PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

2 May 2001

(extract from Book 3)

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By authority of the Victorian Government Printer

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WEDNESDAY, 2 MAY 2001

Wednesday, 2 May 2001

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

STATUTE LAW AMENDMENT (RELATIONSHIPS) BILL

Introduction and first reading

Received from Assembly.

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

BUSINESS OF THE HOUSE

Sessional orders

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

That so much of the sessional orders be suspended as would prevent new business being taken after 8.00 p.m. during the sitting of the Council this day.

Motion agreed to.

PETITION

Gas: Creswick supply

Hon. D. G. HADDEN (Ballarat) presented a petition from certain citizens of Victoria requesting that the government give due consideration to the importance of extending the natural gas pipeline and reticulating natural gas to the town and environs of Creswick (506 signatures).

Laid on table.

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Auditor-General's office

Hon. R. M. HALLAM (Western) presented report on appointment of independent auditors to conduct financial and performance audits of Victorian Auditor-General's Office, together with appendices.

Laid on table.

Ordered to be printed.

PAPERS

Laid on table by Clerk:

Melbourne City Link Act 1995 —

Deed for Managed Investments Act, pursuant to section 15(2) of the Act (two papers).

Statement of Variation No. 1/2001, 1 April 2001: Detailed Tolling Strategy, pursuant to section 15B of the Act.

Parliamentary Committees Act 1968 — Minister's response to recommendations in Environment and Natural Resources Committee's Report upon the *Control of Ovine Johne's Disease in Victoria.*

DIABETES: FUNDING

Hon. J. W. G. ROSS (Higinbotham) — I move:

That this house calls on the government to provide funds in the forthcoming state budget so that, in association with the National Diabetic Services Scheme, free syringes and needles for diabetics who require insulin maintenance can be made available.

I am pleased to support a motion concerning an invaluable contribution to public health in Victoria. In setting the framework of the motion it is important that the house understand the dimensions and characteristics of diabetes. The disease is characterised by hyperglycaemia, or high blood glucose levels due to inadequate amounts of the hormone insulin secreted from the pancreas or the inability of the body to effectively utilise that insulin. If not treated hypoglycaemia can result in severe damage to almost every body organ, and in particular the eyes. The condition may lead to blindness, damage to the kidneys, nerves, heart and blood vessels.

In a recent study funded by the commonwealth, the International Diabetes Institute in Victoria found that almost 1 in 25 Australians over the age of 25 years has either contracted diabetes or has impaired glucose metabolism. Diabetes Australia has reported that diabetes is the seventh leading cause of death in this country. However, not all of those individuals are the subject of the motion the opposition is moving in this house today.

There are four main types of diabetes. Type 1 diabetes, previously known as juvenile onset diabetes until a change in definition was required by the World Health Organisation, results from the absence of certain cells within the pancreas that produce insulin. This form of diabetes accounts for about 10 per cent of all people with diabetes and usually requires daily injections of insulin for survival.

Type 1 diabetes can appear at any age, but it usually becomes manifest before the age of 40 years. There are few options for the treatment of type 1 diabetes, apart from the provision of insulin. That in itself has some difficulty because few forms of insulin that are injectable can maintain the blood glucose levels over a long period. Nevertheless, this therapy is absolutely necessary for the survival of diabetics, and it is that cohort of people, those suffering type 1 diabetes, that this motion concerns.

Type 2 diabetes, previously known as the mature-onset diabetes, is characterised by the inability of the body to utilise insulin or adequately produce insulin from the pancreas. Type 2 diabetes accounts for about 85 per cent of all diabetics in Australia. Many people have a genetic predisposition to this condition, but more often than not it is associated with inadequate diet, obesity, lack of exercise and other factors that are associated with lifestyle. Type 2 diabetes is one of the cluster of diseases that represents a classic lifestyle-related disease such as various types of cancer and heart disease. We are at the cutting edge of public health and need to change attitudes, values and beliefs of the community to prevent those types of disease. Type 2 diabetes is less commonly controlled with injections of insulin, although it may be on some occasions.

There are two other groups of diabetics. Gestational diabetes is a less common form of diabetes that affects between 4 and 6 per cent of women who develop hyperglycaemia during pregnancy. Diabetic women who subsequently become pregnant do not fit into that category. It is a transient condition associated with pregnancy.

