

**PARLIAMENT OF VICTORIA**

**PARLIAMENTARY DEBATES  
(HANSARD)**

**LEGISLATIVE COUNCIL**

**FIFTY-FOURTH PARLIAMENT**

**FIRST SESSION**

**11 April 2000**

**(extract from Book 5)**

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**Privileges Committee** — The Honourables W. R. Baxter, D. McL. Davis, C. A. Furletti, M. M. Gould and G. W. Jennings.

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

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**Deputy Leader of the Government:**

The Hon. G. W. JENNINGS

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**Deputy Leader of the Opposition:**

The Hon. BILL FORWOOD

**Leader of the National Party:**

The Hon. R. M. HALLAM

**Deputy Leader of the National Party:**

The Hon. P. R. HALL

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Hadden, Hon. Dianne Gladys	Ballarat	ALP	Thomson, Hon. Marsha Rose	Melbourne North	ALP



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**Tuesday, 11 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:

**First Home Owner Grant Act  
National Taxation Reform (Consequential Provisions)  
Act**

## ADMINISTRATION AND PROBATE (DUST DISEASES) BILL

*Introduction and first reading*

Received from Assembly.

Read first time on motion of **Hon. M. R. THOMSON** (Minister for Small Business).

## EDUCATION ACTS (AMENDMENT) BILL

*Introduction and first reading*

Received from Assembly.

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

## ROAD SAFETY (AMENDMENT) BILL

*Introduction and first reading*

Received from Assembly.

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

## TRADE MEASUREMENT (AMENDMENT) BILL

*Introduction and first reading*

Received from Assembly.

Read first time on motion of **Hon. M. R. THOMSON** (Minister for Small Business).

## QUESTIONS WITHOUT NOTICE

### Industrial relations: task force

**Hon. M. A. BIRRELL** (East Yarra) — I refer the Minister for Industrial Relations to discussions she had with the Trades Hall Council in February when she promised that a committee would be set up to inquire into state industrial relations laws. Given that trades hall was told union interests will 'have the numbers on the committee and there will be a compliant independent chair' will the minister ensure that the committee she is planning to set up has a majority of members who are truly independent and who are not already beholden to Australian Labor Party policy on this matter?

**Hon. M. M. GOULD** (Minister for Industrial Relations) — As I said last week, following the summit the government is looking at establishing a task force. I hope to make an announcement on the composition of that task force very shortly.

### Industrial relations: government policy

**Hon. G. D. ROMANES** (Melbourne) — Will the Minister for Industrial Relations inform the house of the principles that guide the Bracks government's approach to industrial relations matters?

**Hon. M. M. GOULD** (Minister for Industrial Relations) — I am pleased to advise the house that I have developed a set of guidelines and a statement on industrial relations and how it will be handled by the Bracks government. The statement is an important part of the Bracks government's commitment to growing the whole of the state and sharing that growth among all Victorians.

The key principles, something the opposition has difficulty understanding, are, firstly a cooperative relationship between employees, employers and their representatives, with a legitimate role for unions. The second is encouraging negotiated outcomes that will benefit all Victorians. The Bracks government supports conciliation, and the option of arbitration should also be available to parties.

Thirdly, the government condemns the deficiencies in the federal industrial relations system and the way it applies in Victoria. The government is taking steps to ensure that changes. Fourthly, unlike the previous government, this government is committed not to take sides in industrial disputes but to act as an honest broker. When in government the opposition was not an honest broker.

Fifthly, the government notes that as a result of the previous government's policy a large section of the Victorian community was disadvantaged by changes in the industrial relations system. The Bracks government will work together cooperatively with all parties to ensure that it addresses the issue that has left Victorians discriminated against because of the previous government's action.

**Employment Advocate: report**

**Hon. B. C. BOARDMAN** (Chelsea) — I refer the Minister for Industrial Relations to a report compiled by the commonwealth Employment Advocate last year who investigated the benefits of Australian workplace agreements (AWAs) in the Victorian public sector. The minister would be well aware that three-quarters of respondees indicated they agree or strongly agree with the benefits of their individual AWAs. After considering that will the minister explain to the house why she is refusing to make the report public?

**Hon. M. M. GOULD** (Minister for Industrial Relations) — This issue was raised yesterday in federal Parliament by Mr Reith. I am happy to advise the house that I have not sighted such a report. I have given no directions on its release. Given the recent determination by the Australian Industrial Relations Commission with respect to compensating Victorian public servants who are not on AWAs —

*Honourable members interjecting.*

**Hon. M. M. GOULD** — I have not seen it. The commission indicated that those Victorian public servants not on AWAs should be compensated.

**GST: small business**

**Hon. KAYE DARVENIZA** (Melbourne West) — Will the Minister for Small Business inform the house what action she has taken as a result of recent surveys into goods and services tax (GST) readiness among small businesses?

**Hon. M. R. THOMSON** (Minister for Small Business) — On a number of occasions I have spoken about the lack of readiness of small business to comply with the goods and services tax (GST) time line of 31 May for registration of Australian business numbers (ABNs).

A survey by Dunn and Bradstreet reported in the media this morning that of almost 870 executives surveyed 70 per cent of companies admit they will not be ready for the goods and services tax. Overwhelmingly, big business is ready for the GST but small business is not.

That is a dangerous situation for small business. Big business will not do business with businesses that do not have ABNs. That has serious consequences for small business.

I am pleased to announce that I will raise the consequences of the GST's implementation on small business at the small business ministers council meeting in July. I have written to the federal financial services minister asking for leniency to be shown to small businesses that have been unable to register for ABNs and are unlikely to meet the deadline. I hope small business will be given an extension beyond 31 May.

**Bayside Trains: industrial dispute**

**Hon. D. McL. DAVIS** (East Yarra) — What direct action did the Minister for Industrial Relations take to ensure the prompt resolution of the dispute involving Bayside Trains last week?

**Hon. M. M. GOULD** (Minister for Industrial Relations) — The dispute between the private operator and the union was negotiated, and discussions were held with the parties through the Australian Industrial Relations Commission. As I indicated earlier, the government is an honest broker and does not take sides in such matters.

**Youth: ministerial council**

**Hon. JENNY MIKAKOS** (Jika Jika) — Will the Minister for Youth Affairs inform the house of the outcome of the recent national Ministerial Council of Education, Employment, Training and Youth Affairs?

**Hon. J. M. MADDEN** (Minister for Youth Affairs) — I had the opportunity to represent the young people of Victoria at the national Ministerial Council of Education, Employment, Training and Youth Affairs (MCEETYA) where a number of issues significant to Victoria were on the agenda.

Three issues of particular significance to Victoria were agreed by MCEETYA to become national research projects for 2000. Firstly, youth services in Victoria are provided by a wide range of providers and there is potential for greater integration and coordination with local government playing a key role. Secondly, in respect of youth and citizenship, the perceptions of young people and the notion of citizenship, the Victorian government is committed to encouraging and enabling young people to become more involved in government decision making. The third issue concerned volunteerism and young people. The Victorian Youth Development program incorporates volunteerism as a key component. Volunteerism is seen as a way of

improving young people's feelings of self-worth and connectedness to the community

**State and Regional Development: director resignation**

**Hon. BILL FORWOOD** (Templestowe) — I refer the Minister for Small Business to the fact that Mr Mark Brennan, Executive Director of Small Business and Regulation Reform resigned last Friday. Is it a fact that Mr Brennan took that action because the minister has totally downgraded his critical job by shifting responsibility for, firstly, small business policy and, secondly, regulation reform out of the small business portfolio?

**Hon. M. R. THOMSON** (Minister for Small Business) — I thank the honourable member for his question regarding the restructure in the Department of State and Regional Development which led to Mark Brennan terminating his time with the Department of State and Regional Development. The government was concerned that small business was not accessing all the initiatives of the Department of State and Regional Development. Under the recommendations of the department, it was felt that a restructuring of the whole department would give broader access across all sections of the department to ensure small businesses were accessing all programs available to them.

Because of the need to ensure small business was being fully serviced across the state and regional development portfolio it was decided small business access needed to be ensured. On that basis it was decided that I would have more influence over the whole department rather than less and that sections would be integrated to ensure greater whole-of-department response to small business.

**Small business: information technology**

**Hon. D. G. HADDEN** (Ballarat) — Will the Minister for Small Business inform the house what the government is doing to encourage the use of information and communications technology in Victorian small business?

**Hon. M. R. THOMSON** (Minister for Small Business) — I have spoken in the house before about the importance the government places on small business. I am pleased to be able to say the government initiative known as the Victorian E-commerce Early Movers scheme has received a 95 per cent local council response. The scheme is about ensuring state government and councils work together to encourage small business to take up e-commerce.

The government hopes within the next couple of months to be able to announce the outcomes of those applications. The government is looking forward to working with local government to ensure small business takes advantage of e-commerce. Councils have advised that they can assist in a number of ways. It is important that the government and councils work in partnership to advance the uptake of e-commerce at a local level.

**Small business: taxes and charges**

**Hon. R. A. BEST** (North Western) — Given that the government has indicated there will be increases to Workcover premiums and has this week announced approval for municipalities to increase rates, will the Minister for Small Business cite any document that demonstrates the level of representation she has made on behalf of the Victorian small business community to limit the significant increases occurring in government taxes and charges?

**Hon. M. R. THOMSON** (Minister for Small Business) — My responsibility is to look after small business and advocate on behalf of small business inside the cabinet. I take up that task with vigour.

**Port and marine authorities**

**Hon. E. C. CARBINES** (Geelong) — Will the Minister for Ports inform the house of recent appointments to the boards of port and marine statutory bodies?

**Hon. C. C. BROAD** (Minister for Ports) — I am pleased to advise the house of a number of significant appointments to port and marine boards and statutory bodies, which undertake important responsibilities on behalf of the government. In the first instance the Marine Board of Victoria, which is responsible for implementing effective marine safety and oil pollution response arrangements, has appointed as chairperson Dr Ian Johnston, who continues his chairmanship from the previous board and will provide continuity. He has extensive experience in transport safety administration.

The other new appointments include Mr Peter Morgan, master mariner and former chief executive of the port of Geelong; Dr Jennifer Morris, director of the Transport Research Centre at RMIT University; and Mr Mark Curry from the Department of Infrastructure.

Mr Alan Taylor has been appointed to the Victorian Channels Authority, which has important responsibilities for establishing and maintaining channels. Formerly a marine engineer with BHP,

Mr Taylor has a 43-year association with industry. He will add important skills to that board.

Last but not least, appointments to the board of the Melbourne Port Corporation include Dr Chris Whitaker, recently appointed chief executive officer. He has extensive port experience. Other appointees include Ms Kathleen Townsend, who operates her own executive search business, and Dr Owen Donald, who has had extensive experience with the commonwealth government. He is currently the executive director of the Australian Housing and Urban Research Unit. Those appointments underline the government's commitment to maintaining and further developing professional management and leadership strengths in those key statutory organisations.

## LOCAL GOVERNMENT (GOVERNANCE) BILL

### *Introduction and first reading*

Hon. C. C. BROAD (Minister for Energy and Resources) introduced a bill to amend the Local Government Act 1989 and the Libraries Act 1988 and for other purposes.

Read first time.

## DISTINGUISHED VISITORS

The PRESIDENT — Order! I welcome to the gallery of the Legislative Council the Commonwealth Parliamentary Association study tour delegates from the Cook Islands, Fiji, the Solomon Islands and Tonga. I am sure honourable members will make them welcome.

## BUSINESS REGISTRATION ACTS (AMENDMENT) BILL

### *Introduction and first reading*

Hon. M. R. THOMSON (Minister for Small Business) introduced a bill to amend the Associations Incorporation Act 1981, the Business Names Act 1962, the Co-operatives Act 1996 and the Partnership Act 1958 to facilitate electronic service delivery for registration services provided under those acts, to make other miscellaneous amendments to those acts and to amend the Fair Trading Act 1999 and other acts and for other purposes.

Read first time.

## FEDERAL COURTS (CONSEQUENTIAL AMENDMENTS) BILL

### *Introduction and first reading*

Hon. M. R. THOMSON (Minister for Small Business) introduced a bill to make further amendments consequential on the matters dealt with by the Federal Courts (State Jurisdiction) Act 1999 or by commonwealth legislation relating to federal courts and tribunals and for other purposes.

Read first time.

## ADOPTION (AMENDMENT) BILL

### *Introduction and first reading*

Hon. M. R. THOMSON (Minister for Small Business), by leave, introduced a bill to amend the Adoption Act 1984 to give effect to the Hague Convention on Protection of Children and Cooperation in respect of Intercountry Adoption and to certain bilateral arrangements for intercountry adoption and for other purposes.

Read first time.

## PAPERS

### Laid on table by Clerk:

Auditor-General — Report on Test calls made to non-emergency ambulance telephone lines, April 2000.

Crown Land (Reserves) Act 1978 — Minister's Order of 6 April 2000 giving approval to granting of leases at Lake Boga and Whittlesea.

Gascor (TH) Pty Ltd — Financial Statements for the period 1 July 1998 to 2 June 1999.

Goulburn Valley Regional Waste Management Groups — Minister for Environment and Conservation's report of 5 April 2000 of receipt of the 1998–99 report.

Planning and Environment Act 1987 — Notices of Approval of the following amendment and a new planning scheme:

Ararat Planning Scheme.

Kingston Planning Scheme — Amendment C5.

Statutory Rules under the following Acts of Parliament:

Architects Act 1991 — No. 25.

Police Regulation Act 1958 — No. 23.

Subordinate Legislation Act 1994 —

Ministers' exemption certificate under section 9(6) in respect of Statutory Rule No. 23.

**AUDITOR-GENERAL****Ambulance test calls**

**The PRESIDENT** — Order! I desire to make a statement in relation to the report of the Auditor-General on test calls made to non-emergency ambulance telephone lines, which has just been tabled.

I am advised that the report contains some references to matters that are covered by the terms of reference of the Metropolitan Ambulance Service royal commission. Consideration must therefore be given to how the sub judice rule might be applied in relation to matters referred to in the report that might be raised in the house.

The sub judice convention is a restriction on debate that the house imposes upon itself so that the proceedings before a court will not be prejudiced. The application of the convention is at all times subject to the discretion of the Chair, which will always have regard to the ability of members to raise matters of concern.

While the application of the sub judice rule is well documented in relation to proceedings before the courts, the convention has also been applied in respect of royal commissions. However, the extent to which the rule should apply to such commissions is not quite as clear.

The application of the sub judice rule in relation to royal commissions is well summarised in the *House of Representatives Practice*, third edition, at page 484, as follows:

Although it is clear that royal commissions do not exercise judicial authority, and that persons involved in royal commissions are not on trial in a legal sense, the proceedings have a quasi-judicial character. The findings of a royal commission can have very great significance for individuals, and the view has been taken that in some circumstances the sub judice convention should be applied to royal commissions.

The *House of Representatives Practice* goes on to make reference to how the rule has been applied in recent times:

The contemporary view is that a general prohibition of discussion of the proceedings of a royal commission is too broad and restricts the house unduly. It is necessary for the Chair to consider the nature of the inquiry. Where the proceedings are concerned with issues of fact or findings relating to the propriety of the actions of specific persons the house should be restrained in its references. Where, however, the proceedings before a royal commission are intended to produce advice as to future policy or legislation they assume a national interest and importance, and restraint of comment in the house cannot be justified.

As the royal commission is continuing and the terms of reference deal with the activities of individuals the Chair needs to determine a balance between the need to preserve the integrity of the royal commission and the need to allow discussion on matters in the public interest.

In this instance I believe the overriding principle must be to ensure that the operations of the royal commission are not prejudiced. I therefore advise members that they may canvass the general issues raised in the report during debate in the house, but members should refrain from discussing matters that are specifically before the royal commission, unless it can be clearly demonstrated that such discussion would be in the public interest.

Mr Speaker will make the same statement relating to the report in the Legislative Assembly.

**FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL***Second reading*

**Debate resumed from 4 April; motion of Hon. C. C. BROAD (Minister for Energy and Resources).**

**Hon. R. M. HALLAM** (Western) — Since the very first day I entered Parliament and discovered the absolutely lamentable basis on which it reported its operations to the Victorian community I have undertaken a personal campaign to do something about the standard of financial reporting across the public sector in the state. Some of my colleagues would describe it more as a crusade than a campaign. My earliest experience — —

**Hon. M. M. Gould** — It was a crusade.

**Hon. R. M. HALLAM** — Thank you; I am pleased to have that interjection by the Leader of the Government on the record.

My earliest recollection of the issue is receiving my very first budget shortly after becoming a member of this place. As an aside I must say that my National Party colleagues made much of my election to Parliament and made me feel welcome, partly on the basis that I had a background in accounting and therefore should automatically accept responsibility for every bill with a dollar attached to it that came into this place. I quickly became the National Party spokesperson on financial affairs.

I took home the budget that was delivered shortly after my election. I recollect it was thick and comprised

seven volumes — which I actually read. I may be one of the few members of Parliament to have read a budget from cover to cover, but I slavishly did so. On the Sunday night I rang my leader at the time, the Honourable Bernie Dunn, and reported to him that I had read the budget and had a number of questions. My first question was, ‘Where is the rest of it? I do not believe this can possibly be the budget documents relating to the operation of the public sector in Victoria’. I explained to him that if he had brought the documents to me in my professional capacity as an accountant I would have asked him to go home and complete them and made the points that they would certainly not have passed the Corporate Affairs Office Victoria, that the Commissioner of Taxation would have had a fit and that they were remarkable more for what they did not say than for what they did say.

I asked my leader to advise me what I should do. He replied, ‘I think you have just written your first speech’. I did not deliver that speech because I was young and feeling my way in Parliament.

**Hon. J. M. Madden** — I do not believe it.

**Hon. R. M. HALLAM** — You should, Minister, because we all start at the beginning. I did not deliver the speech the first year, but I delivered great slabs of it the next, because as time unfolded I became even less impressed with the reporting process.

The government had the crudest form of cash accounting system I had ever come across, so I decided to do something about it. During the intervening 15 years, I have had the good fortune to serve with you, Mr President, on the very first estimates committee, the Public Accounts and Estimates Committee, and for several years as the Minister for Finance. During that time I have seen many changes, particularly in respect to public sector reporting. I recall the introduction of performance audits and the shivers that it sent through ministers at the cabinet table. Some of my colleagues still wonder about the wisdom of introducing performance audits. Those audits did more for discipline being introduced into government than anything else. There was the conversion from cash accounting to accrual accounting and the difficulties that parliamentary draftsmen had with the concept of an appropriation bill based on the financial commitments of government rather than cash flow. It was difficult to draft a bill that set out the government’s financial commitments rather than its cash flow commitments. I also recall the introduction of whole-of-government reporting. I played a part in the introduction of the first balance sheet for the state of Victoria and the move to reporting outcomes.

I cannot claim credit for all those changes, but as the Minister for Local Government I had the opportunity of introducing many of those concepts. Later, as Minister for Finance I also had the opportunity of introducing many of the decisions culminating in the bill before the house today.

I am proud of the personal thumb print that appears on many of those changes. The passage of this bill will ensure that the manipulation of government accounts as occurred in the 1980s, when it was endemic, will no longer be possible. It will no longer be feasible for governments of any persuasion to manipulate the outcome of a trading period. Governments will not have the opportunity to dress down or dress up, camouflage or manipulate government accounts. Those sad events that occurred during the 1980s will never be repeated. That of itself is a good legacy. Given that personal background and involvement, I welcome the bill.

I acknowledge that the bill will take financial sector reporting several steps forward. I am happy to give credit where it is due. This is good legislation and I personally applaud the Bracks government for the initiative that underpins it.

**Hon. T. C. Theophanous** interjected.

**Hon. R. M. HALLAM** — Mr Theophanous should not get too excited, because I am only beginning my contribution. The bill will help strengthen the accountability of executive government to Parliament and through Parliament to the Victorian community. It would be hard for anyone who understands that concept to do anything other than support the legislation. I have an advantage over some honourable members. I was a member of the house during the 1980s and I recall the track record of the then Labor government, so I understand the government’s motivation to introduce the bill. The government is driven by its recognition that Labor’s reputation as a financial manager, as the keeper of the public purse, has been dreadfully tarnished. It knows that during the 1980s under premiers Cain and Kirner there was example after example of connivance and contrivance to shield and avoid the reporting of the true picture of government accounts. That history is embedded in the psyche of the Labor Party.

I do not want the proposed legislation to be depreciated by some explicit criticism of the government’s underlying motivation. The legislation is even more meritorious given the government’s motivation. It recognises that the reputation of Labor governments as financial managers is on the nose.

**Hon. T. C. Theophanous** — Rubbish.

**Hon. R. M. HALLAM** — You can argue as much as you like, Mr Theophanous. I look forward to your contribution. The Bracks government recognises that the experiences of the 1980s left the Labor Party with a tainted reputation. It has decided to do something about it. It is exactly the same motivation that drove the current Premier to get Access Economics to sign off on the Labor Party's election promises. The legislation ups the ante by several steps. It puts much greater discipline on governments of all political persuasions and, therefore, is good and deserves support. It keeps alive the state's reputation as the leader of the pack in financial reporting. I give credit where it is due. I am not persuaded by the minister's statement in the second-reading speech that it, among other things, is the first legislation of its type in Australia and contains world-first provisions. That is a bold claim. I do not think even Mr Theophanous would want that claim perpetuated, especially as he knows that some honourable members have been in this place as long as he has. However, I will not challenge those claims because it is a part of the Labor government's determination to increase the height of the high-jump bar. The government is putting the bar at a high level but it has not yet commenced its run-up. It is important that the house recognises what the bill is doing.

The biggest and most effective driver of financial accountability is reporting standards. That applies to any venture of any kind and is not restricted to the public sector, the government or Parliament. It is not rocket science. The ultimate objective in reporting standards is to provide meaningful information in a timely manner. Those two criteria are not necessarily compatible. It is not much good if the information arrives too late to be helpful or if it is not comparable even if it is technically accurate. The report has to tell the real story, but in time for the stakeholders to react. Good reporting, whatever else is said about it, has two major beneficiaries. The first are public sector managers and officers who rely on the information they are provided with to make their decisions. The objective should never stray. It should be to have managers make informed decisions. Reporting standards are directed to get the best possible data and information to those responsible for management decisions. The second beneficiaries are the stakeholders. It is important that they have meaningful and worthwhile information to judge their investment. Perhaps that is the first test of stewardship.

I wholeheartedly endorse the concept of this statement in the second-reading speech:

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

**Hon. T. C. Theophanous** — Hear, hear!

**Hon. R. M. HALLAM** — I hear Mr Theophanous say, 'Hear, hear!'. Where was he in the 1980s? That is a fundamental turnaround from when Labor last had control of the Treasury benches. It is a step in the right direction, and I for one am determined not to look a gift-horse in the mouth. Whatever can be said about the government's motivation, it is clear that the Labor Party has now hitched its wagon to three fundamental objectives.

The government parrots its objectives almost ad nauseam: firstly, the concept of sound financial management; secondly, the concept of financial responsibility; and thirdly, the concept of exposure to scrutiny.

What is more — honourable members will be pleased to know there is more; it is like the Demtel ad — the government says Labor is prepared to nominate specific benchmarks against which it is prepared to be judged in the future, benchmarks against which the public is invited to attest whether the objective nominated is being achieved, and to monitor whether the government is complying with commitments given in advance.

I refer to some of those specific benchmarks, and there are several of them. The first is the clearest possible undertaking, in fact it is said to be a pledge, to maintain a substantial budgetary surplus. That has been repeated on several occasions, and it is included in the second-reading speech in a number of forms. It must be made clear that it is not just a commitment about the budget we can expect to see in the next few days; it is not just about the current financial year. It is put on the public record as being conceptually adopted by the Australian Labor Party in government. It is nominated as a central plank of what is described as financial responsibility. It is set out in a document published by the Australian Labor Party when in opposition as a base from which future governments must not stray. I pause to cite the source of the quote: it is a document headed 'Financial responsibility — getting the budget basics right', signed by Steve Bracks, Labor leader, Labor Treasury spokesperson, and authorised by John Lenders, state secretary of the ALP Victorian branch. The document is not dated, but it was in my possession in the days just prior to the state election in September of last year, so it is a very up-to-date document to which I shall refer many times during my presentation.

The document refers to how the substantial budgetary surplus shall be employed. It takes the benchmark a step further and says that not only will there be this substantial surplus, but this is how it will be applied. I again refer to the document I have just cited, which states that the surplus shall be used primarily to fund infrastructure. It shall also be used to further tackle state debt, and it is also identified as being the basis upon which the remaining unfunded liability in superannuation shall be addressed.

The budgetary surplus commitment is not just for today. The Labor government is saying, 'This is how we shall employ it in the long term as well'. That is the first clear benchmark.

The second benchmark offered is that the budget sector debt shall be 'contained'. That is the terminology used in the document, and it explains that it shall be 'contained' for this purpose: 'so that interest charges don't cut funds for better services'. It is another benchmark; public sector debt shall be contained. It is incredibly significant that it is a Labor government making that commitment, given the recent experience in Victoria. Under Labor public sector debt tripled in approximately nine years. It peaked at about \$33 billion, a massive burden passed on to future generations of Victorians. It was under the Kennett coalition government that public sector debt was contained and brought back to a manageable level of between \$5 billion and \$6 billion. Here is a classic benchmark figure being offered by the Bracks government.

