day, Sunday 26 December 1999 and New Years Day, Saturday 1 January 2000. No additional public holiday was gazetted for Christmas Day by this Government. The previous Government gazetted Tuesday 28 December 1999 as a substitute holiday for the Christmas Day Saturday.

The Government decided to declare the two public holidays in a special, one-off arrangement in recognition of the unique nature of the new millennium. This decision was consistent with the approach taken by every other state in Australia and allowed Victorian families to enjoy the new millennium celebrations in the same way as families in every other part of Australia.

Negotiations were commenced under the previous Government on special payments for employees required to work during the millennium New Year's celebrations prior to the declaration of the additional two public holidays.

### **State and Regional Development: National Innovation Summit**

**248. THE HON. W. I. SMITH** — To ask the Honourable the Minister for Energy and Resources (for the Honourable the Minister for State and Regional Development):

- (a) Did the Minister for State and Regional Development attend any of the plenary sessions or breakfast sessions of the National Innovation Summit in February; if so, which sessions and; if not, why.
- (b) Did the minister attend the opening session of the summit.
- (c) Did the minister make any submission to, or have any personal dialogue with, members of the pre-summit working groups; if so, who and when.
- (d) Did the minister's department join other state and federal government departments in organising a display (on Victoria) in the Summit exhibition area.

#### **ANSWER:**

On the opening day of the Summit, I hosted a Breakfast Briefing for leaders of the science and innovation community given by Dr Edward De Bono. At that breakfast I took the opportunity to outline the Victorian Government's strong commitment to innovation and the specific initiatives we are putting in place to develop a greater culture of innovation in Victoria.

I attended the Summit dinner on 10 February. My colleague, the Parliamentary Secretary for State and Regional Development, Mr Tony Robinson, also attended a number of sessions.

Officials from my Department provided secretariat and research support to the pre-Summit Working Groups and represented the Government on the Summit Steering Committee. My Department also organised a display in the Summit exhibition area highlighting the "Tech Direct" database of Victorian technologies developed by the Strategic Industry Research Foundation.

### **Small Business: public holidays**

**249. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business: What was the total cost to the Minister's departmental budget of the three additional public holidays gazetted for Christmas Day, Boxing Day and New Year's Day 1999–2000.

#### **ANSWER:**

The Government gazetted two, not three, additional public holidays to allow Victorian families to celebrate the new millennium: Boxing Day, Sunday 26 December 1999 and New Years Day, Saturday 1 January 2000. No additional public holiday was gazetted for Christmas Day by this Government. The previous Government gazetted Tuesday 28 December 1999 as a substitute holiday for the Christmas Day Saturday.

The Government decided to declare the two public holidays in a special, one-off arrangement in recognition of the unique nature of the new millennium. This decision was consistent with the approach taken by every other state in Australia and allowed Victorian families to enjoy the new millennium celebrations in the same way as families in every other part of Australia.

Negotiations were commenced under the previous Government on special payments for employees required to work during the millennium New Year's celebrations prior to the declaration of the additional two public holidays.

### **Consumer Affairs: public holidays**

**250. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Consumer Affairs: What was the total cost to the Minister's departmental budget of the three additional public holidays gazetted for Christmas Day, Boxing Day and New Year's Day 1999–2000.

#### **ANSWER:**

I was asked this question in my capacity of Minister for Small Business (Question no.249). The answer I gave was as follows:

The Government gazetted two, not three, additional public holidays to allow Victorian families to celebrate the new millennium: Boxing Day, Sunday 26 December 1999 and New Years Day, Saturday 1 January 2000. No additional public holiday was gazetted for Christmas Day by this Government. The previous Government gazetted Tuesday 28 December 1999 as a substitute holiday for the Christmas Day Saturday.

The Government decided to declare the two public holidays in a special, one-off arrangement in recognition of the unique nature of the new millennium. This decision was consistent with the approach taken by every other state in Australia and allowed Victorian families to enjoy the new millennium celebrations in the same way as families in every other part of Australia.

Negotiations were commenced under the previous Government on special payments for employees required to work during the millennium New Year's celebrations prior to the declaration of the additional two public holidays.

### **Aboriginal Affairs: public holidays**

**251. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): What was the total cost to the Minister's departmental budget of the three additional public holidays gazetted for Christmas Day, Boxing Day and New Year's Day 1999–2000.