Other types of diabetes that are conveniently grouped together are uncommon but are generally secondary to other morbid conditions, such as genetic predispositions or diseases such as cancer of the pancreas.

In terms of the overall health burden of diabetes, I indicate that it is one of Australia's most costly diseases with an annual cost to the nation of more than $1.2 billion. The commonwealth government has had a continuing commitment to the treatment of diabetes. In 1998 Dr Michael Wooldridge, the federal Minister for Health and Aged Care, launched the national diabetes strategy which has been described by the International Diabetes Institute as a visionary and innovative public health initiative. That initiative identified diabetes as one of only five national priority areas in public health and earmarked it for special consideration. The other four priority areas, in order to provide the context, are cancer control, injury prevention and control, cardiovascular health and mental health.

The commonwealth government has made a real commitment to the control of diabetes and firmly put it on the agenda as one of the five top priority areas. The national diabetes strategy was developed by a national health priority committee which included representation from every state and territory in Australia. I believe Victoria, as a key participant in that committee, has an obligation to do all that it can to assist that committee and the nation to achieve its objectives in diabetes control.

One of the first steps taken in line with the national diabetes strategy was to commission research to obtain accurate epidemiological information to assist in evaluating the effectiveness of interventions and to establish for the first time in our national history the dimensions of the problem and its costs. Even more importantly, the study was able to establish the rate at which diabetes is escalating in the community. I am delighted that the agency, the International Diabetes Institute, that was commissioned by the commonwealth government to undertake that study is located in Victoria. I have the report that recently received extensive coverage in the media and was extensively commented on by Professor Paul Zimmet, director of the institute in Caulfield.

Victoria has a special group of skilled people dealing with this condition. The government should recognise our pre-eminent position in research. It should facilitate the work of that institute and provide an environment in the state where diabetes is regarded as an important public health issue.

The Ausdiab study found that for every known case of diabetes there was one undiagnosed case. There are almost 1 million people over the age of 25 years with diabetes in Australia, and the number of adults suffering from diabetes has trebled since 1981. In short, diabetes in all its forms imposes an incredibly significant burden on the Victorian and national communities — as I said, the annual cost to the nation exceeds $1.2 billion. Much of the burden of the disease relates to type 2 diabetes which may be precipitated by obesity and poor diet and is likely to be responsive to health prevention and diabetes prevention programs, but it is not the main focus of the motion before the house today.

The commonwealth has made a significant commitment to the treatment of type 1 diabetes. Over the past 15 years the commonwealth has made significant inroads into the alleviation of the burden of cost to sufferers of that disease. The pharmaceutical benefits scheme supplies insulin and other diabetic medications at highly subsidised prices. So that the

house may recognise the significant contribution of the commonwealth, I indicate that the cost of a prescription for insulin would ordinarily be between $126 and $270, for which, under the pharmaceutical benefits scheme, the general patient pays $21.90 and a concession cardholder pays only $3.50. There can be no doubt of the contribution the commonwealth is making to alleviating the burden of cost for people suffering from type 1 diabetes.

The National Diabetic Services Scheme was established by the commonwealth in 1987 to help individuals cope with the cost of managing their condition.

Since that time that scheme has saved individual users, in needles and syringes and other items associated with the management of diabetes, something like $38 million. Last year the National Diabetic Services Scheme and the Pharmaceutical Benefits Scheme cost the commonwealth approximately $184 million in overall expenditure. The NDSS is administered under contract from the commonwealth by Diabetes Australia, which has branches in every state and territory. Diabetes Australia was established in New South Wales in 1937 and is the third-oldest diabetes association in the world after those in the United Kingdom and Portugal. It is a voluntary group that now comprises a federation of 12 organisations right across the country.

Diabetes Australia and its affiliated organisations have the contract to deliver the National Diabetic Services Scheme. This program provides low-cost, easy access to essential diabetic supplies and, as I have said, is heavily subsidised by the federal government.

At present in Victoria around 108 630 people are registered with the scheme. The process across Australia is that individuals suffering from diabetes present to their medical practitioners and undergo a series of diagnoses, and if they are shown to be insulin dependent they are able to register with the National Diabetic Services Scheme and participate in the program.