**Hon. T. C. Theophanous** interjected.

**Hon. R. M. HALLAM** — You will have your opportunity, Mr Theophanous. The third benchmark which is laboured — I use the word advisedly — is the retention of Victoria's AAA credit rating, which was laboriously recovered under the Kennett–Stockdale regime. In the second-reading speech the credit rating is acknowledged as being an important benchmark, and it is described in this way:

Our AAA credit rating is a clear signal to investors that Victoria has got its fundamentals right.

Labor is saying, 'Here is another test for the community to use to see whether we are meeting our commitments'.

On the subject of Victoria's AAA rating, the casual reader of the second-reading speech could be forgiven for concluding that the unprecedented recovery over recent years is all due to the work of the Bracks Labor government. It is a bit cheeky, at best, for the Labor

government to be claiming credit for the recovery of Victoria's credit rating. Victoria did have a AAA credit rating ranked by both rating houses under the Kennett coalition government. Victoria had that rating before Labor came to power, and it was under Labor that Victoria's credit rating was downgraded to the point where about the only good thing we could say was that we out-ranked a few of the South American states. It was clear that the international financial market had taken a dim view of Victoria's standing and status. So before history is re-written in the form of the bill, I make the point that we are only now getting Victoria's credit rating back to the status it enjoyed before Labor and the 1980s happened to cross our path.

I acknowledge that Victoria's credit rating is a crucial benchmark and should be employed to determine performance in the future. I refer again to the document I cited previously and note that Labor's pledge to keep the Victorian budget in substantial surplus is just the starting point. The high-jump bar is being lifted even higher, and we should therefore be applauding that process.

**Hon. T. C. Theophanous** — You should be.

**Hon. R. M. HALLAM** — I thought I was. I was offering credit where it is due.

Within that document further quite specific benchmark commitments are outlined. Motherhood statements are also made, such as 'no waste occurs under Labor'. How does one prove that? 'Competitive taxes and charges' — one could argue about that all day. The third comment is about 'fair, open and accountable processes'. How often do we hear about that? I will leave those statements to one side because of their subjectivity and turn to the specifics referred to in the pledge: that the annual substantial budget surplus is but the starting point.

I turn specifically to taxes and charges. The Labor Party in opposition stated that taxes and charges were much too high across Victoria and that there was a substantial margin above the national average. I recall that the document referred to a figure of \$314 million as being the margin between the taxes and charges applied in Victoria and the national average. If you are still unclear, the same document equates that to \$70 per head.

The Labor government's specific undertaking is, 'We have to get taxes and charges down by \$70 per head to meet our pledge of matching the national average'.

**Hon. T. C. Theophanous** — You put them up.

**Hon. R. M. HALLAM** — You will have your turn, Mr Theophanous. Under the heading ‘Proper evaluation of capital expenditure’ the government lists its commitment — here is the high-jump bar again. On page 7 of the document on financial responsibility I cited earlier the government says that its infrastructure projections and undertakings will be subject to a full cost-benefit analysis and financing arrangements and the full assessment of public risk will be subject to independent verification.

That is a clear lift of the high-jump bar. Nobody will be under any misapprehension as to what that will involve and how it will be applied to the Labor government in the future. I have included that reference as a benchmark rather than a commitment on two grounds: firstly, because it is spelt out in detail in the document to which I referred; and secondly, because of the government’s claim and its taunt across the chamber that it will operate in an open and accountable fashion. Therefore, I presume the evaluation of capital expenditure of which it speaks will become publicly available. Hence the actual release of the information rather than its content becomes the primary test of meeting that benchmark. I make it clear that I expect the Labor government to meet that commitment on every proposal dealing with capital expenditure. It is now on the public record.

The bill is all about financial responsibility. By introducing it to Parliament the Bracks government is effectively saying, ‘This is what we mean by financial responsibility; here are the criteria and the tests. We expect not just the opposition but the Victorian community to judge whether we have delivered on the commitments given in advance’. The opposition’s position can be summed up simply: yes, it acknowledges that the major objectives of the bill are consistent with the concept of financial responsibility; yes, the opposition is happy to support the legislation; and, yes, the government can rest assured the opposition will use the nominated benchmarks to monitor performance.

Whatever else happens, Labor will be held accountable — that is the job of the opposition. That would have happened anyway, but the opposition is pleased to obtain the details of the high-jump bar and for Labor to say, ‘These are the tests we want you to apply’. It can rest assured the opposition will do just that.

The opposition will not be persuaded by the rhetoric. It will not be convinced by whatever is said, however florid or laudable. The opposition wants the results and the outcomes on the table. The Labor government may

say it has reformed itself, but it has a long way to go! I experienced the 1980s; I might hear the government say it has seen the error of its ways, but that is only talk. Talk is cheap. The Labor government will now discover it is easier to snipe from the sidelines and retire hurt when the pressure is applied; now it does not have the luxury of walking away. Now the government is required to deliver, and the opposition is responsible for ensuring that happens. The opposition will be there every day — morning, noon and night — to look at every move and every time the government shifts to make sure it delivers on its promises.

**Hon. S. M. Nguyen** interjected.

**Hon. R. M. HALLAM** — I am happy to have that interjection on the record. We will be there, down every burrow, to make you meet your commitments, Mr Nguyen, and to watch what you deliver to Victorians.

What has changed since the 1980s? Why should we not take all the sweet talk from the government on face value? The personnel or faces have changed. In many instances the opposition is prepared to say the government has changed for the better, and its members may feel good about that, but the talk has not changed. I heard similar rhetoric when I was a member of this place under the Cain and Kirner governments; I heard the same platitudes about responsible reporting.

**Hon. K. M. Smith** — Theo is still here.

**Hon. R. M. HALLAM** — That’s right, and neither have the structures changed. The Labor Party still has its dysfunctional factions and crazy loyalties.

**Hon. T. C. Theophanous** interjected.

**Hon. R. M. HALLAM** — We hear about all the same background music, all the tired faces, all the debts that must be met.

**Hon. K. M. Smith** — All their mates from the Trades Hall Council.

**Hon. T. C. Theophanous** interjected.

**Hon. R. M. HALLAM** — You can make light of it, Mr Theophanous, but we will be watching like hawks; we will be watching you every step of the way. We will be looking for every falter or failure to meet your undertakings. Every query must be reported on.

Before I leave that issue, my advice to the government is not to be fooled by the honeymoon concept or the popularity polls; they come and go. I have seen them

revolve many times. They may come and go, Mr Theophanous, but I will not—I will be here every day watching you like a hawk.

I now refer to the mechanics of the bill and explain how the Labor government says its new-found responsibility shall be delivered. The mechanics of the bill fall into three quite separate categories. I shall treat each separately because each is important.

The first category is the new reporting requirements and format that are dramatically different from those of the past. The first is the statement titled 'Financial policy objectives and strategies statements'. That statement, in proposed new section 23E inserted by clause 4, discloses that two statements will be made each year: one will be tabled with the budget and one will be tabled or distributed with the budget update. I will return to that issue later.

Proposed new section 23F explains that the statement is designed:

... to make transparent the government's financial strategies and to establish a benchmark for evaluating ...

That statement is important. Proposed new section 23G specifies content, and it makes good reading. I am happy to put on the record that had I been given the challenge I do not think I could have got the terminology better. It says everything that should be said about the concept of financial responsibility.

**Hon. T. C. Theophanous** — You had your chance to do it; why didn't you?

**Hon. R. M. HALLAM** — I commend the architect of the legislation, Mr Theophanous. Proposed new section 23G says that the statement shall include the government's long-term financial objectives; broad strategic priorities and short-term financial objectives; the key financial measures that the government has identified as important and targets for those measures; the relationship between the government's objectives and priorities and the principles of sound financial management; any temporary financial measures undertaken by the government and the reasons for them; the process for their strict reporting bases for subsequent financial reports; and any changes from the previous statement.

It is all there — I could not have said it better. I can think of nothing else that should have been included. Out comes the bouquet, Mr Theophanous: the provision says everything that should have been included in such a statement.

Proposed new section 23H contains the second of the new financial statements. It refers to the estimated financial statements that will be required to be attached to the budget each year.

That is the major shift in commitment to financial responsibility. As the name suggests, the estimated financial statement outlines the underlying policies and assumptions on which the budget is constructed. It includes the three standard accounting statements — that is, to track financial performance, report on financial position, and report on cash flow over the year about to commence. In other words, it is projecting the old concepts of profit and loss balance sheets and funds statements. More importantly, it does not do it just for the budget year being considered; the bill requires that those statements be projected into the three years beyond.

The clause notes to the bill explain that proposed new section 23K requires the estimated financial statements to have an accompanying statement, which comprises a statement of the economic and other assumptions on which they are based, a discussion of the sensitivity of the estimated financial statements to changes in the assumptions, an overview of estimated tax expenditures, and a statement of risks that may affect the estimated financial statements.

Critically — here comes the crunch — proposed part 3A of the Audit Act requires the Auditor-General to review and report to Parliament when that statement is tabled with the budget. That is the supposed guarantee that the delivery of a substantial surplus each year is overseen by the Auditor-General and, further, that Labor has met its guarantee of a substantial budgetary surplus.

I wanted to return to that because the one very big hole in this bill relates to that matter. No-one can claim that the estimated financial statements, as endorsed by the Auditor-General, constitute the terminology applied by Labor in its financial responsibility document. Labor's claim is that if the Auditor-General has overseen the process Labor has met its guarantee. That is not the case. The bill highlights the fact that it would be inappropriate for the government to try to deliver on that commitment.

I have outlined the first two of the new financial reports. The third is the annual budget update. That requires the government to table or circulate an updated progress report to at least the end of October in each year, although it may be a longer period. Its purpose is to allow a casual observer to assess current performance against the budget for the period that has

transpired when it reports on the previous year's operations. We can now expect the government to bring in the report on the year ended 30 June and at the same time provide a progress report on how we are going as measured against the budget that is current at that time. Again, I offer my support for the concept. It gives a level of supervision and examination that simply has not been there in every circumstance in the past.

The fourth report mentioned is the annual financial report. That is not a new one. It is the traditional report we are invited to use each year to assess performance of government and stewardship of the public purse. But the bill expands the range of information that now must be included in the annual financial report.

**Hon. T. C. Theophanous** — Do you support that?

**Hon. R. M. HALLAM** — I do indeed, Mr Theophanous, and I'm happy to have it on the record.

**Hon. T. C. Theophanous** — Why didn't you do it?

**Hon. R. M. HALLAM** — In fact, we did. The bill now says that it shall be mandatory that the annual financial report include advances to the Treasurer and payments made or received under a guarantee or indemnity issued by government. The minister's second-reading speech acknowledges that that has been reported in the past, but the change in this bill means it will be obligatory from here on — it becomes a statutory obligation rather than a discretion.

The bill also requires a mid-year report under proposed new section 25, which covers similar information to the annual financial report but which covers the first six months of the financial year — so we get a real-time update. The last of the changes in annual reports is referred to in proposed section 26, which requires quarterly reports on the financial performance of the budget sector, a statement of financial position, a statement covering cash flows, and confirmation of the accounting policies on which the first three are based. Again, I support the expansion in reporting.

While I am mentioning reports, although it is not an annual report, I refer to one that I most certainly support. In fact, in my wish list as Minister for Finance I had this as the second last item, and now it is being delivered under a Bracks government. I refer to what is called an exit audit. The bill requires that when a writ is issued for a general election the Secretary of the Department of Treasury and Finance is required under the law of the land to issue a pre-election budgetary update. The bill gives very clear directions about what information is to be included in that update, what its

format shall be, what it covers in terms of sensitivities and so on.

The clause notes on the bill explain that proposed new section 27B, which is modelled on section 24 of the Commonwealth Charter of Budget Honesty Act 1998, requires that the pre-election update include updated estimated financial statements, economic and other assumptions used to prepare those updated estimated financial statements, and discussion of the sensitivity of the statements to changes in the assumptions. It also specifies that it be prepared in accordance with generally accepted accounting principles. I am pleased to see that brought before the chamber, because, as I said, it represents one of my personal ambitions. I am happy to offer my support for it.

That is the new reporting format. I move now to the second strategy designed to deliver financial responsibility under the Bracks Labor government — namely, to the expanded role and responsibility of the Auditor-General. When I was explaining the new estimated financial statement I made the point that this was the designated or nominated vehicle to deliver the government's commitment to have the budget process overseen by the Auditor-General and to demonstrate that government had met its commitment to provide a budgetary surplus. I emphasise the words 'overseen' and 'met' because they are drawn directly from the document I cited earlier.

The government is saying, 'We are so determined to demonstrate bona fides in respect of financial responsibility that we will have the Auditor-General oversee the budget process and have him sign off to testify that the Bracks Labor government has met its commitment to provide a substantial budgetary surplus. Although I acknowledge that is a bold new initiative — and it is certainly a new role for the Auditor-General — I also contend it is certainly not to be taken as a demonstration that Labor has met anything. Honourable members should understand that we are actually talking about something in advance. How could you possibly expect a commitment that something has been met in advance? It is nonsensical, and it highlights that Labor went out on a limb to establish its bona fides in respect of financial responsibility. It made a promise that no-one could really understand. Labor was irresponsible in making a promise that could not be delivered.

Clause 6 inserts a new part 3A into the Audit Act. It requires the Auditor-General to review and report to Parliament on the estimated financial statements when they are tabled in Parliament. The bill makes it clear that the minister must have the document in reasonable

time before it is due for tabling. In reverse, the Auditor-General is guaranteed access to the documents necessary to make that happen.

Under proposed section 16B, which deals with the review and report to Parliament, the Auditor-General must specifically say whether it appears that the statements have been prepared on a basis consistent with the stated accounting policies, that the statements are consistent with the specified targets for the government's specified key financial measures, that the statements have been properly prepared on the basis of the assumptions contained in the statement prepared in association with the statements under proposed new section 23K of the Financial Management Act and that the methodologies used to determine those assumptions are reasonable.

Does that amount to confirmation that the government has met its commitment to a budgetary surplus? Of course not! I leave aside whether it was appropriate to suggest that the Auditor-General should do that, which I thought was nonsensical.

Proposed section 16B commences by stating that the attestation by the Auditor-General will be based on whether it appears that various statements are in order — in other words a subjective assessment will be made. It is not a test of whether it is done, but whether it appears to have been done. The section then asks whether it appears that the methodology used to determine those assumptions is reasonable — again that is a professionally subjective assessment. The terminology itself states that it is not an attestation that something has been met.

It would be nonsensical to suggest that the Auditor-General would agree to such a challenge. The report is given in advance of the year; it is attached to the budget. Why would anyone with a smattering of knowledge of accounting and reporting expect an Auditor-General to sign off in advance? It is crazy — in fact, dangerous — to even suggest that. The concept Labor was peddling that it would get the Auditor-General to sign off is nonsensical and it is not being delivered. However, from my point of view, and the records show, neither should it have been delivered because it was a nonsense concept in the first place. That was why I was not persuaded when I heard about it. I said in the chamber that it was a nonsensical concept and that I thought the Auditor-General would run a mile.

**Hon. T. C. Theophanous** — Why didn't he?

**Hon. R. M. HALLAM** — I will come to that. My concern was that if the Auditor-General was convinced that he should sign off on the budget rather than on the report for the year, he or she would be professionally captured or prejudiced. I do not want him to sign off in advance. I want him to be an absolutely free agent and to look at the performance after the event.

**Hon. T. C. Theophanous** — He is!

**Hon. R. M. HALLAM** — I do not want him with some sort of personal stake in the outcome. You are not listening, Mr Theophanous. Perhaps in years to come you will look back and say, 'I think that bloke might have been right'.

**Hon. T. C. Theophanous** — I doubt it!

**Hon. R. M. HALLAM** — I bow to your greater experience. It is just that I spent some time as an auditor. I do not want the Auditor-General influenced by any early assessment. I do not even want to run the risk.

**Hon. T. C. Theophanous** — He is not signing off on the outcomes!

**Hon. R. M. HALLAM** — Listen, Mr Theophanous, and listen carefully. I am not suggesting that the present Auditor-General would feel captured. I think his professionalism would put him beyond that. However, I do not even want that question mark raised. I want the Auditor-General to be absolutely fearless in his role. To suggest that he should sign something in advance is just incredibly stupid.

**Hon. T. C. Theophanous** — He is not signing off on the outcomes. Don't you understand that? He is signing off on the estimates.

**Hon. R. M. HALLAM** — No. Let me tell you what you said — do you want me to quote it to you? You said he would sign off on the budget.

**Hon. T. C. Theophanous** — On the budget estimates.

**Hon. R. M. HALLAM** — Now you want to fiddle at the edges. That is exactly my point. You stated you wanted the Auditor-General to sign off.

**Hon. T. C. Theophanous** — You are either playing dumb or you are dumb!

**Hon. R. M. HALLAM** — You said that Labor would have the Auditor-General sign that the government had met its commitment to deliver a budgetary surplus, and you wanted that done in

advance. That is what you said. You cannot wriggle out of it. Someone was pretty stupid in writing your policy in advance of the election.

I shall put Mr Theophanous at his ease; the bill does not constitute a sign-off on the budget. My point is it does not deliver what Mr Theophanous claimed in advance. I want him to listen to this very carefully.

The process the Auditor-General will follow under the terms of the bill is not an audit. The bill makes that clear. It is not an audit and it certainly cannot be construed as providing a level of assurance anything like that of an audit. Indeed, I am paraphrasing the effect of the bill, which is why I am inviting you, Mr Theophanous, to listen very carefully. Whatever assurance is given by the involvement of the Auditor-General is more of a negative assurance. In other words, he or she is reporting that nothing has come to the attention of the Auditor-General that would throw doubt on the veracity of the disclosures in the estimated financial statements.

**Hon. T. C. Theophanous** — Is that a bad thing?

**Hon. R. M. HALLAM** — That is not what it is saying. It is not a bad thing; it is a good thing. However, it is miles removed from what the Labor Party offered in advance. My point is that it is just as well because Labor got it wrong. I am pleased to see some sanity has prevailed.

Clearly, the Auditor-General is not offering confirmation that the government has met its commitment to maintain a budgetary surplus. He is not even offering an opinion as to whether the government has met its commitment to maintain a budgetary surplus. He is opining that the forecasts, the methodology and the assumptions are reasonable and consistent with the specified target.

That is a far cry from the concept of having the Auditor-General sign off on the budget. I have to put on the record that I am absolutely thankful that it is a far cry from that, because to do so would have prevented the Auditor-General from undertaking his primary role.

I will let it rest at that. The bill does not deliver the commitment given by Labor in advance and it is just as well, because its commitment in advance was absolutely nonsensical and anybody with a touch of professional knowledge in that area would agree with me.

The final strategy in the bill is to deliver financial responsibility. I have gone through the reporting structure and the role of the Auditor-General. The third

facet is the improved concept of releasing reports. There is now a mechanism by which reports will be automatically released and distributed to members of Parliament and made public when the house is not in session.

I acknowledge that it is consistent with the second leg of my tenets of good reporting — that is timeliness. When a report becomes available and the house is not in session, it will be delivered to the Clerks of the Parliament and then distributed to members. It will be assumed that it has been tabled for all intents and purposes, although the physical tabling will be completed only on the next sitting day of Parliament.

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

**Hon. R. M. HALLAM** — I support it. It was a recommendation of the Public Accounts and Estimates Committee going back some time. I commend the committee on its recommendation and the Bracks Labor government on adopting it.

It is a good bill and it is warmly welcomed by me and other members of the opposition. The Bracks Labor government has embraced the concept of financial responsibility and accountability and has done so as a demonstration of its bona fides in turning over a new leaf. The bill is a recognition that it had to do so.

**Hon. K. M. Smith** interjected.

**Hon. R. M. HALLAM** — I was making the point that this is but the talk, and talk is cheap. We are waiting to see action. It is clear that the Labor government has put up a high bar. The government has not implemented the legislation, let alone made its first attempt at the bar, but under the heading of financial responsibility it is introducing a whole range of new reports, a new role for the Auditor-General and a system of distribution that will make reports more timely. The opposition supports each of those initiatives. It constitutes a new rod in the hands of the Victorian community and the opposition with which to beat the government around the head. The Bracks government is saying, 'Here is the waddy and we invite you to use it'. I inform Mr Theophanous and members of the government that I am happy to give a commitment to the house on behalf of the opposition that the rod will not be spared.

**Hon. T. C. THEOPHANOUS** (Jika Jika) — It is with a sense of pride that I support the Financial Management (Financial Responsibility) Bill, which is about delivering one of the major planks of the Bracks Labor government — that is, financial management. The bill did not come about because of the Bracks

Labor government coming into power and simply coming up with a good idea and putting it before the Parliament. This bill is the result of the former Labor opposition's struggle — it was like pulling teeth — with the previous Kennett government to bring open financial accountability to the state. Victorians will be able to examine the state's finances and what is being proposed from the taxes and charges raised on their behalf.

Mr Hallam indicated strong support for the legislation in a number of ways. He said the legislation ups the ante and lifts the high bar in relation to the financial management of the state. He also said that it makes Victoria the leader of the pack in financial reporting.

**Hon. R. M. Hallam** — I said it maintains its role as head of the pack. We are already there.

**Hon. T. C. THEOPHANOUS** — It increases Victoria's leadership.

**Hon. R. M. Hallam** — Maintains that we are already the leader of the pack. You know that.

**Hon. T. C. THEOPHANOUS** — The former Minister for Finance supports the legislation. Forgive the government for being somewhat cynical but I cannot help but ask: after seven years in government why did this legislation never appear under a conservative government? Why did it take a Labor government to introduce an accountability framework that is stronger than anywhere else in Australia and probably stronger than most places around the world? It is a bit much for opposition members to say that on the one hand they support the legislation but on the other they will be watching the government because it will not live up to it.

It is important that this landmark legislation is put in context. The second-reading speech delivers on a number of objectives that Labor made a priority in financial management. It enshrines in legislation the principles of sound financial management to which the government adheres — prudently managing financial risks, debt levels and other liabilities, pursuing tax and spending policies consistent with stability and predictability, maintaining the integrity of the tax system, and for the first time, considering the financial effects of today's decisions on future generations and providing for accurate and timely disclosure of financial information. All those principles are now contained in legislation introduced by a Labor government. The bill is the product of much work by many people in the Labor Party and the labour movement.

It is important to put the Financial Management (Financial Responsibility) Bill in context. It is true that under the previous government state debt was reduced, but it cannot be forgotten how that debt was reduced — nor should history be rewritten by opposition members. That debt was not reduced as a result of the better management practices of the former government; it was reduced by the sale of assets.

The former government criticised state assets, saying, for example, that the former State Electricity Commission was badly run, poorly managed and all the rest. Despite that, those state assets were so good that upon sale they delivered \$25 billion to the government. They were not bad assets!

*Honourable members interjecting.*

**The ACTING PRESIDENT**  
(**Hon. R. F. Smith**) — Order! The house is becoming unruly.

**Hon. T. C. THEOPHANOUS** — If members opposite are going to emphasise the fact that they reduced state debt, they should at least have the honesty to say they have also reduced state assets. Victoria no longer has a State Electricity Commission, a Gas and Fuel or any other of the host of public assets that were previously under state ownership. But that is the track the former government wanted to go down. It reduced the level of government debt — —

**Hon. R. M. Hallam** — Public sector debt! Get the terminology right!

**Hon. T. C. THEOPHANOUS** — Public sector debt, if you like. Let us not forget that debt has simply been transferred to the private sector owners of the electricity system and will be paid off over the generations by way of electricity bills to Victorian consumers. Somebody will have to pay the debt, even though members opposite do not want to acknowledge that. It happens to be the case that electricity consumers will pay that debt.

**Hon. R. M. Hallam** — What about efficiency? Haven't you heard about that?

**Hon. T. C. THEOPHANOUS** — I am happy to talk about efficiency. The previous Labor government increased the efficiency of the SECV by a huge amount — some 40 per cent — before handing it over to the Kennett government, which sold it off. If anyone thinks consumers in Victoria will not have to pay more as a result of that debt being transferred to the private sector, they are sadly mistaken.

I give one example, which I am sure honourable members would be interested in. Real comparisons reveal that the average family in New South Wales consuming an average amount of electricity is paying around \$200 less for electricity than an average family in Victoria. That point has been debated over a considerable period.

**Hon. R. M. Hallam** — Where did you get that fact from?

**Hon. T. C. THEOPHANOUS** — I have informed you. Members opposite are now in opposition and are still not listening.

**Hon. R. M. Hallam** — I will listen when you give me the source.

**Hon. T. C. THEOPHANOUS** — I gave you the source on a number of occasions. It is the *Electricity Supply Magazine*. I cannot give you the edition number, but I have given it to you before. You must be getting senile because I have given you the reference in the house on a number of occasions. You had better go back and look it up.