#### **ANSWER:**

The Government gazetted two, not three, additional public holidays to allow Victorian families to celebrate the new millennium: Boxing Day, Sunday 26 December 1999 and New Years Day, Saturday 1 January 2000. No additional public holiday was gazetted for Christmas Day by this Government. The previous Government gazetted Tuesday 28 December 1999 as a substitute holiday for the Christmas Day Saturday.

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Negotiations were commenced under the previous Government on special payments for employees required to work during the millennium New Year's celebrations prior to the declaration of the additional two public holidays.

**Major Projects and Tourism: public holidays**

**252. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Sport and Recreation (for the Honourable the Minister for Major Projects and Tourism): What was the total cost to the Minister's departmental budget of the three additional public holidays gazetted for Christmas Day, Boxing Day and New Year's Day 1999–2000.

**ANSWER:**

The Government gazetted two, not three, additional public holidays to allow Victorian families to celebrate the new millennium: Boxing Day, Sunday 26 December 1999 and New Years Day, Saturday 1 January 2000. No additional public holiday was gazetted for Christmas Day by this Government. The previous Government gazetted Tuesday 28 December 1999 as a substitute holiday for the Christmas Day Saturday.

The Government decided to declare the two public holidays in a special, one-off arrangement in recognition of the unique nature of the new millennium. This decision was consistent with the approach taken by every other state in Australia and allowed Victorian families to enjoy the new millennium celebrations in the same way as families in every other part of Australia.

Negotiations were commenced under the previous Government on special payments for employees required to work during the millennium New Year's celebrations prior to the declaration of the additional two public holidays.

**Aboriginal Affairs: reconciliation and respect document**

**253. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): In relation to the Australian Labor Party's 'Reconciliation and Respect' document, Policy for Indigenous Victorians, in which Labor gave a commitment to "urgently pursue reconciliation with Indigenous Victorians", what action has been taken so far to fulfil this commitment.

**ANSWER:**

The Government sees reconciliation with Indigenous Victorians as one of its highest priorities. Reconciliation with Indigenous Victorians will be based on recognition of their heritage and a respect for their contribution to enriching the cultural life of the whole community. In addition the Government will work in partnership with the Indigenous community to redress economic and social problems that are rooted in historic injustice, dispossession and disregard of culture. Considerable effort is being directed towards this issue and further announcements will be made in due course.

**Aboriginal Affairs: reconciliation and respect document**

**254. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): In relation to the Australian Labor Party's 'Reconciliation and Respect' document, Policy for Indigenous Victorians, in which Labor gave a commitment to "support the rights of Aboriginal people to native title over Crown land.", what action has been taken so far to fulfil this commitment.

**ANSWER:**

The Attorney-General, the Honourable Rob Hulls who is Minister responsible for native title, has announced that the Victorian Government will deal with native title applications through negotiation and mediation rather than litigation.

A native title working group, coordinated by the Department of Justice with representatives from a number of government agencies including the Departments of Natural Resources and Environment, Infrastructure, Treasury and Finance and Aboriginal Affairs Victoria, has been working to implement the Government's commitment.

Further announcements about the Government's approach to dealing with native title applications will be made in the near future.

**Aboriginal Affairs: reconciliation and respect document**

**255. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): In relation to the Australian Labor Party 'Reconciliation and Respect' document, Policy for Indigenous Victorians, Labor gave a commitment to establish a Koori Community Fund, with a maximum additional funding of \$1.75 million of which \$0.25 million was to be expended this financial year:

- (a) Has this fund been established
- (b) How much of the 1999–2000 budgeted allocation has so far been granted and who has received the funds
- (c) Who are the members of the joint committee that will assess applications for grants.
- (d) What criteria is used for the assessment of the grant applications

**ANSWER:**

The Koori Community Fund is being established to fulfil the Labor Government's election commitment to provide specific resources for Victoria's Indigenous communities so that they may develop programs to support their people. The Expenditure Review Committee with its broad responsibility for development of the State Budget and ensuring effective public sector resource management has considered funding for the Government's election commitments, including the Koori Community Fund, that are earmarked for implementation over the remainder of 1999-2000. As a result of this process, the \$250,000 allocated to the Koori Community Fund for 1999-2000 will be added to the Department of Human Services budget. Applications for funding will be called for when the budget adjustment is made.