The program does not cover the entire cost of the supply of syringes and needles for diabetes, although they are provided at greatly subsidised prices. For example, a box of syringes can retail at anything up to $50 per hundred, and given that some type 1 diabetics may need to use that equipment anything up to six times a day — and it is not possible to reuse the syringes, for obvious reasons — the cost can be crippling. However, under the national scheme individuals can purchase that same quantity of syringes and needles for as little as $5 for concession card holders and $8 for people who are not health card holders, pensioners or otherwise subject to concession.

I have been in touch with Diabetes Australia — Victoria, which has supplied me with the number of syringes and needles that have been sold through Diabetes Australia in Victoria over the past four years. To establish the dimensions and likely cost of the program I seek leave of the house to table the information provided by Diabetes Australia — Victoria.

Leave granted; table as follows:

Boxes of syringes, needles and pen needles sold through Diabetes Australia — Victoria, in Victoria

Year	Total boxes sold	Boxes sold at $8	Boxes sold at $5	Total value $
1997–98	69 599	22 212	47 387	$414 681
1998–99	70 784	21 783	49 001	$419 279
1999–2000	72 721	20 910	51 802	$426 447
YTD 31 Mar 2001	62 484	17 702	44 782	$365 639

Source: Diabetes Australia — Victoria

Hon. J. W. G. ROSS — In general terms the needles supplied by Diabetes Australia — Victoria have cost something less than half a million dollars. For example, in 1999–2000 before the full year their total cost was $426 447. I refer honourable members to the table I have supplied for an examination of the time series.

Essentially the nub of this motion is that the opposition is calling on the government to do the right thing by Victorian diabetics and to provide funds in the forthcoming budget to meet the co-payment so that needles and syringes in the hands of diabetics are completely free. As I have said, the figures provided by Diabetes Australia — Victoria give a general idea of what the program might cost. I will pursue that issue in a little more depth shortly.

A provision to cover the co-payment in the forthcoming budget would provide equity for diabetics in Victoria as compared to illicit drug users and would provide a service comparable to the services provided for people suffering from this disability in New South Wales, Queensland and the Australian Capital Territory, where such programs already exist.

I will briefly digress and talk about the Victorian opposition policy in this area. The 2000–01 budget paper 3 contained an estimate that this year something

like 6.6 million needles and syringes will be distributed free to illicit drug users. I say in passing that in what purports to be a needle and syringe exchange program only about half of those will be returned. The opposition believes there is an inherent inequity in the provision of this vast number of needles and syringes to illicit drug users while diabetics are required to pay for needles and syringes to treat their type 1 diabetes — a condition that hits individuals afflicted with it entirely at random.

After the recommendations of the Drug Policy Expert Committee chaired by Dr David Penington opposition members undertook a number of public consultations. During those processes the public constantly reminded us of the basic unfairness of illicit drug users being provided with free needles and syringes while insulin-dependent diabetics were required to continue to pay for their life-sustaining equipment. This motion does not concern illicit drug abuse — and I do not wish to stray down that path — but it was that debate that highlighted the need for a consistent policy on syringes for diabetics.

Consequently on 11 August last year the opposition released its drug policy entitled 'Combating drugs — a safer way'. The Leader of the Liberal Party, Dr Denis Napthine, committed a future Liberal government to making syringes and needles free to all people suffering diabetes in the same manner as it plans to make them available for drug users. He reinforced that commitment some months later. On 11 February this year Dr Napthine again committed a future Liberal government to providing free needles and injecting devices from outlets of diabetics' choice.

I have a recollection that during that discussion in February the Premier was involved in a number of talkback radio shows and expressed some sympathy for the position being advocated by Dr Napthine. I certainly hope that sympathy will be translated into real action in the forthcoming budget.

To summarise, we on this side of the house genuinely believe it is not acceptable for diabetics to have to pay for their needles when illicit drug users have unfettered access to free needle exchanges. In fact, on occasions the anomalous situation occurs where diabetics present to needle exchange programs to subsidise the cost of the life-saving devices they need to control their diabetes. It is totally unacceptable for an insulin-dependent diabetic to have to present to an illicit drug user program in order to obtain such life-saving equipment.

The opposition is not asking for anything that has not been established in other states and jurisdictions. Indeed, from June last year no patient co-payment for needles and syringes has been required for diabetics living in New South Wales, as is the case Australia-wide with the national program.