Members of the former government want to talk about what great financial managers they were, but a number of things need to be put on the record, including the fact that they were good at selling off state assets. I give them credit for selling off the people's assets!

The second thing the former government did was produce a system with the highest taxes and charges in Australia.

**Hon. R. M. Hallam** — Where did you get that idea from?

**Hon. T. C. THEOPHANOUS** — Members opposite do not like to hear the facts, but Labor members happen to remember them.

*Honourable members interjecting.*

#### The ACTING PRESIDENT

**(Hon. R. F. Smith)** — Order! I bring the house to order. I am aware that Mr Theophanous will be somewhat provocative to opposition members, but I am concerned at the amount and volume of interjections. I respectfully request that Mr Theophanous be given the opportunity to put his argument.

**Hon. T. C. THEOPHANOUS** — That is documented. If Mr Hallam wants that document, I am happy to make it available to him. Under the previous

government Victoria became the highest taxed state in the commonwealth.

**Hon. R. M. Hallam** — Says who?

**Hon. T. C. THEOPHANOUS** — I remind members opposite of the things they did when in government. The previous government introduced a home tax.

**Hon. B. C. Boardman** — What was the home tax? I want you to explain it.

**Hon. T. C. THEOPHANOUS** — I am sure some members in this place, including Mr Hallam, would remember the home tax. It was an impost on every house in the state over a number of years, placing a burden on all Victorians. The record shows that the former government produced the highest taxing state, sold state assets on a massive scale and produced the lowest standard of service delivery in the country — in health, education and other community services. Members opposite were voted out of government for producing the highest taxes and the lowest standard of service delivery in the land.

Members opposite do not want to admit those things, unlike members on this side of the house, who have analysed and examined what went wrong. The Labor Party has free and open debate, as Mr Acting President is well aware.

Following the defeat of the Labor government in 1992 a first priority of the then opposition was to consider a stronger financial management structure and develop a set of groundbreaking financial management principles. I do not normally quote myself, but I want to do so on this occasion because the issue has been raised in the house a number of times by the opposition.

In February 1994, with the full support of the then Leader of the Opposition in the other place, Mr John Brumby, I circulated — something that does not happen on the other side — a paper entitled 'Economic and financial management of Victoria under Labor'.

**Hon. K. M. Smith** — But who wrote it?

**Hon. T. C. THEOPHANOUS** — I just told you that it was written by me, in consultation with the then Leader of the Opposition, John Brumby. At the time I was the opposition spokesperson on financial matters. The paper documented a number of things the Labor Party should do. I refer to it because the principles were not thought of yesterday. They included things such as maintenance of balance or surplus of current account budgets, setting targets for reducing the reliance on debt

for capital works funding by increasing surpluses on the current account, pursuing recommendations from the Fergus Ryan report on establishing risk management practices — —

**Hon. R. M. Hallam** — All of which we delivered in government. Were you only dreaming about them at the time?

**Hon. T. C. THEOPHANOUS** — Interestingly such things were not delivered by the previous government. More interesting than that is that the last people who wanted to know anything about the Fergus Ryan report after its release were members of the previous government.

**Hon. R. M. Hallam** interjected.

**Hon. T. C. THEOPHANOUS** — I will come to the Fergus Ryan report, because it is important that government members bring some balance to debates such as this in which members such as Mr Hallam attempt to rewrite the history of what took place under the previous government. It is important that the other side of the coin be presented.

A whole range of things were floated in that paper, including that there be a stronger role for the Auditor-General and that Labor should have a commitment to identifying and classifying all potential and actual liabilities of the state, including those created by privatisation — for example, operating leases for private prisons and so on. The previous government resisted doing those things because it wanted to set everything out under commercial in confidence and contracts so nobody would know the long-term liability the state was entering into with private prisons and under other arrangements made with the private sector.

**Hon. K. M. Smith** interjected.

**Hon. T. C. THEOPHANOUS** — Mr Smith, who is an economic ignoramus, would not understand these things, but Mr Hallam knew exactly what he was doing.

**The ACTING PRESIDENT**  
(**Hon. R. F. Smith**) — Order! I indicate to the house that Mr Theophanous is referring to Mr Ken Smith.

**Hon. K. M. Smith** — That cleared that up.

**Hon. T. C. THEOPHANOUS** — Thank you, Mr Acting President. I would certainly not want to reflect on the Chair. As you have said, I was referring to Mr Ken Smith and not yourself, Sir.

For a long time the Labor Party has been of the view there should be stronger financial management, and it has been pursuing that through vigorous debate in its own structures.

I refer to another document released in June 1994 at a state conference of the Australian Labor Party. Anyone who thinks the Labor Party has not been involved in financial management for a long time should look at that significant document of 52 pages, which outlines a set of principles for financial management. The document from which Mr Hallam quoted in his contribution is an outcome of the presentation of the document headed 'Financial management key principles' to the state conference in 1994. It states, among other things:

In order to establish similar 'whole of government' reporting, Victorian Labor will legislate for a Financial Disclosures Bill which requires the government to:

produce half yearly and yearly consolidated 'whole of government' general purpose financial report (GPFR) embracing all entities which it controls, in which it has a substantial interest, or which expose the state to financial risk. This will be accompanied by separate sub-consolidation of budget and non-budget sector entities.

Even back in 1994 Labor put on the record in detail the need for financial management, indicating that it would bring in a bill to put the principles in place. The issue was being debated in the Labor Party.

Although the previous government was aware the issues were important it did not introduce a bill of the sort now before the house. Labor's commitment to introducing the legislation goes back six years; the commitment of those on the other side has been for 5 minutes — since they read the bill.

**Hon. R. M. Hallam** — Wrong! Admit that none of this would have been possible without accrual accounting.

**Hon. T. C. THEOPHANOUS** — Accrual accounting was introduced under the previous government and was supported by Labor.

Among the principles contained in the document was that Victorian Labor is committed to maintaining a substantial surplus on the current account. So it is not a new thing, Mr Hallam.

The document further states:

Victorian Labor will use the current accounts surplus:

to fund the reconstruction of Victoria's social and economic capital infrastructure;

to retire debt ...

It further states:

Victorian Labor will ensure that:

taxes and charges which affect households are equitable and progressive ...

These financial management issues go back to 1994. The document discusses the role of the Auditor-General, and states:

Victorian Labor will ensure that:

the Auditor-General has the ultimate responsibility for the external audit of all public-sector agencies over which the government has control, a financial interest, or to which it has financial exposure ...

legislation will not allow a minister the discretion to appoint an auditor to a public sector entity or to influence the type of audit undertaken ...

...

the Auditor-General will become an officer of Parliament ...

**Hon. R. M. Hallam** — Which we delivered.

**Hon. T. C. THEOPHANOUS** — I will come to that.

**Hon. R. M. Hallam** — Admit it.

**Hon. T. C. THEOPHANOUS** — Yes, the then coalition government passed the legislation when it nobbled the Auditor-General. The then government's one concession was to make him an officer of the Parliament, but it reduced his staff by 90 per cent. I know what the previous Auditor-General would have said if he had been given a choice of keeping his staff or becoming an officer of Parliament. It should be clear that the Labor Party was rethinking financial management procedures well before they were being considered by the previous coalition government. The document further states:

the Auditor-General will be provided with sufficient resources to fulfil the audit role.

The previous government nobbled the Auditor-General, removed his resources and put him in an office with 10 or 15 staff. It told him he had an overseeing role and that he would sign his name to audits over which he had no control. If Mr Hallam had principles he would have voted against the Labor government's legislation to reinstate the powers of the Auditor-General, because time and again, he argued in this place tooth and nail over many hours and during committee stages that the action the then government was taking was better for Victoria and better for public accountability. Why then

did Mr Hallam not vote against the Labor government legislation to reinstate the powers of the Auditor-General? A person with principles would have done that.

**Hon. R. M. Hallam** — We lost government.

**Hon. T. C. THEOPHANOUS** — One of the reasons the Liberal and National parties lost government was that they nobbled the Auditor-General. People understood that, even if the parties did not. It was because some of Mr Hallam's colleagues understood that they made a decision in the party room to support the Labor government's legislation. The legislation reinstating the powers of the Auditor-General is even stronger than the previous legislation. It is important for all the matters to be put on the public record and clearly understood by the people of Victoria.

The Fergus Ryan report was an important landmark report. On this issue, it states:

... there is significant opportunity to enhance the risk identification process within the total public-sector if the Auditor-General in the first instance concentrates more on those agencies that have a responsibility to ensure that the pervasive management and financial controls are in place — that is, the central agencies.

After being given the brief to report to Parliament regarding improving the role of the Auditor-General, Fergus Ryan said that risk assessment was one of the most important things governments did. It is the case that the Auditor-General has an important role not just in looking at what might have gone wrong, but also in assessing the risk in the future. That is what Fergus Ryan reported and what the Public Accounts and Estimates Committee said.

However, instead of taking up the recommendation of strengthening the role of the Auditor-General, giving him greater access to central agencies and having him in some way involved in those important issues, the former government did everything possible to keep him away from the central agencies. The primary mechanism it used to do that was the so-called commercial-in-confidence mechanism. Hardly a document produced by or sent to a minister from a private agency, whether it was about privatisation or other issues, was not stamped as being commercial in confidence. Indeed, some ministers were proud of the fact that nearly all of the documents in the ministry would never become public because they were stamped as being commercial in confidence. No wonder the Auditor-General in one of his appearances before the Public Accounts and Estimates Committee said, 'Will

you do a report into commercial in confidence in this state?’

I have put on the record previously that whatever might have happened to that report in the lead-up to the last state election, at least Mr Forwood had the courage to take up the offer from the Auditor-General and institute an inquiry into commercial in confidence. That report was finally tabled recently, and it sets further benchmarks for reporting on commercial transactions involving the government.

I come now to the role of the Auditor-General. Mr Hallam seems to support the enhanced role of the Auditor-General on the one hand, but to be critical of it on the other hand. Proposed section 16B, which is inserted by clause 6, states that the Auditor-General must review each set of estimated financial statements and report to Parliament as to whether:

the statements have been prepared on a basis consistent with the accounting policies on which they are stated to be based.

The bill further states:

- (b) the statements are consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement ...

When the Auditor-General ticks off on the financial statement it is clear to everyone, except Mr Hallam, that he is not ticking off on the outcomes. How could he possibly tick off on the outcomes when they are estimates? You would have to be a fool to try to make the political statement — —

**Hon. R. M. Hallam** — I am pleased to have that on the record.

**Hon. T. C. THEOPHANOUS** — Just listen. You would have to be a fool to make the political statement Mr Hallam has made on a number of occasions — that the Auditor-General cannot tick off on these items because they are estimates. Obviously they are estimates; that is what a budget is. A budget is a set of estimates. How could anyone say what the outcome of the estimates will ultimately be?

**Hon. R. M. Hallam** — So, you got it wrong in advance?

**Hon. T. C. THEOPHANOUS** — No.

**Hon. R. M. Hallam** — You said you would sign off on the surplus in advance.

**Hon. T. C. THEOPHANOUS** — Mr Hallam refuses to acknowledge that ticking off on the estimates

does not mean ticking off on the outcomes — it means ticking off on the estimates! Ticking off on the estimates involves the things that are listed in the bill — that is, that the statements have been prepared on a basis consistent with accounting practices; that the statements are consistent with the targets specified in the current financial policy objectives.

**Hon. R. M. Hallam** — You got it wrong.

**Hon. T. C. THEOPHANOUS** — We did not get it wrong at all. You went out and created some nonsense by pretending that we were saying the Auditor-General was going to tick off on the outcomes, when it is obvious to anybody that that cannot occur and could not possibly occur because the outcomes are known a year later. The opposition has put around a furphy. The financial statements have to be ticked off.

As the bill further states, the Auditor-General must report that:

- (c) the statements have been properly prepared on the basis of the assumptions contained in the accompanying statement prepared in association with the statements under section 23K of the Financial Management Act 1994 ...

The list goes on:

- (d) the methodologies used to determine those assumptions are reasonable.

All these factors are ways of ensuring the Auditor-General has the best possible advice to enable him to say, ‘These estimates are reasonable on the advice. Proper accounting practices have been followed that are consistent with the targets specified’. That is a giant leap from the current situation. No-one should attempt to underplay how important that leap is, because it means that if a government wanted to put up an estimate that was not consistent with accounting policies or with the targets specified or had not been prepared in accordance with proper assumptions contained in the accompanying statements or was not based on proper methodologies, the Auditor-General would know before the budget came down. That is a giant leap forward for public accountability in Victoria.

Rather than making stupid comments about what the outcomes might be versus the estimates, it would be helpful if opposition members recognised that the bill is a giant leap that provides them with significant tools to ensure that they can have confidence in the estimates they are reading in a budget. Over the past seven years the Labor Party has had no confidence in the estimates provided. Nor should we have had, because when you looked at the outcomes versus the estimates you saw

that in virtually every budget under the Kennett regime they were out by miles. You could not escape the notion that the estimates were deliberately presented in a way that was not true to accounting practices and standards. We would be told on the one hand that there would be a \$100 million budget surplus, and it would turn out to be \$700 million or \$800 million or more. Sometimes the budget was out by up to \$2 billion. At least now we have a process under which the Auditor-General can have a look at them and make a judgment based on the criteria. That is one of the quantum leaps the legislation takes.

A range of benchmarks have been set in the legislation, and the government does not walk away from them. The bill covers a range of issues, such as the use of the surplus for infrastructure, debt reduction, containing public sector debt or maintaining Victoria's AAA rating. They are all aims of the Bracks government.

I turn to the exit audit mentioned by the previous speaker. It is another innovative initiative the government has delivered on, and every member of this Parliament will benefit from that reform. All honourable members, and importantly the community, will have access to a pre-election budget update. That is important in democratic terms, because at election time the community is able — not 11 or 6 months earlier — to get a report card on the state finances. It is another quantum leap in public accountability introduced by the Bracks government.

I was intrigued by Mr Hallam's comment that the idea of the exit audit was second last on his wish list. I do not know how long his wish list is, but it would be interesting to know whether it has 3 or 30 items on it.

The need to conduct exit audits had little priority because it was second last on Mr Hallam's wish list. The previous government says it supported the conduct of exit audits, but when it had the opportunity to carry them out, it did nothing.

Financial management has been conducted from a complex and difficult base within the Labor Party. The bill represents years of work by many people and its introduction means that people in my party understand the importance of managing the state's economy to deliver better services and outcomes to Victorians. It is commendable that the party of which I am a member is able to have such a debate and deal with difficult issues, as it continues to do every day. That is the ultimate difference between the Labor Party and its conservative opponents.

The government is prepared to examine the tough questions to discover what may or may not have gone wrong. When the Minister for State and Regional Development in the other place and I talked about financial management we did not win friends in the trade union movement — although that is certainly no reflection on the Chair, Mr Acting President. The debate was necessary to produce a then opposition that was good enough to win an election and become the government.

The new opposition now has nothing better to do than talk about Labor's closeness to the union movement, to hark back to past financial measures and so on. As will again be shown in the near future, Labor makes the difficult decisions, regardless of whether the unions are involved. That is its history.

When the amending Workcover legislation comes before the house I will remind honourable members that at the heart of what Labor delivers is the need to balance proper rights and obligations for injured workers — that is, to look after them — against the need for responsible financial management.

The bill allows just that. Its aim is not simply to allow the Labor government to maintain a sound financial policy but also to deliver to ordinary Victorians who expect their government to deliver. They do not think about financial management; they want to know whether their services are being delivered efficiently and effectively. They want to know that the state is being run properly and that they can access services. The Bracks Labor government clearly understands that responsible financial management is an absolute key to the delivery of services. Its aims are now documented and enshrined in what is one of the most important pieces of legislation to have come before this house. It places a set of self-imposed disciplines not only on this government but on all future governments to be accountable to Victorians for the dollars raised on their behalf and for the spending of those dollars. I commend the bill to the house.

**Hon. W. I. SMITH** (Silvan) — I am pleased to join the debate on the Financial Management (Financial Responsibility) Bill. It is an important piece of legislation and I do not oppose it. The bill sets out the principles of sound financial management for the Victorian government and is based on accounting systems that are generally accepted in the community.

The bill defines disciplines for financial statements, and half-yearly and quarterly reporting. It provides the legislative framework for financial management, and is a great step forward for the Labor government. The

hope is that the Bracks government will differ from its predecessors in the Cain–Kirner governments.

The reality that the Honourable Theo Theophanous failed to acknowledge was that business confidence is crucial to financial investment in Victoria and to economic stability and job growth. The problems of the past under former Labor governments included a lack of economic stability, business confidence and investment in Victoria. Following its time in office in the 1980s the Labor Party left a state public sector debt of \$32 billion and dole figures that had tripled in only two years. It did not deliver on the services it set out to deliver on education, health and transport. It could not balance the economy, which blew out. In 1992 Victoria was the nation's job loss leader. I repeat that the Cain and Kirner governments' legacy was a lack of business confidence, with no economic investment in Victoria.

I refer to what Peter Brain, the executive director of the National Institute of Economic and Industry Research, put in an independent view. In an article in *BRW* of 29 October 1999 he states:

The former Victorian coalition government in many ways set the benchmarks for good governance in an age of accelerating innovation and intensification of competitive pressures on a global scale ...

Significant parts of the coalition's philosophy of governance, policy design and administrative structures came from observing the weaknesses of the Labor administration between 1982 and 1992. A total rejection of Kennett's approach by Steve Bracks's Labor government may well lead to a repeat of past mistakes. At the same time, it is essential that Labor redesigns and spreads the benefits of Kennett's approach, using a more inclusive, transparent and accountable political process.

It is easy to stand here and give example after example and therefore be accused of being a political person making comments, but the article summarises well what happened in the 1980s and 1990s. It further states:

In many respects, the former government can be described as radical, in that it championed, managed and facilitated change ...

Modern radical governments have to lead their constituencies into accepting constant change in the form of lifetime learning, experience and skill acquisition and a high level of mobility in the search for employment. Current best practice in business and institutional management requires adaptability to change, and there is no reason for good government to be any different.

The Honourable Theo Theophanous said the 1980s saw great control and governing of the unions and businesses associated with it. In answer, I further quote from the article:

The downfall of the previous Labor government in Victoria can be traced to the fact that it became conservative after an initial period of modest ... reform. The best example of its failure was its approach to the electricity sector and the Latrobe Valley. In the electricity sector, there was an overwhelming need for large-scale efficiency improvements in the use of capital and labour. There was also an urgent need to remove the cross-subsidisation of households by business ... and the need to develop market-based pricing flexibility to assist business over the economic cycle.

Little was accomplished, because vested interests in Labor Party structures blocked reform to preserve stability in the industry and the Latrobe Valley.

The outcome was that when changes arrived, the Latrobe Valley and employees in the electricity sector were not ready for them. They could not adapt to change. Many people lost their jobs and the industry suffered greatly. The article further states:

The previous Labor government's conservative approach to the reform of work practices in government services was inequitable and economically costly.

...

The failure of the previous Labor government to radically reform government was also very costly, in that it failed to adequately prepare Victoria for the age of globalisation. Instead, it greatly reduced infrastructure spending to pay for operational inefficiencies.

The article continues to define infrastructure spending: it says infrastructure spending must be accelerated by the government. Already, in only six months, the Labor government has ditched major infrastructure investments.

They include investment in the Scoresby freeway, the Knox hospital and the extension of the Melbourne Exhibition Centre at Southbank. The exhibition centre played a major part in the revitalisation of tourism and the business industry in that area. By ditching the extension the government signified strongly how committed it is to business expenditure in the state.

The jury is out on the Bracks government, on business confidence in Victoria, and particularly on how Labor will deal with the unions. That will certainly have a huge impact on business confidence. Many businesses have already pulled out of Victoria. Businesses have stopped investment and projects in this state because of concern about unions. Honourable members recall how the Cain and Kirner governments dealt with the unions in the 1980s and the early 1990s. In 1990 we had the great wall of Melbourne, consisting of trams in Bourke Street that were lined up due to industrial action. An article in *BRW* of 5 November 1999 under the headline 'Bracks must tame the union tiger' states that the Cain and Kirner Labor governments were unable to do that, and pictures of the trams blockading Bourke Street

must have been like a recurring nightmare. The article says that although there were numerous other examples of Labor's incompetence, including Tricontinental, Pyramid and budget deficits, the long and bitter tram strike was crucial because it sent a strong message to the electorate that Labor was out of control, that it was not handling the unions. In fact, the unions were handling it — the industrial wing was in control in Victoria.

The article is relevant to the ongoing industrial relations discussions and the answers that were given during question time today. It states:

The present VTHC secretary, Leigh Hubbard ... says unions now recognise the political constraints on the minority Labor government.

It says Labor holds its power through three Independents, that it does not have an upper house majority, and that:

But Hubbard insists that the unions will want Labor to implement industrial policies that are pro-worker and pro-union. 'For the past seven years, we haven't been at the table. Now we're back. The employers have had it pretty good under the Kennett government. Now it's time to tilt the playing field back a bit our way.

...

Bracks cannot afford to repeat the mistakes of the Cain and Kimmer governments.

The article says Premier Bracks's lesson is to learn from that time, to become committed to being pro-business and to make the economy vibrant and vital to allow for investment inside the state.

Already the cracks are starting to appear in Victoria. In the past six months Yellow Pages published a report on regional small business confidence, saying it has slumped to the lowest level for six years. Importantly, there is an intention to reintroduce common law to Workcover — I understand from the media that that is an issue the Labor government decided yesterday.

On 20 March the Victorian Employers Chamber of Commerce and Industry (VECCI) issued a press release condemning the Labor government for its attitude to business in this state. The opposition wants to ensure that Victorian businesses are kept alive, that business confidence increases and that there are more employment opportunities.

VECCI says its research has revealed that regional and small businesses will suffer a potentially crippling blow if Workcover premiums are raised to fund a return of common law claims under Workcover. It believes farming and rural industries will be particularly hard

hit, as they already pay high premium rates. VECCI suggests small businesses have few avenues to reduce their Workcover premiums, so they will pay higher average premiums. It says the cost pressure from premium rises will dampen business confidence in a year when businesses are already having to adjust to significant other tax and regulatory changes, and that all the economic indicators point to a slowdown. VECCI gives examples of impacts on businesses of at least 20 per cent. It says large employers with few claims may have an increase of only 2 per cent. But there is no doubt that small and medium-size employers will be hit by the increase in Workcover premiums. VECCI raises concern in the industry about the significant cost of reintroducing common law and the impact on the Workcover safety culture. It states:

Under the old Workcare scheme, there was no incentive for employers to adopt best practice and make their workplaces as safe as possible.

The current Workcover scheme changed all that. Workplaces are now safer than at any time in the past ...

VECCI claims that bringing back common law will put Victorian employers at odds with workplaces globally, that it will be a step backwards and lead to poor workplace safety standards. That is certainly not a great indication for Victorian businesses that all is well.

The Financial Management (Financial Responsibility) Bill defines discipline for financial statements and a framework for financial management. The hope is that the Bracks government will get it right, that it will differ from former Labor governments, and that it will provide a stable economic environment, which businesses will need. The opposition will watch with great interest to see where Labor goes. I hope its performance differs very much from that of past Labor administrations.

**Hon. G. W. JENNINGS** (Melbourne) — I support the government's reforms contained in the Financial Management (Financial Responsibility) Bill, which is an important part of the undertaking the Labor Party made to Victorians during the 1999 state election campaign. As my colleague the Honourable Theo Theophanous reported to the house earlier today, the introduction of the bill satisfies undertakings that were determined and established by the party as far back as 1994. Mr Theophanous clearly pointed out that the principles that underpin the bill were identified and agreed to by the state conference of the Australian Labor Party as far back as 1994.

So the history lesson that opposition members are taking the government through today — as is their right

to do in their contributions to the debate — are important lessons that the people of Victoria hold near and dear to them. In fact, they are near and dear to all members of the Australian Labor Party. I can assure the house that the lessons of history that apply to financial management in Victoria are very pertinent and relevant to my contribution to the debate. The 1990s were a very lonely time. It is not the intention of the Bracks Labor government and those representing it in this house and the other place to relive that history. Labor has given a significant undertaking to the people of Victoria that it has learnt its lesson.

The challenge was issued earlier by Mr Hallam, who said the proof of the pudding is in the delivery, not rhetoric. That is an important point, and it is a challenge that the Bracks government is happy to rise to. Such a view led in part to the publication on 7 January this year of the mid-year report, which is consistent with the series of reporting measures outlined in the bill. The government is a willing participant in improving financial management and accountability in Victoria, so it is happy to be tested on its delivery of those things rather than on rhetoric.

In a debate about the government satisfying those obligations, it is important to place on the public record that this bill plays a supplementary role to the important legislation introduced by the government and passed by Parliament in the last session to restore and reassert the independence of the Auditor-General; restate the Auditor-General's independence in the Victorian constitution; and outline a series of obligations and accountability functions that underpin the important work that the Auditor-General does on behalf of Parliament and the people of Victoria, in consultation and collaboration with the parliamentary Public Accounts and Estimates Committee.

It is important to understand that the bill builds on the very solid foundation laid by the Bracks Labor government last session and delivered within its first eight weeks in office.