Applications will be assessed by a committee comprising the Director of Aboriginal Affairs Victoria and the chairpersons of the ATSIC Binjirru and Tumbukka regional councils.

**Aboriginal Affairs: reconciliation and respect document**

**256. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): In relation to the Australian Labor Party's 'Reconciliation and Respect' document, Policy for Indigenous Victorians, in which Labor gave a commitment to establish a Ministerial Committee on Aboriginal Affairs, has the committee been established yet; if so, who are the members of the Committee and what are its terms of reference.

**ANSWER:**

The Government is committed to the establishment of a Ministerial Committee on Aboriginal affairs. This committee will be chaired by the Premier and will co-ordinate a 'whole of government' approach to Aboriginal affairs. Policy work has been undertaken to progress this initiative and further announcements will be made in due course.

**Aboriginal Affairs: reconciliation and respect document**

**257. THE HON. BILL FORWOOD** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Aboriginal Affairs): In relation to the Australian Labor Party's 'Reconciliation and Respect' document, Policy for Indigenous Victorians, in which Labor gave a commitment to "ensure

better health services for Indigenous Victorians.”, what actions has the Government taken to improve health services for Indigenous Victorians?

**ANSWER:**

This Government fully supports and is committed to ensuring that Indigenous people have access to highest levels of government to ensure the representation of Indigenous views and priorities in addressing health, education and other social and economic issues.

This Government is committed to the establishment of a ‘whole of government’ approach to Aboriginal affairs which recognises the complex historical impact of dispossession which has led to disproportionate levels of social and economic disadvantage of Indigenous communities. This Government believes that it is only through recognition and respect for Indigenous peoples and their culture that we can construct a viable partnership through which real advancements can be achieved in closing the gap between outcomes experienced by Indigenous and non-Indigenous Victorians.

In addition to progressing initiatives to work in genuine partnership with Indigenous Victorians in pursuing a whole of government approach to Aboriginal affairs, the Government has maintained the momentum of current programs in Koori health and continued to support partnership approaches to health and community services outlined in the Department of Human Services policies - *Achieving Improved Aboriginal Health Outcomes: an approach to reform* (the Koori Health Reform Agreement) and the *Koori Services Improvement Strategy* (KSIS). Two new Regional Health Outcome agreement sites are currently being negotiated. The Government continues to encourage input and support for national Indigenous health strategies. The Government continues to support local community based initiatives aimed at improving the health status of Koori women and children. In particular, submissions are currently being sought for grants to support health education and health promotion activities for Koori women and their children.

**Housing and Aged Care: public and community housing assets**

**258. THE HON. R. A. BEST** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Housing and Aged Care): In relation to the Labor Party Policy that, “We will guarantee that all public and community housing assets will be retained within the housing system”:

- (a) What stock has been identified as being no longer required by the Ministry of Housing, by region.
- (b) How many units have been offered for sale by region.
- (c) How many public housing or community assets have been disposed of or offered for tender since the 18 September 1999 election.
- (d) What asset sales have occurred since the 18 September 1999 election and what revenue will be received by the Ministry of Housing or responsible agency within the Department.

**ANSWER:**

The Office of Housing’s (OOH) asset management strategy requires that assets owned by the Director of Housing be appropriate for the provision of housing assistance in terms of quality and location. Properties are considered as no longer required when they are unviable to maintain or are not assessed as satisfying demand or client profile. This stock is then replaced with more appropriate stock reflective of demand or client profile. This is entirely consistent with the Government’s commitment to retain all public and community housing assets within the housing system.

**(a) Housing Stock No Longer Required**

The regional breakdown of the number of assets being assessed on viability grounds, or being considered for disposal, or being disposed of via potential sales to tenants, potential sales and likely demolitions, between 18 September 1999 and 17 March 2000 is as follows:

| <b>Region</b>         | <b>Properties under consideration for disposal</b> |
|-----------------------|--|
| Barwon-South West     | 60   |
| Eastern Metropolitan  | 30   |
| Gippsland             | 25   |
| Grampians             | 25   |
| Hume                  | 25   |
| Loddon-Mallee         | 40   |
| Northern Metropolitan | 55   |
| Southern Metropolitan | 65   |
| Western Metropolitan  | 50   |
| <b>Total</b>          | <b>375*</b>  |

**(b) Housing Units Offered for Sale**

Between 18 September 1999 and 17 March 2000, 185 dwelling units have been offered for sale. The regional breakdown of the number of assets offered for sale since 18 September 1999 is as follows:

| <b>Region</b>         | <b>Units offered for sale since 18 September 1999</b> |
|-----------------------|---|
| Barwon-South West     | 35  |
| Eastern Metropolitan  | 5   |
| Gippsland             | 30  |
| Grampians             | 35  |
| Hume                  | 20  |
| Loddon-Mallee         | 20  |
| Northern Metropolitan | 10  |
| Southern Metropolitan | 20  |
| Western Metropolitan  | 10  |
| <b>Total</b>          | <b>185*</b>   |

**(c) Public Housing/Community Assets (including vacant land) Sold**

Assets sold in a particular period are not necessarily assets that have been identified and first offered for sale in that same specific period. Delays in arranging assets for sale, as well as failure to sell immediately at auction or settle in under three months, means that assets sold since 18 September 1999, are a combination of assets first offered for sale prior to that date and assets offered for sale since then and offered for sale by auction, rather than tender.

The regional breakdown of number of assets sold, not settled and/or settled since 18 September 1999 is as follows:

| <b>Region</b>         | <b>Assets Sold/Settled/Not Settled</b> |
|-----------------------|--|
| Barwon-South West     | 85                                     |
| Eastern Metropolitan  | 10                                     |
| Gippsland             | 90                                     |
| Grampians             | 70                                     |
| Hume                  | 40                                     |
| Loddon-Mallee         | 50                                     |
| Northern Metropolitan | 30                                     |
| Southern Metropolitan | 30                                     |
| Western Metropolitan  | 60                                     |
| <b>Total</b>          | <b>465*</b>                            |

\*Numbers reported for stock, units & assets are rounded for indicative purposes as the requested dates are not aligned with the Office of Housing reporting requirements and precise numbers for those dates are not available.

**(d) Revenue from Asset Sales**

Since 18 September 1999 revenue from asset sales has totalled more than \$20 million. All revenue from asset sales, as required by the Commonwealth State Housing Agreement, is re-invested in the acquisition or upgrading of public housing.

This allows the Office of Housing to continue to acquire and dispose of assets taking into account an assessment of demand and client profile. This is entirely consistent with the Government's commitment to retain all public and community housing assets within the housing system.

**Housing and Aged Care: public housing stock**

**259. THE HON. R. A. BEST** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Housing and Aged Care): Will the Minister advise the current level of the Ministry of Housing stock and how many units have been acquired since the 18 September 1999 election by each region.

**ANSWER:**

**1. Level of stock and units acquired**

In counting the units acquired, purchase was taken as contracts exchanged, that is not necessarily settled, and construction was taken as contract completion.

The regional breakdown of stock numbers at 17 March 2000 and stock acquired since 18 September 1999 is as follows:

| <b>Region</b>         | <b>Total Units<br/>as at 17 March 2000</b> | <b>Units Acquired<br/>since 18 September 1999</b> |
|-----------------------|--|---|
| Barwon-South West     | 5,820                                      | 65  |
| Eastern Metropolitan  | 5,970                                      | 140   |
| Gippsland             | 4,010                                      | 40  |
| Grampians             | 3,485                                      | 35  |
| Hume                  | 4,765                                      | 45  |
| Loddon-Mallee         | 5,130                                      | 75  |
| Northern Metropolitan | 14,060                                     | 215   |
| Southern Metropolitan | 15,365                                     | 200   |
| Western Metropolitan  | 12,840                                     | 170   |
| <b>Total</b>          | <b>71,445*</b>                             | <b>985*</b>                                       |

*\*Numbers reported for stock, units & assets are rounded for indicative purposes as the requested dates are not aligned with the Office of Housing reporting requirements and precise numbers for those dates are not available.*

**Housing and Aged Care: public housing waiting list**

**260. THE HON. R. A. BEST** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Housing and Aged Care): Will the Minister provide a profile of all public housing waiting lists by region for each month since 30 June 1999.