The bill is consistent with the Labor government's undertaking to build on the independence of the Auditor-General. It will create a reporting mechanism and regime that will be in place before the delivery of the first Bracks Labor government budget, which is due to be introduced at the beginning of May.

As has already been indicated in the counterclaims to the debate, the bill puts in a legislative framework the basic principles of financial management and responsibility that underpin the intent of the

government to meet the very reasonable accounting standards the Victorian community expects.

Proposed new section 23D of the bill outlines the basic principles designed to ensure that the government adheres to managing financial risk. The section also outlines the elements the government intends to manage prudently on behalf of Victorians. They are: to keep in check the level of government sector debt; to maintain reasonable limits on commercial risk from ownership of corporations; to maintain a stable environment against risks arising from changes to the tax base; and to ensure prudent management of the assets and liabilities of the Victorian public sector.

The basic principles outlined in proposed new section 23D define the obligations of the government to pursue tax and spending policies that are predicated on the maintenance of a stable and secure revenue base in an environment that minimises the tax burden on Victorians.

As is clearly outlined in the section the government intends to maintain the integrity of the tax system. Government members are mindful of the Victorian government's obligation to ensure both the financial viability of the state's current and future finances and the ongoing stability of the tax base for future generations.

The last important principle outlined in proposed new section 23D provides full, accurate and timely disclosure of financial information available in the budget sector to the people of Victoria.

The government made a determined effort when preparing the legislation to satisfy its obligation to the electorate to provide a well-entrenched regime consistent with the reporting regime that applies to financial matters in the state. In line with its first undertaking to provide information halfway through the annual budget cycle, the Bracks Labor government delivered the half-yearly budget update on 7 March this year.

The bill states that the government will be required to produce a series of government statements covering the first six months of each year. It extends the basis of information that is currently available under various reporting regimes that are not obligatory. From 2000–01 and onwards the government is required to detail payments that are incurred from the Treasurer's advance or any moneys that may be paid out through money recovered under any guarantee or any indemnity issued by the government. Although such matters have sometimes been reported in the past it has by no means

been obligatory to do so. The Bracks Labor government is very willing to ensure, through the proposed legislation, that it satisfies the community's reasonable expectation that such matters will be adequately reported.

The bill also provides Parliament with the opportunity to receive key financial reports that have been outlined in the bill at a time when Parliament may not be sitting. It sets out the legal requirements and recommends the technical arrangements for the reports to be circulated to members of Parliament and the requirement on the Clerks to ensure the timely, appropriate delivery to members of Parliament at a time and in a way that ensures that they are treated in all other respects as they would have been had they been tabled in Parliament during the session. That important initiative came at the behest of the 1999 annual report of the Public Accounts and Estimates Committee on the Victorian public sector. The Labor government was more than happy to take up that initiative and incorporate it into the bill.

Proposed new section 23J outlines a series of reporting regimes that will lead to twice-yearly statements of financial policy objectives. They include the provision of sustainable services and infrastructure, prudent management, financial risk and responsible spending and taxing policies. As Mr Theophanous said, they are significant matters. Financial principles and estimates may vary from time to time and the Bracks government recognised the value of regularly updating not only the principles but the estimates on which the government's financial situation will be determined. Therefore, the situation of a significant change in the financial affairs of the state in the course of a budget cycle that has not been reported on during that cycle will not arise. That is a clear underpinning of this piece of legislation and one that in practice will dampen down any variation or unexpected variation in the budget outcomes as may have been feared by the opposition. It will play a positive role in ensuring that the people of Victoria are appropriately and regularly informed of the budget situation and the economic circumstances in Victoria throughout the budget cycle.

The bill requires economic risk assessments and other assumptions on which the budget is based to be published and clearly acknowledged in the preparation and delivery of the state budget. They will include all the underlying assumptions and the variations that may occur during the cycle and will be clearly acknowledged in the delivery of the budget. For the first time the government will happily undertake to provide estimates of taxation expenditures. That is another way of saying the government is prepared to talk about the revenue foregone in terms of exemptions

and concessions available to people. The value of those concessions and exemptions will be identified and clearly tabled in the budget as a tax expenditure incurred within the budget.

There was contention during the debate about the role of the Auditor-General in the preparation and delivery of the state budget. The government is positive about the changes that will be made to the operation of the Auditor-General.

Last week I attended a seminar conducted under the auspices of the Public Accounts and Estimates Committee. The Auditor-General gave a presentation about the key changes and the benefits of the bill introduced by the government in December 1999. He mapped out the positive and constructive role his office will play in auditing the financial affairs of the state.

He outlined the limits of his obligations under the Financial Management Act and the impact the bill will have on what he will be required to do on budget day. He told the seminar that he will be required to report on whether his budget financial statements have been prepared consistent with the accounting principles determined by the government. He will be required to give his view on whether those statements are consistent with the overall targets of the government's key financial measures. He will comment on whether the statements have been properly prepared on the basis of the assumptions that underlie them. He will give his view on the methodology used in determining those assumptions and make the people of Victoria confident that those assumptions are reasonable.

The important contribution of the Auditor-General in this process will not be to presuppose the financial outcome of the prospective budget but to make a clear and accountable statement to the people of Victoria and the Parliament on the viability of the assumptions underpinning the structure of the government's budget. For example, the anticipated underlying growth rate of the Victorian economy has the capacity to make huge variations in state revenues and the consistency of the outcome of the state budget. In practice, the Auditor-General will assess the methodology by which those growth rates have been determined and fed into the formulas underpinning the budget to assess whether the parameters of that particular indicator are reasonable.

Clearly the Auditor-General understands the scope of his responsibility in that task and is enthusiastic about the positive role he will play not only in the immediate prescription of the budget outcomes but also in the ongoing contestability and rigour in the Department of

Treasury and Finance, which makes those assumptions on the part of the people of Victoria and the Parliament in the formation of the budget estimates.

The response from the Department of Treasury and Finance official at the seminar was that the department welcomes the exposure to scrutiny of the Auditor-General in assessing whether the fundamentals of the basic budget structure are valid. The Treasury officer applauded the initiative and said it would lead to a greater degree of confidence to have ongoing scrutiny of departmental methods and the reliability of the advice provided to the government in the construction of the budget. The way the bill dovetails with the independence of the Auditor-General through the passage of the Audit Act will mean that the Auditor-General will enter into that exercise without fear or favour as an independent officer of the Parliament protected by the constitution. The Auditor-General will scrutinise the assumptions implicit in the budget and contest with the Department of Treasury and Finance officials about the validity of those assumptions.

That will give some degree of confidence to the Parliament and the people of Victoria about the way the budget is prepared. That comes on the back of the detailed reporting regime required by the bill which must also give confidence to the Parliament and the community that the Bracks Labor government intends to comply with the rigours of financial responsibility and the reporting mechanisms of Parliament.

That responsibility culminates in the requirement to give a financial statement to the people of Victoria at the time an election is called. Proposed section 27B provides a requirement for the secretary of the Department of Treasury and Finance to prepare a statement about the financial position of the state in accordance with the principles outlined in the Commonwealth Charter of Budget Honesty Act 1998, a similar model. The Bracks Labor government is pleased to introduce that rigour into the bill and to build on the work that was implemented by the federal conservative government in 1998. It is consistent with the principles outlined by Mr Theophanous that were adopted by the Australian Labor Party's Victorian branch in 1994. While the government is happy to use that legislative model, principles and intent clearly identified by the Labor Party some six years ago, it has been consistent Labor Party policy since that time. I am pleased to be part of a Victorian Labor government that has finally introduced legislation to implement that charter of budget honesty with regard to the election cycle.

I direct attention to the undertakings that the Bracks Labor government took to the people of Victoria at the last election.

At that time the Australian Labor Party outlined four major objectives. The first was to ensure it delivered financial responsibility to Victoria. The second was to ensure it grew the whole state of Victoria, not just sections of the state, delivering to all Victorians on an equitable basis.

It was the ALP's intention to restore democracy and a degree of accountability in Victoria. In no small measure, making changes to the Freedom of Information Act and restoring the independence of the Auditor-General and the Director of Public Prosecutions are a sign of the government's intention to deliver on the restoration of democracy to Victorians. It is the intention of the Labor government to ensure improved services to the community in the key areas of health, education and law and order.

The bill goes a long way towards satisfying the ALP's first obligation — to ensure that a financially responsible framework is put in place and that the people of Victoria have a high degree of confidence in the construction of the budget and the management of the state's financial affairs. Confidence is a very important thing. The Honourable Wendy Smith pointed out in her contribution the importance of confidence to small business activity.

**Hon. B. C. Boardman** — Absolutely imperative.

**Hon. G. W. JENNINGS** — There is no doubt that the underpinning of the legislation is to ensure confidence in the Victorian economy.

**Hon. B. C. Boardman** — How does the bill increase the confidence of investors?

**Hon. G. W. JENNINGS** — The second-reading speech indicates that key rating agencies say Victoria continues to be a good place to invest. They have improved the credit rating of Victoria and play an important role in reminding those who choose to invest in Victoria — —

**Hon. B. C. Boardman** — That is what the second-reading speech says, not the rating agencies.

**Hon. G. W. JENNINGS** — The ratings are a measure of the confidence of the agencies in the viability of the state as a public entity and in the nature of the economy that underpins it. In the course of the 1990s the ratings of those agencies and prudent financial management were inextricably linked in the

rhetoric of the outgoing government. In my contribution to the debate I am happy to choose to keep them linked. I encourage opposition members not to unravel that connection between prudent financial management in the Victorian public sector and a growing, vibrant Victorian economy. On that basis I am enthusiastic in my support of the bill and commend it to the house.

**Debate adjourned on motion of  
Hon. G. K. RICH-PHILLIPS (Eumemmerring).**

**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 8.00 p.m. during the sitting of the Council this day.

**Motion agreed to.**

## FINANCIAL MANAGEMENT (FINANCIAL RESPONSIBILITY) BILL

### *Second reading*

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

**Hon. G. K. RICH-PHILLIPS (Eumemmerring) —** I am pleased to contribute to debate on the Financial Management (Financial Responsibility) Bill. I have listened with interest to contributions from members on both sides of the house. The contribution by Mr Jennings was, as always, insightful of the government's intention, in contrast to the contribution of Mr Theophanous, who gave an interesting revisionist history of Victoria over the past 15 years.

I also note the contributions of Ms Smith and Mr Hallam. When debating a bill of this nature it is interesting to listen to a contribution from a former Minister for Finance who has the insight gained from having run the Department of Treasury and Finance. The financial health of Victoria is a legacy of the work of the Kennett government. I would like to think it is an enduring legacy; time will tell on that front. It is a legacy that can be attributed to the work of the former Treasurer, the Honourable Alan Stockdale, and the former Minister for Finance, the Honourable Roger Hallam.

When the coalition attained government in 1992, the state's finances were in utter disarray thanks to the inept management of a series of treasurers under the former Cain and Kirner governments. It speaks volumes of the vacuum of talent in the current Labor ranks that the Honourable Rob Jolly has been resurrected and given a semi-government role.

The story of how the coalition government turned around the finances of Victoria is well known and not one I intend to retell now. However, it is interesting to note that the new government has at least recognised the achievements of the previous government. I note the glowing reference in the second-reading speech to the fact that Victoria has regained its AAA credit rating. Mr Jennings picked up on that in his contribution. Indeed, it is noteworthy. In the second-reading speech the minister states:

... Victoria has got its fundamentals right — Victoria is a good place to invest.

That is a sound endorsement of the policies of the former Kennett government.

Opposition members have expressed considerable interest in the bill. Leading into the 1999 election the Australian Labor Party proposed a financial disclosure bill as a key plank in its election platform. It is with considerable interest that honourable members look at the Financial Management (Financial Responsibility) Bill as the form that proposal has taken. For the many Victorians who remember back to 1992, the concept of a Labor government and financial responsibility are mutually exclusive.

The bill contains a number of provisions that formalise and in many places extend the existing financial reporting requirements for the Victorian government. I place on record that I welcome those provisions. However, in a number of areas the bill falls short. It does not match the pre-election rhetoric put up by the Labor Party.

**Hon. S. M. Nguyen —** It does.

**Hon. G. K. RICH-PHILLIPS —** It does not. I do not oppose the bill. It introduces a number of measures that raise the bar for financial reporting in Victoria. But the bill does not go as far as the government promised. I note that in debate in the other place government members were very enthusiastic about the bill. That is understandable. The honourable member for Footscray in the other place described it as breathtakingly bold. I suggest it is not the bill that is breathtakingly bold — rather the government that introduced it.

The government made a range of promises when it spoke of the bill prior to the election, but unfortunately it has failed to deliver on key aspects. Mr Jennings picked up on those key aspects in his contribution. I would like to explore some of that material as well.

Before the election the Labor Party outlined what it called the six pledges for Victoria. They were headline issues and major commitments of the ALP. The Premier described them as responsible, affordable and long overdue. In putting the pledges together the Labor Party realised it had no financial credibility with the Victorian electorate. So the ALP made its first pledge to provide a budget surplus every year, overseen by an independent Auditor-General with new constitutional powers. That pledge was put up in an attempt to convince the electorate that an ALP would be financially responsible.

The ALP's financial responsibility policy document further expands on that under the subheading 'A budget surplus guarantee', which states:

Victorian Labor will guarantee a substantial operating surplus for every state budget by giving the Auditor-General new powers of scrutiny, including powers to —

Concurrently report to Parliament on state budget day as to whether Labor has met its commitment to maintain an operating surplus; and

Recommend to the Parliament any additional action required to ensure consistency with Labor's core financial principles, including the commitment to a substantial operating surplus.

The government has out and out failed on its pledge. The bill currently before Parliament neither provides the Auditor-General with any powers enshrined in the constitution nor requires him to oversee the budget surplus, and nor should it.

Prior to the election the Labor Party saw the Auditor-General as an active participant in the budget process, including having a role of recommending to Parliament a course of action to ensure that a budget surplus was achieved — quite a role for the Auditor-General to undertake. However, the notion of guaranteeing a budget surplus was absolute nonsense and nothing more than a political stunt by the Labor Party, which I hope at the time the promise was made would have had the good sense to realise it was completely undeliverable. Given the claimed close relationship between it and the Labor Party prior to the election, I can only wonder what Access Economics thought of the promise of having budget surpluses ticked off by the Auditor-General. The pledge made by the Premier was an absolute sham and followed other pledges by the government in its headline promises.

The government's second pledge was to cut class sizes in primary school junior levels to 21 — one from which the Minister for Education has run as far as possible. Another pledge was to guarantee reliable supplies of gas, water and electricity. I think all honourable members would conclude that the government did not get off to a good start on that one, either.

In the second-reading speech the minister clearly stated that the government's key priority is to maintain a substantial budget surplus. With a strong economy that is a noble pursuit. However, the minister and the government have given no indication of what that means. Does a substantial budget surplus mean 1 per cent, 2 per cent or 3 per cent of gross state product, or some other figure? It is easy to set a target without putting parameters around it because no-one will know whether it was met or not. The minister went on to indicate that a surplus could not be maintained without financial responsibility. That fact was well known by the coalition government, and I hope for the sake of all Victorians that it has finally been realised by a Labor government.

One of the extraordinary provisions of the bill attempts to define sound financial management principles. Clause 4 substitutes proposed new part 5 in the Financial Management Act, division 2 of which is devoted entirely to defining the sound principles of financial management.

Mr Theophanous quoted from a document on financial principles he said he had prepared for the Labor Party and listed a number of such principles. Interestingly the government has chosen to not incorporate any of them in the bill. That indicates either the standing Mr Theophanous has in his own party or the quality of the principles he espoused.

The government has identified five principles of sound financial management in the bill. Not surprisingly they are fairly general and bland. In examining the principles I tried to gain an insight into what the government was thinking at the time the bill was being prepared and hoped to see some spark that the government had learned from its horrendous mistakes of the 1980s and early 1990s. Perhaps an indication of the government's thinking is contained in the third principle espoused in the bill, which is to maintain the integrity of the Victorian tax system. That principle is all well and good, but nowhere among the other principles in the bill does the government consider maintaining the integrity of the Victorian economy, or the level of business and consumer confidence in the economy. It would appear that the government is happy to see the

broader Victorian economy fall by the wayside so long as its tax base is protected.

Division 3 of proposed new part 5 requires the Treasurer to prepare two financial policy objectives and strategy statements, one to be tabled with the budget and the other with the budget update in January. It is unclear from the bill whether the government's intention is that the policy objectives and strategy statements relate only to the budget sector or to the entire government sector.

Division 4 of proposed new part 5 requires the Treasurer to prepare estimated financial statements and a budget update. That is a not a new document; treasurer's have been preparing estimated financial statements for tabling with appropriation bills for a considerable time. Together with the preparation of estimated financial statements, division 4 also requires the preparation of an accompanying statement, which in essence outlines the assumptions used in preparing the financial statements. That is to be welcomed. Division 4 further requires the preparation of a budget update, which is to be tabled in Parliament or given to the Clerk of each house on 15 January, to highlight any changes in the estimates that were tabled with the appropriation bills and to provide an update for the four months to the end of October.

The division is weak because it does not require the preparation of a statement to accompany the budget update. That means that changes in the underlying assumptions between the preparation of the estimates and the preparation of the budget update will not be highlighted. Given what the bill is trying to achieve, that is a substantial weakness.

A further criticism of proposed new division 4 is that while it contains a requirement for the estimates and budget update to be prepared in accordance with the generally accepted accounting principles, no requirement exists, or appears to exist, for the statements to be comparable from year to year. Therefore in the event of the generally accepted accounting principles changing or of the government's choosing to prepare statements working to different accounting principles, there is no mechanism by which statements will be able to be compared from year to year.

Proposed new division 5 introduces the annual financial report. Prima facie it would appear to be a direct replacement for the annual financial statement that was the subject of existing part 5 of the Financial Management Act. However, there are some significant differences between the existing and new provisions for

dealing with the financial report by the Auditor-General. Section 26 of the Financial Management Act is devoted to the Auditor-General's report, yet the proposed legislation does not contain a stand-alone section requiring the Auditor-General to prepare a report. Under the existing legislation the Auditor-General has a minimum of 42 days — depending when Parliament sits — in which to receive the annual financial report from the Treasurer and then prepare his audit reports. Under the proposed legislation the period has been reduced to a maximum of 35 days.

The existing legislation requires the Auditor-General to produce an audit report on the annual financial statement, which is to be tabled by the Treasurer at the same time as the statement is tabled. Section 26(2) of the Financial Management Act provides that the Auditor-General may include in the audit report recommendations:

- (a) for the more effective and efficient management of public money; and
- (b) for the keeping of proper accounts and records of the transactions relating to public money.

The legislation contains no such provisions. The Auditor-General is not even required to present a report to Parliament; he is required merely to present an audited version of the Treasurer's annual financial report.

Proposed new division 5 inserted by clause 4 requires the production of a mid-year report for the six months to December each year and the production of quarterly reports for the budget sector. It is noteworthy that all the bill requires the Treasurer to provide is a statement of the accounting policies used in the preparation of the quarterly report, but there is no requirement to do so with the mid-year report. Again, that is similar to the provision in proposed new division 4, which does not require a clear statement of what principles are being employed.

Proposed new division 6 inserted by clause 4 introduces the pre-election budget update. Although this concept is new to Victoria, it has been introduced at the federal level by the Howard coalition government and, I understand, in New Zealand. In his contribution Mr Jennings said the pre-election budget update provision was similar to the commonwealth legislation. I note there are some substantial differences between the commonwealth Charter of Budget Honesty Act and the Victorian model. The key difference is that the commonwealth legislation requires the pre-election update to contain the budget sector updates and general government sector estimates update. The Victorian

legislation requires only an update of budget sector estimates. The effect appears to be that areas of government responsibility outside the budget sector will not be reported in the pre-election budget update. It is not unreasonable to conclude that reports on such entities as the former Victorian Economic Development Corporation would not be picked up under the government's proposal.

Proposed new division 7 relates to the release of the financial reports. I am pleased the government has included a table setting out when each report is required to be tabled in Parliament. However, the release dates are only as good as the government of the day. If the government chooses to ignore those dates they will be of little relevance. I note that the Bracks government has not performed well when it comes to the tabling of reports within statutory time limits. For example, the 1998–99 financial report was late when tabled in the spring session last year.

The Public Accounts and Estimates Committee, in its inquiry into *Annual Reporting in the Victorian Public Sector* chaired by my colleague Mr Lucas, recommended that reports due for tabling on non-sitting days be provided to the Clerks, distributed to members of Parliament and then released publicly. I am pleased that the bill allows reports to be presented to the Clerks for distribution to members of Parliament. As a new member of the Public Accounts and Estimates Committee I hope that the government's enthusiasm for the committee's recommendations continues. In particular I hope the government endorses the recommendations contained in the committee's reports on commercial confidence and outsourcing in the Victorian public sector.

Part 3 of the bill introduces new requirements for the Auditor-General. Under this part, the Auditor-General is required to make reports to Parliament providing an opinion as to whether the estimated financial statements are consistent with the methodology, assumptions and accounting practices that the government has purported to use. The minister's second-reading speech said the Auditor-General will not be making any comment on budget outcomes or the content of estimated financial statements. It would appear that the provisions in proposed part 3A would prohibit him from doing so.

Finally, the new audit requirements for the Auditor-General apply only to the estimated financial statements. The budget update, the mid-year report, the quarterly financial reports and the pre-election budget report do not require an audit report.

In closing, I thank the Treasurer for allowing the Department of Treasury and Finance to brief members of the opposition Treasury committee on the bill. Such background briefings help to promote rigorous and informed debate, and it is a practice that I hope the government will continue.

**Hon. S. M. NGUYEN** (Melbourne West) — I am delighted to contribute to the debate on the Financial Management (Financial Responsibility) Bill. I am pleased that all contributors to the debate have indicated their support for the bill and have congratulated the government on its introduction. The bill implements one of the pre-election policies of the Labor Party and is an attempt to restore the Victorian community's confidence in the administration of a Labor government.

There is no doubt that some sections of the community lost confidence in the Cain and Kirner governments which resulted in the Labor Party losing government. Considerable discussion and debate occurred at the 1994 state conference about the financial commitments of a future Labor government that would be required to restore the confidence of the Victorian community in a Labor administration. The Premier and the former Leader of the Labor Party, now the Minister for Finance, were involved in those discussions. The Labor Party accepted and agreed with the view that the Victorian community had a right to understand and to be informed of how governments spend the community's money.

The public will then become more vocal about the issue. I remember a big demonstration outside Parliament House when people campaigned for months to restore the powers of the Auditor-General. The former Premier tried to rob the Auditor-General of his powers, and community members were very concerned about the issue. They wanted to ensure the government did the right thing. It does not matter whether it is a Liberal or Labor government, and it does not matter who is Premier, people always want money to be spent in the areas of greatest need. All the checks and balances must ensure an open, accountable government, because everyone has the right to know the facts.

There was much publicity and media attention during that time, and prior to the last state election the Labor Party campaigned on the Auditor-General's performance and his role. The Labor Party made a commitment about the Auditor-General's role, and one of the first things the Bracks government has done since coming to power is produce a bill that will deliver what

was promised to the voters during the election campaign.

The bill is long and technical. The Bracks government has restored many powers of which the public should be aware. The bill establishes the legislative framework for giving effect to the government's commitment to maintain a substantial budget surplus and its further commitment to maintain and enhance Victoria's financial position.

The bill gives an independent Auditor-General a strong new power of scrutiny over the budget process. The Auditor-General must report to Parliament on whether the government has maintained a substantial budget surplus. The government must ensure that there are no black holes in future budgets and that the budget has a surplus. The political persuasion of a government is not relevant. The promises made to voters to win government must be delivered on. The government must not spend money that at some stage in the future will have to be paid back by all Victorians because of a black hole in the budget. The government of the day must put money into the framework but must not spend on anything and everything in an attempt to please everyone. The bill will prevent overspending by a Treasurer or Premier and will ensure the public is aware of and has a right to know where money is spent.

Under the bill the Auditor-General will review the budget and report to Parliament on budget day on whether the financial statement has been prepared consistent with the accounting policies; the statements are consistent with the targets specified in the current financial policy objectives and strategies statement; the statements have been properly prepared on the basis of the assumptions that underlie them; and the methodologies used to determine those assumptions are reasonable.

The bill also refers to sound financial management, which includes 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.

The government must ensure the community is aware of the state debt, the tax system and all government spending. The government must be open and accountable.

I remember during the Kennett years many Victorians, especially people from the western suburbs, were very disappointed about the changes to the role of the Auditor-General. They wanted the Auditor-General to become more independent and for no politics to be involved in that role, with the Auditor-General still being accountable to and reporting to Parliament.

Opposition members referred to the role of the unions and their involvement with the Bracks government. In his second-reading speech the Premier, as Treasurer, clearly stated that the government's agenda is unashamedly pro-growth, pro-business and pro-jobs. The Bracks government is keen to work with all Victorian sectors, including the unions.