**ANSWER:**

| <b>REGION</b>     | <b>Jun-99</b> | <b>Jul-99</b> | <b>Aug-99</b> | <b>Sep-99</b> | <b>Oct-99</b> | <b>Nov-99</b> | <b>Dec-99</b> | <b>Jan-00</b> | <b>Feb-00</b> |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Eastern Metro     | 5,875         | 5,867         | 5,906         | 5,888         | 5,945         | 5,948         | 5,836         | 5,790         | 5,602         |
| Northern Metro    | 9,366         | 9,046         | 8,911         | 8,586         | 8,309         | 8,176         | 7,985         | 7,874         | 7,864         |
| Southern Metro    | 15,675        | 15,451        | 15,336        | 15,115        | 15,029        | 14,930        | 14,731        | 14,653        | 14,605        |
| Western Metro     | 9,064         | 8,718         | 8,400         | 8,038         | 7,838         | 7,675         | 7,408         | 7,285         | 7,185         |
| Barwon South West | 1,408         | 1,346         | 1,363         | 1,307         | 1,357         | 1,358         | 1,351         | 1,328         | 1,303         |

| REGION          | Jun-99 | Jul-99 | Aug-99 | Sep-99 | Oct-99 | Nov-99 | Dec-99 | Jan-00 | Feb-00 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Gippsland       | 630    | 604    | 625    | 602    | 583    | 540    | 560    | 578    | 597    |
| Grampians       | 583    | 572    | 595    | 622    | 625    | 600    | 598    | 612    | 620    |
| Hume            | 1,099  | 1,049  | 1,039  | 1,031  | 1,053  | 1,049  | 988    | 961    | 987    |
| Loddon Mallee   | 2,157  | 2,171  | 2,188  | 2,188  | 2,207  | 2,227  | 2,110  | 2,089  | 2,099  |
| Movable Units * | 77     | 82     | 89     | 107    | 110    | 114    | 112    | 120    | 120    |
| STATE TOTAL     | 45,934 | 44,906 | 44,452 | 43,484 | 43,056 | 42,617 | 41,679 | 41,290 | 40,982 |

Note : Public housing includes the Rental General Stock and Movable Units programs

\* Waiting list for movable units is maintained at head office

### Housing and Aged Care: HOLS and SHOLS schemes

**261. THE HON. R. A. BEST** — To ask the Honourable the Minister for Small Business (for the Honourable the Minister for Housing and Aged Care): Will the Minister provide information regarding all details associated with the HOLS and SHOLS loans schemes including — (i) the number of loans in each scheme; (ii) the number of loans in arrears; and (iii) the number which have been terminated and the reasons for termination.

**ANSWER:**

As at 29 February 2000, there were:

- (i) 2,885 HOLS Fixed, Indexed & Variable loans and 1,484 SHOS Indexed loans. A total of 4,369 loans
- (ii) 426 of these loans are in arrears by less than 1 monthly instalment\*.

281 loans are more than 1 monthly instalment in arrears. Of these, 56 have made an ‘arrangement’ to repay the arrears.

\* *Arrears of less than 1 instalment are considered as ‘late payments’ rather than arrears of instalments.*

- (iii) 12,204 HOLS/SHOS loans have been discharged since inception of the scheme.

The reasons for discharge have only been recorded since July 1994. Since that time 7,465 discharges have occurred with the following reasons and percentages of discharges in this period.

|                                 |       |       |
|---------------------------------|-------|-------|
| Refinanced                      | 2,870 | 38.4% |
| Repaid in full                  | 1,862 | 24.9% |
| Sold property                   | 2,036 | 27.3% |
| Voluntary/Involuntary Surrender | 685   | 9.2%  |
| No reason given                 | 12    | .2%   |

### Manufacturing Industry: festival funding

**262. THE HON. M. A. BIRRELL** — To ask the Honourable the Minister for Youth Affairs (for the Honourable the Minister for Manufacturing Industry): Will the Government continue to support and fund the — (i) Melbourne Marine Week; (ii) Furnishing Festival Melbourne; (iii) Victorian Wine Week; (iv) Melbourne Manufacturing Expo; and (v) Australian Automotive Week; and what funding will be provided in 2000–2001.

**ANSWER:**

The Government supports a number of business events including the five events nominated by the Honourable Member. Funding will be provided for another round of these events but the exact funding amount for each event has yet to be determined.

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