**Hon. B. C. Boardman** — You must do more than talk about it — you must deal with it.

**Hon. S. M. NGUYEN** — We are working with the unions, employers and pressure groups. The government held the economic summit — —

**Hon. B. C. Boardman** — More than 50 per cent of the people there had nothing to do with business.

**Hon. S. M. NGUYEN** — You talk about how to attract investment into Victoria. The government will try to listen to and work with employers to bring confidence to Victoria.

I turn to the issue of the Docklands. When I read the newspapers a few months ago it appeared everybody was nervous about Docklands; few people were interested in investing in the apartments.

**Hon. B. C. Boardman** — What was the one reason they gave? Industrial relations!

**Hon. S. M. NGUYEN** — No. All the apartments sold in the first two weeks of April. That shows the confidence of the Victorian community in the Bracks government. I am sure many businesses will continue to grow. They will use their funds to invest because they know the future of Victoria is devoted to more than one sector and that a balance must be struck between the business and other communities.

The reason the unions wanted to go on strike was that industrial issues were neglected during the Kennett years in government. When Labor was elected, everybody wanted to see the government do something about it. That is why union members would like the government to improve the standards.

**Hon. B. C. Boardman** — What standards need improving?

**Hon. S. M. NGUYEN** — To improve industrial relations.

**Hon. B. C. Boardman** — They are getting worse, not improving.

**Hon. S. M. NGUYEN** — You mentioned the Bracks government being pro-unions, but that is not so. Some people talk about financial responsibility, pro-business and putting confidence into the economy.

**Hon. Bill Forwood** — Talk to business people and see how they feel about the pro-business Labor government.

**Hon. S. M. NGUYEN** — The Labor Party did a lot of good work in the Keating and Hawke years. The bill ensures confidence will be injected into the Victorian community.

**Hon. B. C. Boardman** — Does that mean the Premier has no ideas?

**Hon. S. M. NGUYEN** — I was talking about the actions of the Keating and Hawke governments to restore confidence in Victoria.

One of the key features of the bill, according to the second-reading speech, is to have the government:

... 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 will a government be able to hide behind an excuse that it did not know about the finances of the state at election time. When Victorians come to vote, they will know the facts and vote accordingly. The government will be accountable; it will be unable to hide information.

The bill will lead to open and accountable government; the government will be answerable to Victorians. Honourable members will know complete financial details and will be able to respond to queries from their constituents.

I also refer to the report of the Public Accounts and Estimates Committee (PAEC) entitled *Commercial in Confidence Material and the Public Interest*. The conclusions in chapter 8 include:

The committee believes that the Auditor-General, the Ombudsman and parliamentary committees should have unrestricted rights of access to commercial information.

That committee conclusion about access to information by the Auditor-General and the Ombudsman is

important in the context of this debate. The report also states:

Four principles should apply when agencies are assessing claims for confidentiality:

the right of the people to know;

the accountability of Parliament to the people;

the responsibility of the executive government to the Parliament; and

the rights of individuals or organisations to be treated fairly and to protect their personal and business information from unreasonable disclosure.

The bill will help those interested in investing in Victorian businesses because they will have access to business information. An article in today's *Age* refers to information about the casino tendering process being kept secret by the Kennett government.

**Hon. Bill Forwood** — That PAEC report was mine, Sang.

**Hon. S. M. NGUYEN** — Yes, it highlights what you did when in government. But you could do better next time.

The PAEC committee recommends, on page 146 of its report, that the government:

... improve access and reporting by the Auditor-General in relation to commercial and contract information;

strengthen public accountability in relation to material held by government agencies and third parties;

improve access to the details contained in government contracts;

strengthen the Freedom of Information Act; and

improve the culture and attitude within the public sector in relation to the application and classification of material as commercial in confidence.

Any information that assists the Auditor-General will lead to fairer, open and more accountable government. I commend the bill to the house.

**Hon. C. A. STRONG** (Higinbotham) — It is with pleasure that I speak on the Financial Management (Financial Responsibility) Bill. It is a major piece of legislation and it is obviously a major plank in the Labor Party's financial management plan. I regard it as a significant part of that plank because it offers an element of insurance to the Labor Party.

Clearly Labor's Achilles heel is its financial management because time and again it has brought the Labor Party undone at the federal and state level. We

witnessed that in much of the election rhetoric from Labor, which had sprinkled throughout statements like, ‘The Labor Party will provide a budget surplus every year, overseen by the independent Auditor-General with new constitutional powers’ and ‘The Labor Party will provide responsible financial management that delivers continual budget surpluses every year, overseen by the independent Auditor-General’. Given its track record it is clearly important for the Labor Party to establish its financial credibility.

In view of Labor’s track record and financial legacy — which the former government spent the past seven years putting back on a sound footing — it is cynical of opposition members to imply that the sound financial position the government now enjoys is the result of anything the Labor Party has done, because it is not. It is a result of something it has inherited. The bill is an attempt by the Labor government to try to lock in the gains of the past. I commend the government in every way for this bill because it goes a long way in trying to lock in the good work that has been undertaken by the Kennett government.

As one who has sat through the briefings on the bill and studied it in some detail — I examined it closely, looking for loopholes or ambiguities that would allow the government to slide out of the rigour that the bill appeared to contain — I must say I am pleased that I did not find many escape hatches that would allow a government to welsh on the fine intentions of the bill.

However, as other speakers have mentioned, one area of the bill is at some variance with the Labor Party’s policy line. The minister’s second-reading speech goes straight to that area of ambiguity:

The government’s key priority is to maintain a substantial budget surplus.

The speech mentions the subject again, when it says the government’s commitment to substantial budget surpluses during this term and beyond is an important part of what it believes. Given that the issue of a budget surplus is so critical that it is mentioned basically in the opening comments of the second-reading speech and is a fundamental driver of so much of the government’s policy statements on financial management, it is a pity that it is not included in the detail of the bill.

Nevertheless, the government is to be congratulated. As I see it, the bill is a form of insurance for the Labor Party, which is faced with a poor past record of financial management.

Labor already faces problems with the union movement, which has risen to dominance under previous Labor governments and forced on them a high

degree of financial irresponsibility. This bill is a clear attempt to keep the troops in order, as it were. It is clearly designed to — and I believe it will — keep the government honest on the question of financial capability. The government is certainly to be congratulated for that.

Although it is not perfect, the bill takes this issue a long way forward from where it has been to date. Therefore, although I have some problems with the bill, particularly the omission of any reference in it to a budget surplus, it is a very good measure. I am sure future governments, both Labor and Liberal, will extend and improve the legislation and make it even better.

I turn now to the omission of reference to a budget surplus. The government now has a chance to really show its mettle and establish its credibility. Although the bill spells out in detail the principles of sound financial management it overlooks making reference to a surplus or deficit. I issue a challenge to the government in dealing with the principles of sound financial management outlined in the bill. It is worth outlining the basic structure through which the bill establishes those principles. It starts in proposed new division 2. Proposed new section 23C states the government will operate in accordance with principles of sound financial management. It then goes on to establish the principles in proposed new section 23D. Those principles have been dealt with by other speakers so I will not repeat them, but they are quite appropriate and reasonable. One of the principles not specified there is the need to maintain a surplus. That is clearly an omission.

After the principles are dealt with in proposed new section 23D, proposed new section 23E sets some policy objectives and strategies. In other words, the government is saying, ‘Now that we have established the principles of sound financial management, let us set out some financial policy objectives and strategies’. The government is taking the opportunity to outline how the principles of sound financial management are to be played out in the real budget framework and what they will mean in terms of various financial indicators and so on.

That clearly provides the Labor Treasurer and finance minister the opportunity to lay out the budget surplus in those financial policy objectives. The Labor government’s first policy statement on the budget surplus would be laid out in black and white for all to see so that it can give confidence to the investing community of Victoria. It provides that a key objective and strategy is to have a budget surplus and to maintain

that budget surplus. It also lays out the level of that budget surplus and how it will be maintained.

I repeat — that is an absolute key measure. If that measure does not appear in the government's first financial statement, it will indicate that it had no intention of running a budget surplus or, alternatively, that it is afraid to commit to that situation. The litmus test of all the policy and second-reading speech rhetoric about budget surpluses may be nailed in the heart by the first financial policy objectives and strategic statements. For Victoria's sake I hope the government does lay it out in that statement. The surplus is one of the key omissions for the bill, and although it is not prescribed in the legislation, that simply puts an even greater obligation on the government to do so in its statements.

I will deal now with other areas of the bill and the second-reading speech. I return in particular to the second-reading speech, which mentions the involvement of the Auditor-General when either ticking off or not ticking off the statement. The bill deals with that in some detail and as effectively as I think it can. However, I draw the attention of the house to a statement the minister made in the second-reading speech. She said:

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 ...

I emphasise the words 'to review the integrity of the economic assumptions'. The bill asks for a budget to be projected over several years. Clearly when compiling a budget one can change the economic assumptions that underlie it to get any result one wants. Therefore, the integrity of those assumptions is enormously important. The second-reading speech implies clearly that the Auditor-General will be responsible for the integrity of those economic assumptions.

In all fairness to the Auditor-General, if nobody else, it is necessary to point out that that is not what the bill states. Proposed new section 23K(2) states that the economic statements the minister brings down will have an accompanying statement. It states:

An accompanying statement comprises —

- (a) a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements ...

As I said, that is a key aspect. By juggling or finetuning those assumptions one can get almost any results one wants in a budget. Anyone who has had any experience

in budgeting would know that. What, then, is the role of the Auditor-General in checking or signing off on those assumptions?

New part 3A, which amends the Audit Act, gives the Auditor-General powers in this critical area. Proposed section 16B, under the heading, 'Review and report to Parliament on estimated financial statements', states:

- (1) The Auditor-General must review each set of estimated financial statements prepared ...

under the act. I am paraphrasing a little for the sake of brevity. He must report to Parliament that the statements have been prepared on a basis consistent with the accounting policies on which they are stated to be based. In other words, he has to report that the accounting basis is uniform and appropriate, well understood and the results have not been massaged by any inconsistencies of accounting treatment. Paragraph (b) states:

the statements are consistent with the target specified in the current financial policy objectives and strategies ...

Once again that is clear cut. The Auditor-General is asked to simply say whether the statements are consistent with the targets. In other words, have they used the same measures and so on? Once again that is something the Auditor-General can very ably do. Paragraph (c) starts to deal with the underlying assumptions. It states:

the statements have been properly prepared on the basis of the assumptions contained in the accompanying statement ...

In other words, the Auditor-General is asked to determine whether the budget has been prepared on the basis of the assumptions. Once again he is able to say, 'Yes, it has been prepared on the basis of those assumptions'. Whether they are right or wrong is a separate issue!

The real catch-all is paragraph (d), and this is the difficult bit. It states:

the methodologies used to determine those assumptions are reasonable.

That is it. The whole budget is based on those assumptions. As I said before, if one fiddles with those assumptions one can get a totally different result. According to the second-reading speech, the Auditor-General will review the integrity of the economic assumptions, the implication clearly being that he will say whether they are reasonable. If the methodologies are reasonable, that is the limit of his test of integrity. Anybody who has been involved in preparing any form of economic assumptions knows

that one can use reasonable assumptions and methodologies but still get something that is way off the mark in a logical sense. It does not in any way say that the assumptions are in line with the various economic forecasters at either federal level or various bank or financial institution levels. It says only that the methodology was reasonable, not that the result of the methodology was reasonable.

That not only detracts from the strong statement in the second-reading speech but it should be put on the record for the protection of the Auditor-General. He may significantly disagree with the assumptions on which the budget and financial statements are made. However, so long as it can be shown that the methodology in preparing them is reasonable he is not able to make any comment.

The bill sets a clear timetable when statements are to be submitted. The time scale at page 20 sets out in great detail what each particular statement does when it is to be released and that such statements can be presented to Parliament when it is not sitting.

The financial management process has a timetable of its own which suits the financial markets and when people expect financial information to be available. It may be the case that the financial time scale does not line up with the parliamentary time scale. The bill makes significant improvement by decoupling those two time scales so that the timing takes place when Parliament is sitting. It is another important feature in getting the information into the public agenda so people can have confidence or otherwise in the state of affairs of Victoria.

The bill also deals with the budget situation in the lead-up to an election. Once the election date is announced it calls for a pre-election budget update to be made of the changes that have happened since the last budget statements. Proposed new section 27B sets out the content of the pre-election budget update, how it will be prepared and when it will be presented. That is a good initiative on which I commend the government, although I believe any politician or person who has been involved in campaigning will always be suspicious about whether last-minute election budget updates reflect the true position. However, proposed new sections 27B and 27C ensure that what is included in the budget update is a true and honest reflection of the situation, given my caveat about the economics that underpin the budget. In that respect it is another important provision.

Traditionally financial management of government has been a cash accounting arrangement that developed

under certain guidelines. Cash accounting in the traditional accounting world has basically long since gone. Cash accounting was developed basically by government for government purposes and as such was readily twisted, turned and massaged to give any result that one cared to put on it. Credit should be given to the previous Labor government when it started down the road of accrual accounting for the government sector. The Kennett government stayed on the road and Victoria now has an accrual accounting system of budgeting and measurement for the state public sector.

The Kennett government ensured that the public sector accrual accounting system used the same accounting standards that are used at large throughout industry and commerce and that the rules under which state budgets and finances are managed are the same as those understood by everybody in the real world. Those rules cannot be manipulated to get the results one wants because the same accounting standards are set for everybody. That process, which proceeded over seven or eight years, has brought the public sector on to an accrual accounting basis. Without that this bill would not have been possible. There would not have been the foundations, rules, standards and understanding of how ledgers and accounts are to be kept to allow people to have confidence. It is the confidence in the uniform accounting standards which now exist in government and which are understood throughout the commercial and private sectors that underpinned the government's ability to put the legislation in place.

I pay tribute to the people who had the foresight to put that system in place throughout government because that is the essential underpinning that makes the bill possible and gives it credibility. There is an understanding that the rules by which the budgets and financial statements are put together are the same rules as followed by everybody else. People will understand those rules. They will not have in the back of their minds a question mark as to whether some special rules have been invented by government for government, giving a result that would not occur in the real economy.

With those few words I indicate that by and large I am pleased with the bill. I would not like the few negative comments I have made to detract from the fact that I think this is an important bill. I reiterate my challenge to the minister to ensure that the issue of the budget surplus, which could be construed as an omission, comes in as a performance measure in the first statement to be brought down. I have great pleasure in speaking on this important bill.

**Hon. D. G. HADDEN** (Ballarat) — It is my pleasure to speak in support of the Financial Management (Financial Responsibility) Bill and to add my contribution to those of previous government speakers on the bill, Mr Theophanous, Mr Jennings and Mr Nguyen. This trailblazing legislation is a step forward that any government should be proud of. As stated in the bill, its purpose is to amend the Financial Management Act 1994 — the principal — act and the Audit Act 1994. The bill provides for the enhanced disclosure of financial and budget information by the Bracks Labor government and the review of the estimated financial statements by the Auditor-General.

Clause 2 comes into operation on the day after royal assent is given and will ensure the bill's effectiveness soon afterwards, allowing for the amendments contained in the bill to be implemented in the 2000–01 budget preparation process.

Clause 3 inserts proposed new section 4 into the Financial Management Act 1994 and provides that all provisions in the principal act bind the Crown, not only in right of Victoria but also the Crown in all its other capacities, so far as the legislative power of the Parliament permits. Under the former provision only part 7 of the Financial Management Act bound the Crown and that was with respect to accountability and reporting.

Clause 4 replaces part 5 of the Financial Management Act with proposed new part 5 entitled 'Financial responsibility'. That part covers such matters as preparation and transmission to the Auditor-General and the tabling of the annual financial statement only. It also establishes important principles for financial management, disclosure statements and reporting.

I would like to discuss a few provisions of the bill. Proposed new section 25 inserted by clause 4 requires the minister to prepare a mid-year report covering similar information to that in the annual financial report but for the first six months of the financial year. The provision does not require the inclusion of much of the detailed information on appropriations and other matters required in the annual financial report, although that material can be included if the minister so determines.

Proposed new section 26 inserted by clause 4 requires the minister to prepare financial statements for the budget sector for each quarter. It also requires that the March quarter report include cumulative budget sector financial statements for the nine months of the year to date.

Proposed new section 27 inserted by clause 4 requires the Secretary of the Department of Treasury and Finance to prepare a pre-election budget update when the writ for a general election of the Legislative Assembly is issued. Proposed section 27A provides that the purpose of a pre-election budget update is to provide updated information on the estimated financial statements.

Proposed section 27B is based on section 24 of the Commonwealth Charter of Budget Honesty Act 1998. It requires that the pre-election budget update meet a number of financial criteria and that the updated estimated financial statements be based on the current financial policy objectives and strategies and generally accepted accounting principles.

Among other things clause 5 inserts proposed section 62A(3) into the Financial Management Act. That is a transitional provision that ensures the current part 5, which concerns annual financial statements, will continue to apply with respect to the current financial year.

Clause 6 inserts into the Audit Act 1994 a new part 3A entitled 'Review of estimated financial statements'. Proposed section 16B in new part 3A provides for the Auditor-General to review and report to the Parliament on each set of estimated financial statements required to be produced under proposed new section 23H of the Financial Management Act. Proposed section 16B(1) sets out the criteria for reporting to the Parliament. It requires the minister to cause the Auditor-General's report to be tabled with the estimated financial statements.

Proposed section 16B(2) requires that the Auditor-General provide the minister with the report a reasonable time before it is required to be tabled before the Parliament. Proposed section 16B(4) provides that the minister must cooperate with the Auditor-General and provide the Auditor-General with access to necessary documents. Proposed section 16B(5) states that, in undertaking and reporting on the review, the Auditor-General is not entitled to question the merits of the government's policy objectives.

Finally, clause 8 of the bill inserts proposed new section 27 into the Audit Act 1994. It is a transitional provision ensuring that the current section 16A of the act will continue to apply for the current financial year despite the amendments made by clause 7.

The Financial Management (Financial Responsibility) Bill achieves the government's priorities — to restore democracy, to have honesty, integrity, transparency and

accountability in government and to have financial responsibility. I commend the bill to the house.

**Sitting suspended 6.28 p.m. until 8.02 p.m.**

**Hon. B. C. BOARDMAN** (Chelsea) — I welcome the opportunity to speak on this interesting bill, which is no doubt welcomed. It creates a principle-based framework for the government's reporting on budgetary processes and establishes the protocols for what the bill describes as an enhanced disclosure of financial and budget information. In theory that sounds wonderful, as though there is a degree of expectation about the bill and that it can even be argued legislation of this type is overdue. But questions remain unanswered. What is the real motivation for introducing the legislation? What is the reasoning behind the development and introduction of the bill that the government is not telling us about?

In the debate both in the other place and so far in this chamber examples and comparisons have been made between this bill and the situations that exist in New Zealand through the New Zealand Fiscal Responsibility Act of 1994 and at the federal level through the Australian parliamentary model introduced by the Howard government. Arguments have been put forward for and against the bill as compared with those other models.

It has also been mentioned that the introduction by the Australian Labor Party of a policy to tighten up reporting mechanisms for budgetary processes acted as an impetus for the introduction of the bill, and that Labor had to introduce the legislation to demonstrate to the Victorian public that it is meeting its policy commitments and electoral responsibilities. All that is understandable, and I appreciate that the arguments the government has put forward on its motivation for introducing the legislation carry a degree of weight. However, I am of the firm opinion — as I am sure other honourable members would agree — that not one person in this house would oppose the introduction of tighter and more open requirements for reporting on the appropriation of public monies. It is obvious that in any instance of appropriation of public monies the recording and accountability processes used to decide how such funds are allocated must be open and made available to every Victorian taxpayer. I reiterate that not one person in the chamber would be opposed to such a philosophy.

However, this is where I get a little curious and hesitant. Bearing in mind the rationale put forward it is difficult to appreciate what I consider to be the irrelevant and philosophically inspired motherhood

statements referred to in the second-reading speech — and there are quite a number of them. The third paragraph contains one of them. It says:

The government's agenda is unashamedly pro-growth, pro-business, and pro-jobs.

That is said not only on the first page but is repeated elsewhere in the speech. That is a decent comment that any government would make, because not a government or political party in the country would say it did not stand for all of those key pillars of governance. Improving the economy, creating employment opportunities and ensuring that economic conditions prosper to the benefit of all constituents within a government's responsibilities are key imperatives of any government or political organisation that is seeking to be elected. However, although Mr Jennings and Mr Nguyen debated quite spiritedly and with a degree of enthusiasm the government's policies for improving economic activity in Victoria, they failed yet again to mention how that could be achieved.

Opposition members have to say to the government continually, 'It is fine to make the comments, it is fine to have the froth and bubble, it is fine to use the rhetoric and keep publicising the motherhood statements, but you have to have some method to your madness. You have to have credibility, facts and policy to back up what you are trying to achieve'.

I refer to the much-publicised ministerial statement delivered by the Premier in the Legislative Assembly on 2 March in relation to the Premier's visit to the World Economic Forum at Davos and what he and the government thought were the outcomes of the visit. The Premier identified three central aims of his attendance at the forum. One was to promote new investment opportunities, and so forth. The third was to seek support for the World Economic Forum to be held in September in Melbourne. It will be the first time the forum has been held outside Europe, and the Kennett government was instrumental in attracting it here.

However, the second aim was as follows:

Second, to discover new opportunities for Victoria through attending the seminars on the world economy, growth strategies, e-commerce and sustainable development.

I could not agree more with the Premier's intention in principle, but where are the results of his attendance at Davos? As a result of the seminars how much more investment has been attracted, how many more jobs have been created and what has the government done to enhance Victoria's competitive advantages?

I have been criticised for jumping the gun somewhat and pre-empting future policy releases the government may or may not have — and I appreciate that after only six months of this government's being in office and particularly only a month or two after the Premier attended the forum at Davos it may be early days — but the signs are disturbing. Early indications are that the government is doing quite the opposite to helping create jobs, assist business and increase growth. Instead of releasing a ministerial statement containing certain parameters and a wish list, the government should have released a key program of direct, responsive and targeted policies to meet the objectives of which the Premier was talking.

The government's legislative program thus far suggests that it is more preoccupied with developing policies based on ideology than assisting the economic climate in which it is operating. What has occurred with the Auditor-General, Workcover and in many other areas are clear examples that the government is more concerned about overturning legislation introduced by the previous government than devising new policies and introducing legislation to deal with the prevailing economic climate.

I refer to the former Kennett government's record, and particularly the policy initiatives of the former Minister for Industry, Science and Technology. Part of the export ready policy of the then government was a communiqué to Victorian exporters about developing their manufacturing industries, identifying targets and responding to opportunities that the government identified as specific growth markets in their fields. The Advantage Melbourne policy identified key competitive strengths and weaknesses of Melbourne. Identifying weaknesses is a vital component in establishing benchmarks for framework improvements. They were benchmarked against economic activity centres in the Asia-Pacific region that the government had identified as potential competitors. The Kennett government's policies were responsive to the environment in which the government was operating rather than being based on ideology or philosophy. The key initiatives of the Kennett government provided an unprecedented growth in employment opportunities and investment, not just in Victoria but throughout Australia. Those levels of investment may never be seen again, particularly in the economic climate that Victoria now faces.

It is disappointing that the Bracks government is quiet when faced with those economic factors, because they affect investment, employment and economic growth in this state. In his ministerial statement the Premier states:

We must be prepared to benchmark our productivity and competitiveness as a state not just against other Australian states but against other regions around the world.

I could not agree more. That is an important comment. The government must go further and realise that making a statement is only one part of the equation — it must act on its words. In talking about a competitive state, how does the Premier explain the situation that occurred with Virgin Airlines, which the Premier, the government, Melbourne Airport and other key sectors of the airport industry courted because it was a tremendous opportunity? As we all know, Virgin Airlines decided to establish its headquarters in Queensland. This will go down as one of the first failures of the government. Victorians were amazed to see the Queensland government advertising in Victorian newspapers about investing in Queensland. Under the administration of the former Kennett government Victoria was the most attractive state in which to invest in Australia. However, the Queensland government, a Labor government, had decided to spoil the party for the Victorian government. How does the government explain the difficulties now faced by Paramount Corporation's \$400 million investment at Docklands which has the potential to create 2000 full-time jobs? How does the government explain the fact that Mirvac is reluctant to invest in the residential apartment industry in Victoria?

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

**Hon. B. C. BOARDMAN** — Mr Bob Smith says that they will be back. Mirvac does not need to come back to Victoria. It should not have gone in the first instance. Those comments are unhelpful to the Victorian economy. The government and its backbench are reactive rather than proactive. Mr Bob Smith will be on the record as a member of the Bracks Labor government directly responsible for losing investment opportunities for Victoria. Unless Victoria's competitive strengths and weaknesses are clearly identified, promoted and articulated in line with the economic activity Victoria now faces the government's policy loses credibility.

In the six months that the Bracks Labor government has been on the Treasury benches, the national and world economies have changed dramatically, but there has been little response from the Bracks government. The second-reading speech contains more instances of the rhetoric of the government. It says the government is reaping the benefits of economic growth. It then says Victoria is a good place in which to invest. That is not true. Investors do not believe Victoria is a good place in which to invest. That will continue to be the case in the current industrial relations climate. What type of

investment does the government want to attract? What customers and markets does it want to attract to Victoria? The national economy is slowing, the Australian dollar has dropped significantly and consumer confidence is falling, but we hear nothing from the Bracks Labor government. The last time the Australian dollar decreased in value the former Kennett government targeted exporters on the new competitiveness that had opened up. It told them that they produced a world-class product which now could be exported at world-class prices. The former Kennett government was pro-investment and pro-jobs. Unfortunately, this government is silent on that issue.

I am disappointed at the government's reaction. The only evidence of economic policy is that the government is not happy with the current structure and philosophy of Business Victoria and has decided to restructure the department. While that is occurring business in Victoria stops.

We should be identifying new markets. Victoria is in a difficult situation because it will be beaten to the punch by other states and other markets. I do not know who is advising the government on its economic policy but it would be interesting to hear what they advocate for the future. According to Professor Jeff Rosensweig, an adviser to the Institute for the Future and the World Bank, in 1990, 21 per cent of Australia's export opportunities were with developing countries, but by 2010, 37 per cent of the export opportunities will be with developing countries. The Kennett government had a strong, proactive relationship with the Asia-Pacific region, particularly countries such as Malaysia, Singapore, Taiwan and Indonesia. Victoria had a distinct economic advantage with those countries. The Asian economies are now re-emerging and it is an ideal time to increase investment in those areas, but again we hear nothing from the government to suggest that those markets are a priority. The government has no long-term focus or strategy that will provide benefits for all Victorians and for future generations.

The bill refers to the role of the Auditor-General in reporting on the budget surplus. Today the web site of the Premier states the government advocates responsible financial management that delivers continued budget surpluses every year overseen by an independent Auditor-General.

As other honourable members have said, one would think this would be the mechanism by which that would occur, in line with the New Zealand legislation, which has a clear imperative that the budget must operate in surplus, which is distinctly absent from this bill.

If one goes through the bill and deciphers the audit provisions one notes there is no mention of the Auditor-General reporting on the budget surplus, yet that was a key election policy of the Labor government. It certainly lacks credibility.

My personal belief on why the bill is before the house today is that the government is trying to overcome the notoriety the Labor Party earned through past governments and is trying to convince the public that it has the economic fundamentals and credibility to govern Victoria. That is substantiated by the quite well-publicised effort in the election campaign of the Labor Party to get Access Economics to audit its election priorities. I commend the government for that initiative, but it does nothing to rebut my argument that there is still a worrying perception that the government is not up to the task when it comes to accounting and budget procedures for the state, so it has had to introduce safeguards by way of the bill to set the parameters and create the protocols within which it can operate.

Proposed section 27 requires the Secretary of the Department of Treasury and Finance to prepare a pre-election budget update when the writ for a general election for the Legislative Assembly is issued. I think that is a fabulous initiative. If it had been around just prior to the 1999 election the public would have realised, because it could have been put on the record in a more formal way, that Victoria's finances were incredibly healthy.

I turn to *Victorian Government Finances 1998-99*, the report of the Auditor-General that was tabled in the house in December 1999. The fourth dot point on page 5 states:

The state's financial condition has further strengthened during the 1998-99 financial year, in that:

the government's capacity to maintain existing programs and operations has improved;

the government's flexibility in responding to future opportunities requiring increased financial resources has also improved; and

the state's vulnerability to funding sources not directly within its control has decreased.

That is great information, and it is the sort of information the Victorian public requires. Now that it is soon to be legislated that at every general election the state of the budget will be released, the government has a challenge to ensure that there is no lowering of that benchmark. The Bracks government faces the challenge of ensuring that its financial practices over its term in government are up to the same standard as those of the

former government, which left the Treasury in such a good condition when it left government.

That can be achieved only through one method, accrual accounting, which my colleague Mr Hallam has dealt with in considerable detail.

I turn to the summary of the Auditor-General's findings:

The introduction of accrual-based appropriation arrangements represents a positive step towards enhancing financial management within the budget sector by ensuring that the resource allocation processes and the accountability arrangements for departments to the Parliament are aligned.

That finding makes it clear that accrual-based accounting methods are the most practical and responsive and bring government reporting mechanisms into line with the methods the private sector has been using for a considerable time. It is a process with which the Labor Party in opposition had a philosophical difficulty but is now embracing — another clear contradiction in the Labor Party's policy.

In conclusion, although I welcome the bill and believe it will improve the level of budgetary reporting in Victoria, I note that recommendations 3.1 to 3.5 in chapter 3 of the Public Accounts and Estimates Committee report on the budget estimates 1999–2000, which make a series of recommendations about budget reviews and reporting — I am sure my colleague Mr Forwood, who was a member of that committee, will go through those recommendations in detail — are virtually mirrored in this legislation.

Nothing could be further from the truth than government members using big words such as 'breathhtaking' and 'unprecedented' and expressions such as 'this is a magnificent piece of work', and Mr Theophanous saying it was something he had a great deal of personal pride in.

The Public Accounts and Estimates Committee had already gone through the budgetary reporting mechanisms in considerable detail and had made the five key recommendations about the reporting of reviews and budget papers that are now mirrored in the legislation. Once again government members have come into the chamber and said they are doing a fantastic job and showing considerable initiative when it is quite clear they are stealing someone else's thunder.

I have enjoyed contributing to the debate on the proposed legislation. I welcome the bill and the opposition does not oppose it. Any steps to improve the

probity of and protocols for reporting on public moneys must be supported and encouraged.

**Hon. BILL FORWOOD** (Templestowe) — I wish to make a brief contribution on the Financial Management (Financial Responsibility) Bill. As honourable members on this side of the house have said, the opposition does not oppose the bill. It was a touch disappointing to some opposition members that we did not support the bill. We took the option of not opposing it because, as honourable members on this side of the house have pointed out, there are some wrinkles in the bill that do not fulfil the commitments made by the Labor Party in its run-up to the election. The issue of debt, which was so well canvassed by the honourable member for Brighton in another place, the shadow Treasurer, and the issue of entrenching in the bill the requirement for a surplus are two of the reasons for our taking the option of not opposing the bill rather than supporting it.

Like my colleagues Mr Boardman and Mr Hallam, I welcome the legislation and find much in it to support. Therefore, although the opposition does not oppose its passage, many wish it godspeed. I have been amused by the comments of people who have claimed some credit for the bill being before the house today. I note that my colleague and friend Mr Theophanous — —

**Hon. B. C. Boardman** — Friend?

**Hon. BILL FORWOOD** — Yes. I am happy to say Mr Theophanous is my friend. He is the longest surviving continuous member of the Public Accounts and Estimates Committee. Mr Hallam was there before and has now returned, but Mr Theophanous was previously the chair of the committee, and he and I have spent some time on the committee since then and well know that legislation such as this does not suddenly appear out of nowhere. The bill has had a long genesis and is part of the continuum of legislation that has been supported by both sides of the house since the late 1980s.

I know that Mr Theophanous, in the days when he was trying to establish that the current government did have some economic credentials that it could talk about, drafted papers that were roundly criticised by his own side.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — Those papers were criticised by some members of his own side, but they did follow the trend towards more responsible financial management and accounting. A cynic might say that

the legislation is really before the house because the fox is now in charge of the henhouse.

One need only cast one's gaze across the chamber to remember that in the dying days of the Cain and Kirner governments the current Minister for Energy and Resources was working on the numbers — I believe that would be an adequate way of putting it. The Premier and the Deputy Premier were around this building in those days as advisers and, given that they directed the state financially through year after year of extraordinarily poor and imprudent financial management, headed by the bizarre economic philosophy of the then Professor Sheehan — —

**Hon. R. F. Smith** — Tony Sheehan?

**Hon. BILL FORWOOD** — No, Peter Sheehan. One could take the cynical and unkind view that the bill is about re-establishing credentials for people who have none.

**Hon. T. C. Theophanous** — That is unkind and not like you.

**Hon. BILL FORWOOD** — Okay, I plead guilty to being unkind. It is not like me, but as I said, a number of people are happy to take credit for the legislation. I am happy to place on the record recognition of the considerable work done by officers of the Department of Treasury and Finance over a considerable time. They know who they are and I will not wreck their careers by claiming friendship with them. Victoria has been well served by the quality public servants in the Department of Treasury and Finance and the Department of Premier and Cabinet who have worked on financial issues over the years. I applaud them for it.

I refer to *Reform of the Budget Sector of Victoria: Elements of Financial Management*, one of a series of documents published under the management reform program of 1987. It contains a brief chart depicting milestones in Victorian financial management reform. The bill is just another milestone in Victoria's financial management reform process.

**Hon. T. C. Theophanous** — An important milestone.

**Hon. BILL FORWOOD** — I am happy to admit it is an important milestone and I applaud that. I note the second-reading speech foreshadows there will be more in this series. It says that the government will be introducing other legislation to implement further reforms in financial management. Like my colleague the Honourable Roger Hallam, the former Minister for Finance, I applaud the drive towards financial reform

and the acknowledgment that we are not yet where we need to be.

**Hon. T. C. Theophanous** — Do you think we would have had this bill under your regime?

**Hon. BILL FORWOOD** — Absolutely.

**Hon. T. C. Theophanous** — Be honest.

**Hon. BILL FORWOOD** — Not in every single clause, but the bill is one more step in the process of financial reform that has been continuing for more than a decade; and it will continue. We have been leading Australia in this sort of reform for a long time. We have picked up ideas from the federal government and from New Zealand. It is part of the process.

The government's over-the-top rhetoric in the second-reading speech does a disservice to the reform program, and I will touch on some of those phrases during my brief contribution. I return to where I was before I was engaged in dialogue with Mr Theophanous.

The document to which I referred earlier about budget sector reform contains a chart of financial management reform, of which today's legislation is but one step. It starts in 1992 with the independent review of Victoria's public sector finances, commonly known as the Nichols report. It refers to the 1993 Victorian Commission of Audit. I challenge honourable members to return to that audit and examine those recommendations. I ask them to count how many of the recommendations for financial reforms have been implemented in Victoria, particularly those relating to the move to accrual accounting, whole-of-government reporting and output budget accounting.

The document describes what happened in 1994. Some honourable members will remember the financial management reforms of 1994. We started that year with the publication of the budget and forward estimates for three years and the introduction of budget flexibility measures, including global appropriations. We moved to the attribution of departmental rent and other costs. In the past departments had no responsibility for rent; it came from a central body. Then followed the capital charges and other mechanisms for introducing financial stringency to the way government departments operate so that Victoria will never return to the days of Cain and Kirner, when the then government was spending \$3 billion a year more than it was receiving and Victoria was on a handcart ride to hell.

In that year the then government started the publication of detailed budget estimates in budget paper no. 3 and

passed the Financial Management Act and the Audit Act. The process of significant financial management reforms continued in 1995, 1996 and 1997. All that contributed to today's situation where not only does Victoria have a robust and healthy economy but also transparency and accountability in the way the crucial things in the structure of Victoria's finances are linked. We start with: what outcomes does a government want to achieve? What are the social benefits it wants to achieve? What dividends does it want to have returned? How does it provide the outputs to achieve those outcomes? How does it allocate the funds to achieve the outputs? Where does the business plan fit into the scheme of things?

Now we start with a process to produce a corporate or business plan, work through the budget process, move into the allocation of resources and end up with a reporting regime that enables us to check off as we go along the steps. Mr Theophanous and I are proud to have served in a bipartisan way on the Public Accounts and Estimates Committee over the past three years. As I said when I tabled the PAEC commercial-in-confidence report last week, the committee has produced a body of work that supports absolutely the financial reform program being debated today.

Earlier I was reading some other PAEC reports. Each report on the budget estimates for the past three years touches on the aspects of the bill now being debated, as does the commercial-in-confidence report, which the Honourable Sang Nguyen quoted, and the annual reporting inquiry report on which Mr Theophanous relied. The second-reading speech also refers to that report.

While the Kennett government was making reforms to departmental structures, led by my colleague the then Minister for Finance, the Honourable Roger Hallam, Parliament, through its bipartisan Public Accounts and Estimates Committee, was moving in exactly the same direction.

**Hon. T. C. Theophanous** — I think we were leading the process, actually.

**Hon. BILL FORWOOD** — I would not want to overstate it, but, yes, we were leading the reform process — or at least the committee was an important part of it. It is important to note that the bill is not a unilateral piece of legislation brought to the house by the Labor Party, saying, 'We are bringing openness, transparency and accountability to Victoria'. That is not the case. The government did itself a disservice by using some of the language it did in the second-reading speech, which states in part:

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

Nor should it be.

**Hon. T. C. Theophanous** — What's wrong with that?

**Hon. BILL FORWOOD** — It is a wonderful aim.

**Hon. T. C. Theophanous** — It is not an aim you had.

**Hon. BILL FORWOOD** — It absolutely is. Mr Theophanous knows better than most honourable members that the move to accrual accounting and whole-of-government accounting in Victoria provided more transparency in the overall structure of the state's finances than has ever been seen. No longer is it possible, as it was under former Labor governments, to pull next year's revenue into this year, to push this year's expenditure into next year, to hide the state of Victoria's economy, to muddy the waters and obfuscate the real situation. The transparency that is here for all time came about because of the action of the former Minister for Finance, the Honourable Roger Hallam, and the support afforded by the Public Accounts and Estimates Committee.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — Let's talk about commercial in confidence. You have always known my views on that, Mr Theophanous. I am on the record as saying we should start from the position that everything is open and work back from there.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — Through you, Mr President, as Mr Theophanous would admit if he were able to contribute to the debate again, on occasions some things legally need to be kept hidden.

However, the second-reading speech states that the government is not afraid of putting its financial operations under scrutiny. I asked what the government was paying to keep Olympic Airlines here. The reply was, 'Sorry, commercial in confidence'. I asked how much money has been paid to get the Heineken Golf Classic for Victoria. The reply was, 'Sorry, commercial in confidence'. My colleague the shadow Treasurer, Ms Asher, put in a FOI request for some information about election commitments independently costed by Access Economics. The reply was, 'Sorry, cabinet documents, won't make them available'.

*Honourable members interjecting.*

**Hon. BILL FORWOOD** — You need to be a little careful because the hypocrisy will come and bite you on the back of the neck, very soon.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — You know I don't, Mr Theophanous, and in your sort of nicely shamefaced way you know I'm right.

**Hon. T. C. Theophanous** — Come on, tell us about the Auditor-General.

**Hon. BILL FORWOOD** — I am happy to talk about the Auditor-General. The second-reading speech states:

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.

Last Wednesday the Auditor-General participated in a breakfast seminar organised by the Public Accounts and Estimates Committee to talk about his role.

Mr Grant Hehir from the Department of Treasury and Finance was also there to talk about his department's role. The seminar was for new members of Parliament. It was designed to help new members understand the processes that we follow. Mr Theophanous and I have been around for a long time and have got to know them, but the seminar was useful.

Given that the Auditor-General has this new responsibility under the bill — which the house will pass tonight — I asked him to advise us of the way he intended to look at the budget. I asked him the question in public — so it is not a secret — because the economic assumptions in the structuring of the budget are very important. I asked him whether, for example, he will audit the growth assumptions and the interest rate assumptions. His answer was no, he will not. He will look to see that it has been prepared — those are his words, not mine — in accordance with accounting standards, as he should. Do not get me wrong, I am not criticising this process — I believe it is a good process — but I want to place on the record the fact that the government came in here a bit heavy-handed with its words. It came in and promised the world, but we are just a brick short of a load. We almost got there, but not quite.

The government now faces a challenge. There is a degree of nervousness about Labor's credentials as a financial manager, and rightly so. Some honourable members regret that they did not highlight them a bit

more strongly in September last year, because if they had the situation might be a touch different.

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

**Hon. BILL FORWOOD** — You are the ones who have been gagged. I read the newspapers. Only today I saw a report of a government member saying, 'Not only have we been gagged, but the Premier's assertion that we have not been gagged is wrong'. That is a credibility issue that you guys will have to address.

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

**Hon. BILL FORWOOD** — It is in today's *Age*.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — If it's in the *Age* it came from you because it didn't come from us. We don't talk to the *Age*, you know that.

The bill now before the house is part of a process that started more than 10 years ago and was greatly enhanced by the actions of the then Minister for Finance, the Honourable Roger Hallam. That was assisted by the actions of the Public Accounts and Estimates Committee, of which Mr Theophanous and I were proud to be members. We pushed the issue along as hard as we could go. But it is not yet finished, and that is recognised here. We will applaud the completion of the process when it occurs. The rhetoric Mr Theophanous offered in support of the bill is so far over the top that he does us a disservice.

**Hon. T. C. Theophanous** — You can't cope with the truth.

**Hon. BILL FORWOOD** — I could cope with the truth any time of the day or night, but it is not the truth to say in the second-reading speech that the reason the AAA rating came back to Victoria was that Labor got into government. No-one believes you!

**Hon. T. C. Theophanous** — Where does it say that?

**Hon. BILL FORWOOD** — Have a look at page 2.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — Read it for yourself.

**Hon. T. C. Theophanous** — You made the claim.

**Hon. BILL FORWOOD** — I am happy to defend the claim anywhere, any place, Mr Theophanous.

**Hon. T. C. Theophanous** interjected.

**Hon. BILL FORWOOD** — Mr Theophanous knows that the state was returned to financial health by the previous government and Labor is riding on its coat-tails. The bill is about trying to establish just a little bit of credibility for a fairly tarnished pack of politicians.

I applaud this initiative. I am proud to have played a small role in seeing this reform process advance as far as it has done. I look forward to even more advancement, and in particular to more of the recommendations of the Public Accounts and Estimates Committee being picked up. I note that under proposed section 27D the annual financial statements can now be tabled out of session. As Mr Theophanous would know, it is about time that we had that capability for annual reports — which are the end of the reporting cycle that matches the corporate plan, budget allocation, and output-outcome process that I talked about before.

I look forward to the next step in the financial management reform process. In particular, I make the undertaking that my colleagues and I will scrutinise the documents as they come forward and will hold the government to account for the issues as they arise and for the management of this state.

**Motion agreed to.**

**Read second time.**

**Committed.**

*Committee*

**Clauses 1 to 3 agreed to.**

**Clause 4**

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I direct the minister's attention to the architecture of the bill. Clause 4 substitutes a new part 5 into the Financial Management Act. Proposed new section 23A in the first division of the new part 5 contains a number of definitions. Will the minister explain why the government has chosen to include those definitions under part 5 rather than under the definitions section in the principal act?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I am advised that those particular definitions are relevant to part 5 — the matters covered in clause 4 — and do not have relevance to other parts of the act. That is why they are included in clause 4.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Can I take it from the minister's answer that no other interpretation would be made on those definitions in other parts of the act?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — That is correct.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I refer the minister to division 2 of the substituted part 5 and specifically to proposed new section 23C entitled 'Government to operate in accordance with principles of sound financial management'. Will the minister explain the language used in that section because it states:

It is the intention of the Parliament that the Government establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management ...

Will the minister explain whether that section binds the government to operate in accordance with the stated principles of sound financial management?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I am advised that the section sets out the general intention and that the principles are set out in the following proposed new section 23D.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I appreciate that it sets out the intentions of Parliament. However, it is unclear as to whether the government will be bound by the principles of sound financial management which, as the minister pointed out, are set out further in the act.

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I reiterate my previous response that the principles set out in the next section are, as are the principles set out in that section, the principles that the government must apply. There is no discretion there. It is clear that all those principles must be applied.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Taking the minister's answer that the government is bound by the principles of sound financial management, I will explore with the minister some of the principles set down in proposed new section 23D to gain an appreciation of the government's intention. Specifically, I draw the attention of the minister to the first principle in paragraph (a), which states:

manage financial risks faced by the state prudently, having regard to economic circumstances ...

Will the minister explain the purpose of the phrase, 'having regard to economic circumstances' in the context of the rest of that principle?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — As I said, the government must apply all those principles equally. I am advised that in reference to proposed new section (1)(a) 'the financial risks faced by the state prudently, having regard to economic circumstances' is referred to in proposed new section (2)(a) to (d). Those paragraphs set out a series — not comprehensive — of instances of how the financial risks referred to in proposed new section (1)(a) will be interpreted.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I appreciate what the minister said about the risks listed in proposed new section (2), and I will come to that in due course. However, will the minister indicate why the government has included the phrase 'having regard to economic circumstances' in the first principle? The key part of that principle is to manage prudently the financial risks faced by the states. I wonder why the government has chosen to include the phrase about having regard to economic circumstances. How does the government see that as necessary? How does that modify the initial part of the principle?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — I am advised that there is no special explanation for that. The explanation is the obvious one — that the financial risks to be managed prudently will be judged differently, depending on the economic circumstances at any given time and having regard to various economic indicators such as interest rates. I am also advised that the wording is similar if not exactly the same as that contained in the commonwealth Charter of Budget Honesty Act and similar New Zealand legislation.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I thank the minister for her answer. I refer to proposed new section 23D(1)(b), which states:

pursue spending and taxing policies that are consistent with a reasonable degree of stability and predictability in the level of the tax burden ...

Does the reference to tax burden refer to an aggregate or individual taxation levels?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — It can refer to both. I take the opportunity to make an observation. Given that a briefing was provided to the opposition and reference was made to the quality of that briefing and people were specifically thanked, I am surprised that some of

those definitional issues were not covered at that stage. For whatever reason, the opposition chose not to avail itself of that during the briefing, and the committee can take as long as it likes.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I take up the minister's point about the briefing. However, I point out that the briefing was provided by officers of the Department of Treasury and Finance and the minister was not in attendance. I wish to have an understanding of what the government thinks of these matters. With regard to proposed new section 23D(1)(b) I ask the minister to explain the parameters around the statement:

... a reasonable degree of stability and predictability in the level of the tax burden.

**Hon. C. C. BROAD** (Minister for Energy and Resources) — The proposed new section is directed at precluding policies that will lead to radical swings in the levels of taxation both in overall terms and specific taxes.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Proposed new section 23D(1)(d) is a broad principle referring to the government's ensuring that it has regard to the financial effects of its policies on future generations. What does the government mean in its reference to future generations and how broad does the government intend that reference to be?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — It is the intention of the government that it can be broadly interpreted to take into account intergenerational effects of taxation.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I refer to proposed new section 23D(1)(e), which states that the government must:

provide full, accurate and timely disclosure of financial information ...

Is it the government's intention that the statement be broader than what is contained in the bill, or that the principle be fulfilled by the reports for which the bill provides?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — It is intended that it be interpreted as defined in the bill.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Proposed new section 23E(2) refers to the preparation of the financial policy objectives and strategies statement. Is it the government's intention that the statement be prepared as a precursor to the actual

budget estimates being prepared or that it must be prepared concurrently with the estimates?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — It is consistent with the wording in the bill. They are prepared concurrently, not sequentially.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — Proposed new section 23N(3)(a) refers to the budget update document and states:

A budget update must be based on —

- (a) the current financial policy objectives and strategies statement ...

It is a requirement of the previous proposed new section that the new statement be generated with a budget update. Is it the intention of the government that the budget update be based on the existing policy document, being one that is generated with the estimates, or is the budget update to be based on the policy document that is presumably generated concurrently with the budget update?

**Hon. C. C. BROAD** (Minister for Energy and Resources) — Regarding the timing issue, I am advised that proposed new section 23A defines ‘current financial policy objectives and strategies statement’ in part as follows:

- (c) in relation to a pre-election budget update, means the financial policy objectives and strategies statement prepared under section 23E in association with the most recent budget or budget update (as the case may be) ...

So flexibility is allowed for in the timing.

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I thank the minister for her answers. I have no further questions on clause 4.

**Clause agreed to; clauses 5 to 8 agreed to.**

**Reported to house without amendment.**

*Remaining stages*

**Passed remaining stages.**

## ROAD SAFETY (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 main purpose of this bill is to introduce an offence of driving or being in charge of a motor vehicle while impaired by a drug.

The bill also contains provision for qualified persons other than doctors to take blood samples for analysis under the Road Safety Act, Marine Act and Transport Act as well as some general amendments of the Road Safety Act.

This bill is part of a package of legislative and policy initiatives that the Bracks government is taking under its Road Safety 2000 campaign to achieve a significant reduction in the road toll over the next five years.

The provisions of the bill concerning drugs arise from the recommendations of the parliamentary Road Safety Committee as a result of its inquiry into the effects of drugs — other than alcohol — on road safety in Victoria. It is the policy of the present government to expedite the implementation of those recommendations which were made more than three years ago, in 1996.

The Road Safety Committee expressed concern at the increasing incidence of drug-driving and the potential impact on road safety in this state. In its report, the committee indicated that the annual cost of the road toll attributed to road crashes where drugs alone or drugs mixed with alcohol were present was \$143 million or one-eighth of the state’s road toll.

The new offence of driving or being in charge of a motor vehicle while impaired by a drug will be in addition to existing offences such as culpable driving and driving or being in charge of a motor vehicle while under the influence of intoxicating liquor or any drug. These are serious offences but have limited effect in combating the problem of drugs and driving as they are usually prosecuted after a serious accident has taken place. There are people driving motor vehicles who have taken drugs, and whose driving is impaired but who will not necessarily have had an accident. The new offence will enable these people to be dealt with much more effectively.

The bill defines impairment to mean that the driver’s behaviour or appearance is such as to give rise to a reasonable suspicion that he or she is unable to drive properly. Drivers whom the police suspect are impaired will be required to undergo an assessment of drug impairment. If the assessment indicates that the person may be impaired by a drug or drugs, the person will be required to provide a sample of blood and/or urine. The procedure to be followed in assessing drug impairment will be specified in the *Government Gazette*. Performance on the assessment of drug impairment will

be videorecorded unless the prosecution satisfies the court that there were exceptional circumstances for not doing so. If a person is charged with driving while impaired by a drug, a copy of any video record will be provided to the person. The person will also receive a copy of a written report on the assessment of drug impairment.

As in the case of the alcohol provisions, the provisions of the bill do not require a person to remain in police custody or to undergo tests or provide samples more than 3 hours after driving.

The bill contains a defence where the only drug or drugs found are prescription drugs or drugs that are defined in the bill as permissible non-prescription drugs. Permissible non-prescription drugs are drugs which can generally be obtained only from a pharmacy or from a registered medical practitioner. The defendant will be required to establish that he or she did not know and could not reasonably have known that the drug or drugs, when used in accordance with the advice of a doctor, dentist or pharmacist, would impair driving, and that they had in fact been used in accordance with such advice.

Many permissible non-prescription drugs carry warnings about the effect that they may have on a person's ability to drive. These warnings must be heeded. No-one should be dissuaded from the proper use of their medicines as a result of the provisions of this act. A prescription drug or a permissible non-prescription drug, when used in accordance with medical advice and having proper regard for any relevant warnings, should not impair driving or cause a person to fail the impairment test.

A new definition of 'drug' is proposed, modelled on the definition used in Queensland, that refers to a published schedule of common drugs, together with any other substance that expert evidence can establish deprives a person, either permanently or temporarily, of any of their normal mental or physical faculties.

It is necessary to have such a definition because it is possible for a chemist to modify the chemical structure of a drug, so that it is technically a different drug, but leave intact the part of the chemical structure that affects behaviour. The bill enables evidence to show that a drug affects behaviour in a way that results in a person being unable to drive properly. This could include evidence that a part of the chemical structure of the drug is the same as a part of the chemical structure of another drug, and that, because of this similarity, the drugs would have a similar effect on behaviour. Evidence of the effects of a drug on tasks other than

driving would also be relevant to determining whether taking the drug would result in the person being unable to drive properly.

The bill provides for other qualified persons as well as medical practitioners to take a sample of blood and be furnished with a sample of urine. This provides flexibility in the allocation of resources and assists in minimising delays in the attendance of a suitably qualified person. It will also reduce the possibility that drug affected drivers avoid prosecution because the required procedures could not be completed within three hours of driving or being in charge of a motor vehicle. The other qualified persons will be experienced nurses registered in division 1 of the register kept under the Nurses Act 1993 and persons approved for the purpose by the director of the Victorian Institute of Forensic Medicine. It should be noted that these people will also be authorised to take blood samples under the alcohol provisions of the Road Safety Act, Marine Act and Transport Act, but with one exception.

The exception is that persons who are taken to hospital or other place of treatment as a result of an accident and who are required to furnish a sample of blood for analysis under section 56 of the Road Safety Act or corresponding provisions of the Marine Act or Transport Act will not be required to furnish the sample to a person other than a doctor. These provisions will remain unchanged because of concerns expressed by the Australian Nursing Federation and other stakeholder bodies about the possible impact on nursing workloads and other factors in hospital emergency situations.

A person who is guilty of driving while impaired by a drug will be fined up to \$1200 for a first offence, and up to \$2500, or up to three months imprisonment, for a second or subsequent offence. These fines are similar to the fines for drink driving offences. A person convicted or found guilty of the offence of driving while impaired by a drug will be disqualified from driving for a minimum of 12 months for a first offence, and a minimum of 24 months for a second or subsequent offence.

The bill provides offences of refusing to undertake the assessment of drug impairment, and refusing to provide a blood and/or urine sample. The penalties are the same as refusing to cooperate with drink driving laws.

Drivers who are disqualified from driving for an offence of driving while impaired by a drug will be required to apply for a licence restoration order from a court before being relicensed, and will have to complete a drug education program, and be assessed for drug

problems. Drivers charged with driving while impaired by a drug will be subject to immediate licence suspension until the case comes to court. However, the driver may appeal to the Magistrates Court against the suspension. These requirements are similar to those imposed on drink drivers with a high blood alcohol concentration or prior offences.

The bill contains provision for certificates as evidence of the procedures followed in taking blood and urine, the results of the analyses, and the effect of a drug on behaviour. These certificates are to be proof of the matters contained in them in the absence of evidence to the contrary.

### Section 85 statement

I wish to make a statement under section 85(5) of the Constitution Act 1975.

Section 94B of the Road Safety Act 1986, as inserted by clause 13 of this bill, states that it is the intention of section 55B(4) to alter or vary section 85 of the Constitution Act 1975.

Section 94A(2) of the Road Safety Act 1986, as inserted by clause 17(6) of this bill, states that it is the intention of sections 55(9E) and 57(8) of that act, as amended by clause 17 of this bill, to alter or vary section 85 of the Constitution Act 1975.

Section 107C of the Marine Act 1988, as inserted by clause 29 of this bill, states that it is the intention of sections 31(9E) and 32(9) of that act as amended by clause 27 of this bill to alter or vary section 85 of the Constitution Act 1975.

Section 255C of the Transport Act 1983, as inserted by clause 34 of this bill, states that it is the intention of sections 96(12) and 98(10) of that act as amended by clause 31 of this bill to alter or vary section 85 of the Constitution Act 1975.

The effect of these provisions is to confer immunity on certain persons for carrying out certain procedures under the Road Safety Act 1986, the Marine Act 1988 and the Transport Act 1983 and thereby prevent the bringing of proceedings against those persons in the Supreme Court in respect of those procedures.

Section 55B of the Road Safety Act 1986, as inserted by clause 9 of this bill, is part of the new procedures for detecting drivers impaired by drugs. It includes provision for medical practitioners and approved health professionals in certain circumstances to take blood samples and/or to be furnished with urine samples. The reason for the variation of the Supreme Court's

jurisdiction is that immunity is necessary to enable persons who properly carry out procedures for the detection of drugs in the body of a driver to do so without fear of litigation by disgruntled persons.

Clause 17 of this bill amends the Road Safety Act 1986 to enable approved health professionals to take blood samples for analysis for the presence of alcohol. This function is currently limited to medical practitioners. Clause 17 also amends sections 55(9E) and 57(8) of the Road Safety Act 1986 to extend to approved health professionals the immunity given to medical practitioners performing this function. The reason for the variation of the Supreme Court's jurisdiction is that immunity is necessary to enable persons who properly carry out procedures for the detection of alcohol in the body of a driver to do so without fear of litigation by disgruntled persons. Like medical practitioners, the specified nurses and other approved persons have the expertise, technical training and knowledge to ensure that the procedures are properly carried out. In so doing, they should receive the same immunities as medical practitioners.

Clause 27 of this bill amends the Marine Act 1988 to enable approved health professionals to take blood samples for analysis for the presence of alcohol. This function is currently limited to medical practitioners. Clause 27 also amends sections 31(9E) and 32(9) of the Marine Act 1988 to extend to approved health professionals the immunity given to medical practitioners performing this function. The reason for the variation of the Supreme Court's jurisdiction is that immunity is necessary to enable persons who properly carry out procedures for the detection of alcohol in the body of a person in charge of a vessel to do so without fear of litigation by disgruntled persons. Like medical practitioners, approved health professionals have the expertise, technical training and knowledge to ensure that the procedures are properly carried out. In so doing, they should receive the same immunities as medical practitioners.

Clause 31 of this bill amends the Transport Act 1983 to enable approved health professionals to take blood samples for analysis for the presence of alcohol. This function is currently limited to medical practitioners. Clause 31 also amends sections 96(12) and 98(10) of the Transport Act 1983 to extend to approved health professionals the immunity given to medical practitioners performing this function. The reason for the variation of the Supreme Court's jurisdiction is that immunity is necessary to enable persons who properly carry out procedures for the detection of alcohol in the body of a person engaged in safety work on a railway or tramway system to do so without fear of litigation by

disgruntled persons. Like medical practitioners, approved health professionals have the expertise, technical training and knowledge to ensure that the procedures are properly carried out. In so doing, they should receive the same immunities as medical practitioners.

The other general amendments of the Road Safety Act to which I referred earlier relate to:

ensuring that the regulation-making powers are sufficient to implement the enforcement measures contained in the national uniform driving hours requirements for buses and trucks;

improvements in the power of councils to determine local parking penalties;

repeal of unproclaimed and redundant provisions concerning tailgating and menacing driving;

giving protective services officers the power to prosecute parking offences against the act;

authorising service at an address given to the corporation by a person that is not that person's business address or place of residence;

use of digital traffic camera systems.

The most significant of these measures relates to local parking penalties. Traditionally councils have had the ability to determine at the local level the penalties for minor infringements in parking areas, such as leaving a vehicle at an expired meter. Amendments to various acts and regulations at the time of the commencement of the Local Government Act 1989 have raised doubts about whether councils still have the powers that they have continued to exercise. The bill removes these doubts and provides that the penalties imposed, none of which exceed \$50, are to be taken to be valid.

Overall these provisions are relatively minor when compared with the provisions relating to drugs and the detection and treatment of drivers who are impaired by their effects. The bill aims to provide an appropriate balance between protecting the rights of the individual and the community expectation that effective measures will be brought to bear on the problem of drivers who continue to drive while impaired by drugs.

I commend the bill to the house.

**Debate adjourned on motion of Hon. G. B. ASHMAN (Koonung).**

**Debate adjourned until next day.**

## EDUCATION ACTS (AMENDMENT) BILL

### *Second reading*

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — I move:

That this bill be now read a second time.

The purpose of this bill is to repeal the self-governing schools program and to provide for transitional arrangements arising out of that repeal.

By way of background, in 1998 the self-governing schools legislation granted selected school councils four new powers: firstly, the ability to employ all the school's staff; secondly, the ability to buy and dispose of property; thirdly, the ability to invest; and fourthly, the ability to enter partnerships, joint ventures or associations.

Councils granted self-governing status were required to enter an educational services agreement, under which more favourable funding arrangements applied compared to other schools. A total of 51 state schools became self-governing, which is a relatively small number compared to all state schools.

In early 1998, when Parliament debated the self-governing schools bill, the Labor Party vigorously opposed the bill. It was opposed for its division of schools into two classes; the extra work it would impose on councils; its lack of any educational benefits to students; its erosion of the teaching service and teacher working conditions; and its being the start of moves to privatise state schools.

It was against this background, that the government was elected on an education policy which stated it would abandon the self-governing schools program and would retain the employment and industrial relations power in the Department of Education, Employment and Training.

The bill now before this house will implement that policy. The bill will achieve the following.

- (I) Firstly, it will repeal most of the legislative provisions dealing with self-governing schools. The provisions that are remaining protect the superannuation and other rights of school staff.
- (II) Secondly, it will enable teachers and principals employed by councils to transfer to the teaching service. It will also enable others employed by councils to transfer to employment by the Secretary of the

Department of Education, Employment and Training.

This transfer will be voluntary, and the relevant staff may either remain employed by the council until the end of their current contract, or seek a transfer.

(III) Thirdly, it will terminate educational services agreements.

These agreements were entered between the Secretary of the Department of Education, Employment and Training and each council of the 51 relevant schools.

The agreements followed a standard precedent and were intended to last for three years. They also contain the funding arrangements between the school and the department.

On 16 December 1999, the Department of Education, Employment and Training and the councils of the 51 self-governing schools resolved that the educational services agreements would cease to apply. This was achieved in the context of an agreement with the schools on a number of transitional matters including the following —

- (a) Transitional arrangements for each school will be fair and reasonable.
- (b) Transitional arrangements will be based on there being no reduction in services to students.
- (c) All agreed legally binding contracts with individuals or service providers will be honoured as will other agreed relevant commitments already entered into by the school.
- (d) All legally binding contracts will be honoured for the duration of the contracts, provided that the contracts are not extended.
- (e) Facilities issues have been resolved on an individual school basis.

(IV) Finally, the bill provides for a number of transitional arrangements. For those employees that elect to remain in school council employment under section 15T of the Education Act 1958, the bill provides that —

- (a) the council will continue to be the employer of that person for the unexpired portion of that person's contract,
- (b) at the expiration of the person's contract, the employee ceases to be employed by the council, and
- (c) the council may not extend under section 15T of the Education Act 1958, the term of an employment contract.

The minister retains the power to make orders in respect of persons who continue to be employed by councils.

In relation to the repeal of section 15V of the Education Act 1958 — which authorised councils to invest in a manner approved by the Treasurer for the purposes of the section — no authority was ever issued by the Treasurer for the purposes of the section, and therefore no transitional issues are involved with the repeal of this section.

Other transitional clauses authorise councils to continue to exercise rights of ownership over property acquired prior to the repeal of section 15W — being the section which authorised councils to acquire property — and also authorise councils to continue to be involved in any partnership, joint venture or association already entered, but not to extend the term of any partnership, joint venture or association.

I commend the bill to the house.

**Debate adjourned on motion of Hon. A. R. BRIDESON (Waverley).**

**Debate adjourned until next day.**

## JURIES BILL

**Committed.**

*Committee*

**Clause 1 agreed to.**

**Clause 2**

**Hon. M. R. THOMSON (Minister for Small Business)** — I shall refer to some issues raised during the debate. Victoria is a wonderful state in which to live, in that the jury system is respected across parties. The legislation before the house strengthens and broadens the jury system to ensure community

coverage, and it is good that the government has accomplished that aim.

I will quickly respond to some of the issues raised in debate. The first relates to clause 76(2), which deals with the onus of proof changing to the employer when an employee has either been sacked or faced prejudice because of serving on a jury. It is important to note what the Scrutiny of Acts and Regulations Committee said on this part of the bill:

The committee notes that the provision in clause 76(2) constitutes a reversal of onus of proof and this may attract comment by the committee as a possible trespass to rights and freedoms.

The committee, however, notes that there are exceptions to this general proposition in cases, for example, where the defendant is in exclusive possession of relevant information which would be difficult or impossible for the prosecution to prove but relatively easy for the defendant to prove. In the context of the particular offence created by the section the committee recognises the relative difficulty or ease with which the reasons for an employee's dismissal may be proved by the prosecution and the employer respectively.

I understand there is no opposition to the clause. Where a person who has served on a jury has been dismissed, an employer can display records that prove the person has been dismissed for reasons other than because he or she has performed jury duty.

**Clause agreed to; clauses 3 to 67 agreed to.**

#### Clause 68

**Hon. M. R. THOMSON (Minister for Small Business)** — I move:

Clause 68, line 20, omit "(3)" and insert "(2)".

The amendment rectifies a typographical error in the drafting of the bill.

**Amendment agreed to; amended clause agreed to; clauses 69 to 99 agreed to.**

#### Schedule 1

**Hon. C. A. FURLETTI (Templestowe)** — I move:

Schedule 1, page 63, after line 16 insert —

"6. A person who is released on bail."

The amendment reinserts the terminology that was used in the second-reading speech and reinserts item 6 of the schedule to the bill introduced by the former coalition Attorney-General, known as the Wade bill.

During the second-reading debate I strongly foreshadowed the amendment before the house, as did

other opposition speakers. The four government speakers revealed the contempt with which the government treats an amendment of significance. Of the government's four speakers, Mrs Carbin and Mr McQuilten did not refer to the foreshadowed amendment and made no comment on it apart from indicating their personal experiences with juries, which made little contribution to the debate. The Honourable Dianne Hadden, in her 10-line contribution, got the recommendation of the Law Reform Committee wrong when she suggested the committee recommended that persons remanded on bail should not qualify for jury duty. I presume that was an error, and I will give her the benefit of the doubt. The other profound statement by the honourable member was that in Victoria not everyone on bail is convicted — as if the corollary of that is that if everybody were convicted it would be all right, but because only 80 per cent are convicted it is not all right. I fail to see the logic in the argument.

However, the Honourable Jenny Mikakos did get it right, because in reading the whole of her speech — for which she was picked up in the course of debate — the honourable member read recommendation 14 of the Law Reform Committee, which relates to people on bail. The honourable member got it right, but she deceived the house to a certain extent because she did not also refer to the series of recommendations the committee made on jury list vetting. Had she referred to the recommendations of the Law Reform Committee — I use the plural advisedly — as in her closing sentences she urged honourable members to do, she would have known that had the recommendations on jury vetting been adopted along with the government proposal of allowing people on bail to serve on juries, the argument for the government position would have been much stronger.

However, the Honourable Jenny Mikakos deceived the house by not drawing the attention of honourable members to those recommendations and therefore putting up the argument that people on bail should be allowed to serve on juries, as recommended in the report, as the be-all and end-all.

The frivolous comments of the Honourable Jenny Mikakos about a half-baked amendment demonstrate the degree of seriousness with which the government regards a significant element in the legislation. I was surprised also at her attitude about the jury-vetting proposition. Most lawyers would appreciate that it is the role of the Crown or the prosecutor not to pick a jury for prosecution purposes but to make sure justice is not only done but seen to be done. For that reason, the selection of juries is an important part of the legal process.

The failure of government members to address and debate the issue raised by the opposition as a significant amendment — if it were not significant it would not have been moved — demonstrates the ignorance of the Attorney-General in the other place and the failure of the government to consider or take into account the public outrage voiced about the government proposal.

In his contribution the Honourable Peter Katsambanis addressed the issues of civil liberties raised by a couple of government members. It is clear that the issue of a person being innocent until proven guilty is not in contention.

**Hon. D. G. Hadden** interjected.

**Hon. C. A. FURLETTI** — You had your go, Ms Hadden. Will you keep quiet!

**The CHAIRMAN** — Order! Mr Furletti, on the amendment and through the Chair.

**Hon. C. A. FURLETTI** — Before I was interrupted by the rabble on the other side I was saying that the principle of being innocent until proven guilty is sacrosanct. There is no issue of civil liberties in this debate. The opposition strongly submits that the community and the law recognise the fact that once a person has been charged with an offence, his or her rights must change within the community and at law. That is shown in any number of areas of law. It is clear that a person not charged with an offence is held in one regard but a person who has been convicted of an offence is held in another regard.

I refer to the issue of probity in, for example, the areas of licensing, gaming, real estate agents, travel agents, financial advisers, practitioners, legal practitioners and even brothel operators. Each must be subjected to a probity check. In certain areas of the community a person is considered a fair and reasonable person to do a certain job. But in this instance the government says it is appropriate for a person who has been charged with a serious offence and is on bail to sit in judgment of his fellow citizens. That is a nonsense and is irreconcilable.

The amendment moved by the opposition seeks to address a blatant inconsistency in the bill. On the one hand a person who is on bail — it is possible to argue strongly that bail is simply a process or a condition of custody without detention because a person must apply for bail — is granted bail by an authorised officer on certain conditions and undertakings and is released. On the other hand a person who is unable for a multitude of reasons to procure bail is remanded in custody. The inconsistency is that one of those persons can serve on a

jury and the other cannot. That is the issue the amendment seeks to address.

The amendment seeks to draw to the attention of the government a serious inconsistency in the bill because the provision would undermine public confidence in the jury system. It would challenge the integrity and impartiality of the jury system. I urge the government to reconsider the provision. The opposition will not stop the bill if it is returned to this place, but if the government does not accept the amendment the outcome will be on its head. Accordingly, I urge all honourable members to support the amendment.

**Hon. M. R. THOMSON** (Minister for Small Business) — In relation to the schedule, I will not go through the issues in relation to a presumption of innocence. That has been well and truly canvassed during the second-reading debate. I refer to the final December 1996 report of the Law Reform Committee inquiry on jury service. Although I agree that requests were made for the vetting of a jury to remain in the legislation, recommendation 65 states:

The vetting of jury lists to detect disqualified persons and persons with non-disqualifying criminal convictions should continue.

I understand that recommendation could be interpreted to mean those who are on bail. However, in paragraph 5.31 the committee states:

Persons with findings of guilt which did not result in a conviction being recorded and persons considered 'unsuitable for jury service, but who have no criminal record' should not be the subject of vetting. Information concerning persons in these categories should not be provided to the Crown.

It is unclear from its wording whether the report refers to those on bail. Although I understand the implication of the report and its intent, it does not refer to people on bail.

The government does not support the amendment. In paragraph 3.59 of the report the Law Reform Committee states:

... the presumption of innocence requires that persons on bail and those charged with offences not be disqualified from jury service.

That is clear. The government believes the presumption of innocence is sacrosanct, and it will not support the amendment.

**Committee divided on amendment:**

*Ayes, 27*

Ashman, Mr  
Atkinson, Mr

Furletti, Mr  
Hall, Mr

Baxter, Mr	Hallam, Mr
Best, Mr	Katsambanis, Mr
Birrell, Mr	Lucas, Mr
Boardman, Mr	Luckins, Mrs
Bowden, Mr	Powell, Mrs
Brideson, Mr	Rich-Phillips, Mr
Coote, Mrs	Ross, Dr ( <i>Teller</i> )
Cover, Mr	Smith, Mr K. M.
Craige, Mr	Smith, Ms
Davis, Mr D. McL. ( <i>Teller</i> )	Stoney, Mr
Davis, Mr P. R.	Strong, Mr
Forwood, Mr	

*Noes, 14*

Broad, Ms	Madden, Mr
Carbines, Mrs ( <i>Teller</i> )	Mikakos, Ms
Darveniza, Ms	Nguyen, Mr ( <i>Teller</i> )
Gould, Ms	Romanes, Ms
Hadden, Ms	Smith, Mr R. F.
Jennings, Mr	Theophanous, Mr
McQuilten, Mr	Thomson, Ms

**Amendment agreed to.****Amended schedule agreed to; schedules 2 to 6 agreed to.****Reported to house with amendments.***Remaining stages***Passed remaining stages.****ADJOURNMENT****Hon. M. M. GOULD** (Minister for Industrial Relations) — I move:

That the house do now adjourn.

**Argyle Square, Carlton**

**Hon. C. A. FURLETTI** (Templestowe) — I ask the Leader of the Government to raise with the Premier a matter concerning Argyle Square, which is in Lygon Street, Carlton. As honourable members would be well aware, the Italian community is the largest non-English-speaking community in Victoria and Australia. I am proud to say that I am one of 250 000 or so Italian migrants who arrived here post war. Honourable members would also be aware that Carlton and Lygon Street in particular have come to be renowned as a de facto Little Italy, although it does not have a formal designation like Chinatown.

In 1996 representatives of a group of the major organisations in the Italian community formed a steering committee with a view to having the Melbourne City Council rename part of Argyle Square, which had formerly been the site of the Carlton Bowling Club, as Piazza Italia. Correspondence and

meetings took place with the then Lord Mayor, Ivan Deveson, but nothing happened.

I was approached about the matter early in the piece and in 1998, on the occasion of the visit of His Excellency Oscar Luigi Scalfaro, the then President of the Italian Republic, it was thought appropriate that the matter be raised. At a state reception given for His Excellency in Queen's Hall, then Premier Kennett announced that with Melbourne City Council the government would work towards renaming part of Argyle Square Piazza Italia in recognition of the contribution of the Italian community to this state.

**Hon. I. J. Cover** — What's happened with that?

**Hon. C. A. FURLETTI** — That is a good question. Since 1998 I have been pressed by the Italian community to discover what has happened to Piazza Italia because the name change has not taken place. I have arranged meetings for the steering committee with the Melbourne City Council, but things seem to be getting nowhere.

It seemed appropriate for me to ask the minister to raise the matter with the Premier and ask him to use his influence to intervene with the Melbourne City Council. If the council remains inactive, it could be opportune for the government to take up the cudgels and perhaps do something for Italian National Day on 4 June.

**Ballarat: opposition visit**

**Hon. D. G. HADDEN** (Ballarat) — I refer the Minister for Small Business to an article in the Ballarat *Courier* of 8 April headed 'Optimism in Ballarat'. The article reports the visit to Ballarat last Friday of what it called 'the parliamentary policy committee', comprising Mr Forwood, Mr Lucas and Ms Wendy Smith.

My concern is that the article presents the committee as being a parliamentary committee when in fact there is no parliamentary committee entitled 'the small business and consumer affairs committee' as suggested in the article. The people of Ballarat may think it is a parliamentary committee capable of making recommendations and reporting to Parliament and the government when it is simply a Liberal Party caucus committee.

*Honourable members interjecting.*

**Hon. D. G. HADDEN** — I regard the quote attributed to the Honourable Bill Forwood as an

endorsement of the current government's actions. It states:

We are not here to criticise the government.

Given the potential for the Ballarat community to misinterpret the article, will the minister inform the Ballarat *Courier* — —

**Hon. M. A. Birrell** — On a point of order, Mr President, I cannot explain why a local member would try to put down the intelligence of her community the way the honourable member has just done. However, I believe the adjournment debate is for matters relating to government administration.

**Hon. T. C. Theophanous** interjected.

**Hon. M. A. Birrell** — Because she would have sat down and my opportunity to raise a point of order would have passed even though the error would have been made by the honourable member.

It is therefore appropriate for me to point out now that she has made no point about government administration. Her whole statement was about a visit of certain members of Parliament. It had nothing to do with government administration. I would like you, Sir, to point out to the honourable member that if she wants to raise a matter at this time she has to raise a matter that has something to do with the minister's conduct as Minister for Small Business. It should not be some flight of fancy about members of Parliament that has nothing to do with the conduct of the minister or, indeed, of the government.

**Hon. T. C. Theophanous** — On the point of order, Mr President, I understand the issue is about a group of parliamentarians who represented themselves as a parliamentary committee on small business. It is obviously within the ambit of the Minister for Small Business to be concerned about whether such a parliamentary committee would normally be reporting to Parliament and through her to the government. It is entirely appropriate to raise it as a matter that bears on the area of responsibility of the Minister for Small Business. If members of the opposition were misrepresenting themselves to the Ballarat community as being members of a parliamentary committee, it would be appropriate for the Minister for Small Business to be concerned about that and to take some action to correct the record. I urge you, Mr President, to allow the honourable member to ask her question, which I think will be in accordance with the responsibilities of the minister.

**Hon. Bill Forwood** — Further on the point of order, Mr President, I direct the attention of the house to paragraph (a) of the guidelines on the content of speeches on the adjournment debate which states that a member must:

raise only matters that are within the administrative competence of the Victorian government.

It is apparent that the member's question does not fall into that category.

**The PRESIDENT** — Order! I uphold the point of order. No matter of state government administration has been raised so far. I therefore call on the next speaker.

### **Rail: Morwell crossing**

**Hon. P. R. HALL** (Gippsland) — I raise a matter with the Minister for Energy and Resources in her capacity as the representative of the Minister for Transport in another place. It concerns the provision of an at-grade rail pedestrian crossing in Morwell, which has been long awaited by the good people of that town. That infrastructure will facilitate safer access between the north and south sides of the central business district.

Debate about the project has been going on for some years and the matter was close to resolution at the time of the last state election when the previous government made some commitments to fund it. However, during the past six months since the new government gained office nothing has been heard about it. Will the Minister for Transport explain the progress the government has made towards providing an at-grade pedestrian crossing in Morwell?

### **Crime: elderly victims**

**Hon. KAYE DARVENIZA** (Melbourne West) — I direct a disturbing and serious matter to the attention of the Minister for Sport and Recreation, who represents the Minister for Police and Emergency Services in another place. I was appalled last week to read a report on page 3 of the *Herald Sun* of 3 April of the brutal bashing in Yarraville of an 86-year-old pensioner. He is also deaf, a widower and suffering from Parkinson's disease.

According to the report the attacker called on the elderly gentleman when he was in his yard to offer him lawn-mowing services. In good faith he took the person into his home where he was turned upon, attacked and robbed. The elderly gentleman was tied up with his braces and left for dead. It is fortunate that his daughter came to his home and found him some 16 hours later. What is the Minister for Police and Emergency

Services doing to ensure that the elderly can go about their daily business and feel safe?

### **South Gippsland Tourist Railway**

**Hon. K. M. SMITH** (South Eastern) — I refer my question to the Minister for Energy and Resources, who represents the Minister for Transport in another place. Last Friday I had the pleasure of attending the presentation of a \$60 000 grant to the South Gippsland tourist railway at Korumburra. I am pleased to be the patron of that enterprise and I am pleased that the Minister for Transport made the effort to come down to Korumburra to announce the grant. It is available for the upgrade of bridges and tracks along the Nyora–Leongatha line, which is very important to keep the tourist railway working.

I am perplexed about where the \$60 000 is to come from. Is it the \$60 000 that had been given by former Minister Cooper during 1999 for exactly the same works? The difficulty is that an election took place in the meantime. Is the \$60 000 given by the current Minister for Transport after considering an application made by the honourable member for Gippsland West in the other place? The \$60 000 was not received from the previous government, and the honourable member for Gippsland West did nothing about getting the payment. Will the \$60 000 be part of the \$120 000 we believe is deserved? Two ministers, each in the same portfolio, have said they have given \$60 000. When will we receive the \$120 000?

### **Employment: western suburbs**

**Hon. S. M. NGUYEN** (Melbourne West) — I raise a matter for the attention of the Minister for Sport and Recreation in his capacity as the representative of the Minister for Post Compulsory Education, Training and Employment in another place. It concerns the government's initiatives to assist those who are unemployed and need help the most.

As honourable members are aware — I include those on the opposition benches — Melbourne west has been neglected for many years. The announcement by the minister's office of an additional \$8.8 million to aid those from disadvantaged backgrounds is an endorsement of the government's commitment to building a fair and equitable Victoria. Melbourne's western region has one of Australia's worst unemployment and school retention rates. Will the minister advise the house of the assistance those in Melbourne's west will be getting from the program?

### **Taxis: e-tags**

**Hon. G. K. RICH-PHILLIPS** (Eumemmerring) — I raise for the attention of the Minister for Energy and Resources, who represents the Minister for Transport in another place, a matter relating to taxis. I have been approached by a constituent regarding his recent experience in catching a taxi in the city. In the course of his employment my constituent had cause to travel from the Sofitel Hotel to Melbourne Airport. When he got into the taxi at the Collins Street taxi rank and asked to go to Melbourne Airport the driver indicated an unwillingness to take him. He did not refuse the fare but indicated that he would rather not carry my constituent.

The taxidriver said he did not want to go to Melbourne Airport because his cab was not equipped with an e-tag. Whether a taxi operator chooses to fit an e-tag or use a day pass to travel on City Link or by other means is a matter entirely for the taxi operator. My constituent is concerned that by getting a taxi in the city he should not be discouraged from taking a trip on the western link.

**Hon. E. C. Carbines** — Maybe the taxidriver did not want to pay the toll?

**Hon. G. K. RICH-PHILLIPS** — The toll will be paid by the passenger travelling in the taxi, as would the fare. The previous government devoted considerable energy to reforming the taxi industry; it was a matter of personal interest to former Premier Kennett. A number of reforms took place in the taxi industry to improve the usability of taxi services, in particular for international visitors. My constituent is concerned that if taxidrivers at the city ranks will not take fares to Melbourne Airport international visitors will be left with a negative impression of the service. I ask the Minister for Transport to ensure that Victorian taxi operators do not refuse fares on the basis that they do not have e-tags.

### **Companion card**

**Hon. B. W. BISHOP** (North Western) — I direct to the attention of the Minister for Sport and Recreation a matter raised with my electorate office by Mrs Joy Clarke from the Sunraysia, who does an enormous amount of work in the area for people with disabilities. It concerns an organisation called the Victorian Network on Recreation and Disability (Vicnord). I am certain the minister is familiar with the organisation. The issue relates to persons with disabilities attending recreational or sporting activities with carers. There appears to be no firm policy for concessions for carers. Some venues offer

concessions — that is, free entry or part cost — and some do not. There is no consistent policy.

Vicnord has set up a working group to examine the problem. It has developed a scheme called the companion card, which aims to lobby for industry support for affordable and fair entry prices for people with disabilities who require companions, to support and encourage voluntary relationships and friendships for people with disabilities, to provide a predictable and consistent approach to ticketing charges across the sports and entertainment industry and to develop an easy identification system for those who genuinely need special consideration.

The scheme will operate in the following manner. People with disabilities who need cards will apply to the companion card scheme and will be sent application forms. The application forms will have to be completed by general practitioners, who will be required to assess people's needs for assistants or companions to attend to their support needs when attending sport, arts or entertainment events.

Individuals, not agencies, will be supplied with companion cards. The cards will have personal identification and entitle people to free entry for one companion. People will be expected to pay for one ticket at their normal entitlement rate.

The companion card scheme will be marketed to providers within both the sports and recreation and the arts and entertainment sectors for their endorsement and implementation. Funding, government support and endorsement will be sought for the recurrent administration of the companion card scheme. Will the minister advise the house of the progress to date on the companion card scheme?

### **Regional Infrastructure Development Fund**

**Hon. N. B. LUCAS** (Eumemmerring) — I raise a matter for the attention of the Minister for Energy and Resources, representing the would-be Premier, the Minister for State and Regional Development. On 7 April I received a letter from the Honourable John Brumby, MP, which among other things said:

In the second-reading speech on the Regional Infrastructure Development Fund Bill, I promised to distribute to all members of Parliament the detailed guidelines for submissions for funding so that members could encourage communities in their electorates to apply for funding.

Attached to that letter was a document headed 'Guidelines — Regional Infrastructure Development Fund'. That document described who can apply as follows:

Applications will be considered from rural councils.

I looked in the document to see whether any councils in my electorate were classified as rural councils. I looked right down the list but found that no councils in my electorate can apply for allocations from that fund.

*Honourable members interjecting.*

**Hon. N. B. LUCAS** — I have raised this issue before. I am consistent. I raised this issue on 8 December in this place. I pointed out that the shires of Cardinia and Yarra Ranges were not included in the schedule. It seems to me therefore that the letter is incorrect, dishonest and misleading.

Given that the minister has sent that letter to me, encouraging me to in turn encourage councils in my area to apply for funding, will she confirm whether the shires of Cardinia and Yarra Ranges are eligible for funding from the Regional Infrastructure Development Fund?

### **Vicroads: Westall Road property access**

**Hon. ANDREW BRIDESON** (Waverley) — I raise an issue with the Minister for Energy and Resources as the minister representing the Minister for Transport in another place. A disgruntled constituent visited my office last Thursday complaining about certain aspects of construction works on the \$37 million Springvale Road bypass in Westall Road. My constituent does not wish to be named at this stage, but he lives in Westall Road. He wrote to the Minister for Transport on 25 October last year and received a reply on 2 February. In part the response states:

Vicroads has also advised that an earlier proposal for access to your property as part of the upgrading works has been modified in consultation with yourself.

My constituent has complained that he did not receive a personal visit from anyone at Vicroads to discuss the problem. He also wrote on 26 May 1999 to Mr Colin Jordan, the chief executive officer of Vicroads, claiming that Vicroads neglected to advise him of those major works.

My constituent is so angry he wants to take out a court injunction to stop the construction of the road. I have advised him that he probably does not have strong legal grounds, but I said I would look after him because his own representative in the Legislative Assembly, Mr Hong Lim, has failed to do anything on his behalf. I seek an assurance from the Minister for Transport to confirm that my constituent was personally consulted by Vicroads regarding access to his property and that

Vicroads made every effort to assist him regarding the impending works.

### **Water: rural infrastructure**

**Hon. R. A. BEST** (North Western) — I raise with the Minister for Energy and Resources, representing the Minister for Environment and Conservation in another place, the connection of sewerage to small country towns and the review announced by the government and undertaken many months ago. I have now received correspondence from two municipalities within my electorate — one from the Central Goldfields Shire Council, represented by some members in this house, and the other from the Loddon Shire Council — requesting information regarding when the review will arrive at a decision that will advise rural Victorians what price they will have to pay for connection to the sewerage system.

It is without question a policy of the former government that was accepted by many municipalities. In a letter to the Minister for Environment and Conservation dated 3 December 1999 the Loddon Shire Council states:

The Loddon Shire Council, situated in central Victoria, wishes to reinforce its support for the introduction of sewerage into the townships located within the municipality. Council has supported the proposed sewerage schemes since the agreement with the Environsafe 2001 program was reached.

The council wrote on 11 February to David Rae of the Municipal Association of Victoria, stating:

The change of government in Victoria has stalled the progress of the introduction of sewerage into the remaining three towns.

Those towns are Wedderburn, Boort and Pyramid Hill. The letter continues:

I understand that the committee reviewing the pricing policy for sewerage schemes is in the final stages of preparing its report for ministerial approval.

The Loddon Shire Council wrote to the Minister for Environment and Conservation on 14 February, stating:

Please ensure the green light is given to the introduction of sewerage into these towns. Council has committed in support of sewerage and urban drainage, \$4 million over eight years to improve what is very poor infrastructure in our towns. We need the government to support this initiative to ensure an effective outcome is produced. The amount of \$500 000 per annum equates to 12.5 per cent of the rate income of the council.

It is time the government provided the outcome of that review to the local communities. I urge the minister to end the uncertainty and release the findings, advising

people throughout rural Victoria what the pricing formula will be for rural Victorians who want to get sewerage schemes in their small towns.

### **Local government: rating framework**

**Hon. R. M. HALLAM** (Western) — I wish to raise an issue with the Minister for Energy and Resources, representing the Minister for Local Government in another place. I refer her to a letter recently circulated to councils under the signature of Mr Bob Cameron, MP, Minister for Local Government, headed 'Victorian local government rating framework 2000–01'. The letter states, among other things:

The framework delivers on the Bracks government's commitment to provide financial autonomy for councils in setting rates and charges ...

The letter also claims the government:

... removes the Kennett government's prescriptive requirements for councils to seek ministerial approval.

I quote directly from the letter the description of the framework:

In essence the framework is based on the premise that rates will not increase beyond the underlying rate of inflation, except for spending on 'backlog' maintenance of infrastructure assets.

Given the Labor government's criticism of the concept of a cap being imposed under the Kennett government and given that the new rating framework has a specific ceiling, will the minister explain to the chamber precisely the nature of the technical difference between a rating framework on the one hand and a cap on the other?

### **Employment Advocate: report**

**Hon. B. C. BOARDMAN** (Chelsea) — The matter I raise with the Minister for Industrial Relations follows up on the question I asked during question time today regarding Australian workplace agreements in the Victorian public sector. I hope the minister has since discovered the report, of which she admitted she had no knowledge in question time. In case the minister has not done that, I bring to her attention that the previous government commissioned the Employment Advocate to arrange for a series of employment consultants to examine the implementation of Australian workplace agreements in the Victorian public sector. Funding of \$14 000 was provided for that purpose.

The resultant report concluded that 78 per cent of employees within the public service were either positive or neutral about the way the Australian

workplace agreements were developed; 76 per cent were satisfied with current employee relations; and 75 per cent agreed or strongly agreed with the measures to balance work and family responsibilities, as included in the Australian workplace agreements. It was a positive and supportive conclusion, giving the agreements a lot of weight.

The government believes in a philosophy of openness, transparency and accountability of government. The previous government commissioned that report with the full intention of releasing it publicly upon its conclusion. I repeat my question: upon the finalisation of the report, will the minister release it publicly?

### **Albert Park Yacht Club**

**Hon. ANDREA COOTE** (Monash) — I direct the attention of the Minister for Sport and Recreation to the Albert Park Yacht Club, which was established when the Albert Park Lake was only a lagoon. The club has 350 active members and has given pleasure to many sailors.

Albert Park was refurbished under the previous government prior to the staging of the grand prix. As part of that process many pavilions were updated and refurbished, including those of the yacht club's rival, the Albert Park Sailing Club. At that time the yacht club had the better building on the strip and did not receive as much funding.

The yacht club runs a special community program called Sailability. The program teaches disabled people, including children, how to sail. As part of the program the club deals with the spastic society, road trauma victims and the psychologically disadvantaged. It is unusual for members of a sporting club to run such programs because they are usually run by Rotary clubs. With the assistance of a grant from Tattersalls the club has already completed stage 1 of its building plan, which included the installation of a lift for the disabled. It is now ready to put in place stage 2 of the renovations at a cost of \$150 000. Club members believe they can raise \$100 000 and have submitted a request for a sports and recreation minor facilities grant of \$50 000.

Given that it is not asking for total funding for such an excellent project, will the minister please assure the Albert Park Yacht Club he will do everything he can to ensure it receives a \$50 000 grant from his department?

### **Hospitals: additional beds**

**Hon. P. A. KATSAMBANIS** (Monash) — My question is to the Minister for Industrial Relations, representing the Minister for Health in the other place.

Earlier today the Minister for Health announced that he would provide funding for 360 new hospital beds to be opened around Victoria this winter to relieve the waiting times for emergency surgery, which have blown out over the last couple of months under this government.

However, given the comments of the Australian Nursing Federation and the Health Services Union of Australia, it appears that the minister's promise is undeliverable. The assistant state secretary of the Australian Nursing Federation, Hannah Sellers, suggested that the government should not open the extra beds until it has found the nurses, which would be a difficult task given the number who have left the industry during recent years. The state secretary of the Health Services Union of Australia, Pauline Fegan, questioned whether other hospital support staff, such as cleaners and cooks, would be hired to cope with the extra beds.

It appears to me and to other honourable members on this side that it is axiomatic — in order to have more hospital beds there is a need for more nurses, cleaners, cooks and ancillary staff. It would appear from the comments of the representatives of the federation and the union that the minister had not thought the matter through before announcing the 360 new hospital beds. Clearly the minister is at odds with both the federation and the union. Given that huge question marks have been raised over his promise today, will the Minister for Health assure the house and the Victorian community that it is not another empty gesture and that there will be 360 new hospital beds in hospitals around Victoria before the commencement of the winter period?

### **Design NTT**

**Hon. BILL FORWOOD** (Templestowe) — The matter I raise for the attention of the Minister for Small Business concerns a young gentleman named Nicholas Taylor, a 22-year-old industrial design graduate from Royal Melbourne Institute of Technology who is studying for a masters degree in start-up business at Swinburne University of Technology and who runs a design business called Design NTT. Nicholas has designed a chair called the Aquarius chair, which I am informed the Sydney Organising Committee for the Olympic Games (SOCOG) is keen to have at the aquatic centre for swimmers to sit on during the Olympic Games. I applaud him for his design skills and his initiative in contacting me.

However, he has a problem. He does not have the funds available to manufacture the chairs that SOCOG needs. SOCOG is keen to have the chairs but does not have

the funds either. Would it be possible for the minister to get her department to match Nicholas Taylor to one of its programs to maximise his opportunity to get the chairs manufactured and installed at the aquatic centre for the Olympic Games, to the benefit of Victorian design and manufacturing and Australia's reputation?

### **Small business: workplace safety**

**Hon. W. I. SMITH** (Silvan) — I direct the attention of the Minister for Small Business to a business dinner held at the Maroondah City Council two weeks ago at which a range of issues were discussed by the minister.

**Hon. I. J. Cover** — It was not \$1000 a head, was it?

**Hon. W. I. SMITH** — No, it certainly was not. At the function the minister said that the government would provide incentives to small business to encourage good safety practices in the workplace. What incentives has the minister put in place for small business to encourage good safety practices?

### **Bayside Trains: industrial dispute**

**Hon. D. McL. DAVIS** (East Yarra) — I refer the Minister for Industrial Relations to her response to a question earlier today in which she said that in industrial disputes she would act as an honest broker. Will the minister explain whether in the recent transport dispute she acted as an honest broker, and if so, what she actually did?

### **Commonwealth Games: athletes village**

**Hon. M. A. BIRRELL** (East Yarra) — I direct to the attention of the Minister for Sport and Recreation a matter concerning the 2006 Commonwealth Games. I seek advice from the government on the proposed location of the athletes village. It was originally proposed that it be at Royal Park and there has been some discussion, perhaps uninformed, that an alternative site might be Docklands. As the project will need to start quickly for it to be completed on time in around 2005, I welcome the minister's advice on what plans have been made.

### **Responses**

**Hon. M. M. GOULD** (Minister for Industrial Relations) — The Honourable Carlo Furletti asked me to refer to the Premier the possibility of renaming Argyle Square. The honourable member raised the issue with the former Premier but was not able to get it up. He has asked me to pass it on to the Premier with a request that he look at the proposal for a name change

and talk to the Melbourne City Council about it. I will pass the matter on to the Premier.

The Honourable Cameron Boardman raised a matter with me following my response to his question earlier today about a report that was commissioned by the previous government on Australian workplace agreements (AWAs). I have restated to him that I have not sighted — —

**An Opposition Member** — Go and find it!

**Hon. M. M. GOULD** — It is not in my office, as I have looked — —

**An Opposition Member** — Go and look for it!

**Hon. M. M. GOULD** — If the opposition has put in a freedom of information request for the report, I have looked for it. As I indicated earlier today — —

**An Opposition Member** — You have lost it!

**Hon. M. M. GOULD** — A copy has not been located in my office.

**An Opposition Member** — Which office?

*Opposition members interjecting.*

**The PRESIDENT** — Order!

**Hon. M. M. GOULD** — The Honourable Peter Katsambanis raised for the attention of the Minister for Health a matter concerning his announcement today of new hospital beds. I will refer that issue to the minister and ask him to respond in the usual manner.

The Honourable David Davis raised a matter following up on the question he asked during question time about industrial relations. Again I say that with respect to the transport dispute the appropriate place to resolve the matter is at the Australian Industrial Relations Commission, which is where the matter is was resolved.

**Hon. C. C. BROAD** (Minister for Energy of and Resources) — The Honourable Peter Hall raised for the attention of the Minister for Transport an issue regarding the progress being made for the construction of a pedestrian crossing in Morwell. I will refer that matter to the minister.

The Honourable Ken Smith also raised for the attention of the Minister for Transport whether the \$60 000 allocation presented by the minister to the South Gippsland tourism railway is additional to the allocation already made by Minister Cooper, a minister

in the former Kennett government. I will refer that matter to the minister.

The Honourable Gordon Rich-Phillips requested the Minister for Transport take action to ensure that taxidriviers do not accept fares on the basis of whether they have e-tags. I will pass on that matter to the minister and ask him to respond in the usual manner.

The Honourable Neil Lucas raised for the attention of the Minister for State and Regional Development the status of the Yarra Ranges and Cardinia shires regarding their ability to get funds from the Regional Infrastructure Development Fund. I will refer that matter to the minister and ask him to respond in the normal manner.

The Honourable Andrew Brideson requested the Minister for Transport ensure that a constituent of his be personally consulted by Vicroads and that Vicroads make every effort to help the constituent. I will pass on the details to the minister.

The Honourable Ron Best raised for the attention of the Minister for Environment and Conservation the release of the findings of a report on the pricing formula for the connection of sewerage to small towns. I will pass that request on to the minister.

The Honourable Roger Hallam raised for the attention of the Minister for Local Government the difference between rating frameworks and rating caps. I will refer that matter to the minister.

**Hon. M. R. THOMSON** (Minister for Small Business) — The Honourable Bill Forwood raised the development of a special chair used by some Olympic swimmers prior to racing. The chair was developed by Nicholas Taylor, who runs Design NTT. He says that the Sydney Organising Committee for the Olympic Games is showing some interest in the chair but that the company does not have the funds to manufacture it. I will pass on that matter to my department to see whether assistance can be made available for the development of the chair and contact the honourable member directly.

The Honourable Wendy Smith raised a business breakfast that I recently attended at Maroondah regarding incentives for small business who offer safe work practices for their employees and implement them in their operations. It is an important issue because if the government is to lower Workcover premiums for small businesses it must reduce or minimise the number of accidents. I am working with the Minister for Workcover to develop options, especially regarding safety management in the workplace.

**Hon. J. M. MADDEN** (Minister for Sport and Recreation) — The Honourable Kaye Darveniza raised for the attention of the Minister for Police and Emergency Services the safety of a resident in Yarraville. I will pass on that matter to the minister and ask him to respond directly.

The Honourable Sang Nguyen asked a question regarding the important issue of aid for people in the western suburbs who have a background of disadvantage. I will pass that on to the Minister for Post Compulsory Education, Training and Employment.

The Honourable Barry Bishop raised the companion card of the Victorian Network on Recreation and Disability. It is a timely issue because in the past few days I have written to my ministerial colleagues to seek their endorsement of the concept and to establish a partnership with Sport and Recreation Victoria, the Department of Human Services and Vicnord to further develop the concept and a business plan for the card. Having sought the support of my ministerial colleagues I look forward to the concept being brought to fruition. I have sought endorsements from my colleagues because through their portfolios a number of them have jurisdiction over public facilities that could be key players in providing leadership and facilitating the carers card concept. Having sought their support I look forward to the implementation of the concept by the government and to its being taken up by the corporate sector.

The Honourable Andrea Coote raised the Albert Park Yacht Club's building program. I have recently spoken with representatives of Yachting Victoria and I am well aware of the Sailability program in question. It is a fantastic program that encourages participation from groups that are under represented in our community. It is a great opportunity for those who may not normally be engaged in yachting to access the sport. The program offered by the yacht club is worthy. I will not pre-empt the outcome of the application but I can say that on the indications given by Mrs Coote it seems to fit the criteria. I expect it will also have already formed a partnership with local councils, which is part of the criteria. I encourage the organisation to contact its peak body to access funding that body has received to assist underprivileged groups in the community.

The Honourable Mark Birrell raised the potential siting of the 2006 Commonwealth Games athletes village at Royal Park. Although I appreciate that the former government decided Royal Park should be the location for the games village, honourable members may not be aware that there are strict criteria regarding the types of sites at which a village can be located. It is my

understanding further development of the concept design is currently under way, taking into account the viability of the site and the number of heritage buildings on it before a firm decision can be made.

**Motion agreed to.**

**House adjourned 11.00 p.m.**