To qualify for the program the individual must be registered with the National Diabetic Services Scheme and living at a residential address in New South Wales. Diabetes Australia — New South Wales administers the scheme by retail and is also able to dispatch boxes of needles and syringes by mail across the state. In New South Wales the cost of needles and syringes to provide for people not covered by the scheme would be around $20 compared to an absolutely free provision of these products under the state and federal jointly shared and government-funded scheme.

In a press release dated 3 May last year, the New South Wales government made that commitment and indicated it would be supplying around 17 million syringes annually at a cost of $4.5 million over the next four years. I simply use that as a guide to give honourable members some sense of proportion as to what this scheme might cost. In New South Wales, with a larger population than Victoria, it is a little over $1 million a year.

Syringes and needles are also available from an extensive network of subagent community pharmacies nominated by the NDSS, which effectively means that diabetics in New South Wales can obtain their needles from agencies of their choice. That is the preferred position of the opposition in Victoria and the policy position stated by our leader, Dr Denis Napthine.

Since 1 January this year persons registered under the National Diabetic Support Services in Queensland have also been able to obtain free insulin pen needles and syringes. Diabetes Australia — Queensland has established seven retail outlets in Queensland, and sub-outlets such as community pharmacies and health care centres are progressively being brought into the scheme. In Queensland the estimated number of needles required is around 5 million at an estimated annual cost of $283 278 per year. I have obtained that information from the minister's press release on the establishment of that scheme. We are not talking mammoth amounts of money in this perfectly reasonable request to the government to make provision in the forthcoming budget to implement this program.

Since August last year needles have been supplied free in the Australian Capital Territory in association with the National Diabetic Support Services. Once again in

the ACT, as is the case for other jurisdictions, diabetics are diagnosed as type 1 or insulin dependent in the other categories by a medical practitioner and then required to register with the National Diabetic Services Scheme. Individuals are then able to obtain their needles and syringes free of charge from community pharmacies. I emphasise that that is the preferred position of the opposition.

The opposition has not brought this motion before the house lightly or without any cognisance of the dimensions of the costs involved. Although it is not my intention to attempt to exactly cost this program, I believe it is possible to get an idea of the order of magnitude from figures that I have put before the house, particularly in respect of the table that has been supplied by Diabetes Victoria. I would say that the range of cost the budget is likely to be required to bear is somewhere between $500 000 and very much less than $1 million a year. In the light of the favourable budgetary position bequeathed to this government by the former coalition, we on this side of the house believe that level of expenditure is affordable and would constitute a worthwhile public health initiative. I repeat: we are not expecting the state to do more at this time than simply pick up the co-payment for type 1 diabetics in order that they can receive their lifesaving equipment free in their own hands.

The motion today does nothing more than seek to build on the goodwill and tripartism that was expressed by the government, Liberal and National parties after the recent joint sitting of Parliament on the drugs issue. The opposition has a policy position in place in respect of this issue. We believe it is a policy position that should be easily embraceable by the government on the basis of a tripartite approach.

Similar programs for the supply of free needles and syringes to diabetics already exist in other jurisdictions in Australia. I believe it behoves the government to ensure that diabetics in this state are not disadvantaged solely on the basis of living in Victoria, and certainly are not disadvantaged vis-a-vis the supply of free needles and syringes to illicit drug users. I commend the motion to the house.

Hon. G. W. JENNINGS (Melbourne) — I join this debate in the spirit that Dr Ross projected on behalf of the opposition by recognising the importance of the issue and to discuss the appropriate level of support that governments provide through the health system to Australians who are subject to the imposition of an ongoing treatment regime to control their diabetes. This is a significant and important issue on which the government and the opposition agree. Appropriate levels of support should be provided by all sides of politics in recognising this important component of the health sector so that government services and programs are available to support members of the community.

It will not come as a great surprise to the opposition that the government will not be supporting the motion today, on the basis that we have a well-established practice in this house of saying, 'Yes, the government recognises the validity of concerns and urgings that may come from the community — —

Hon. M. A. Birrell interjected.

Hon. G. W. JENNINGS — For some time. Honourable members may recall that my contribution to the final general business notices of motion debate prior to the budget being delivered last year was fairly similar. Although government members recognise the validity of the service and program issues that have been identified in the motion, they believe at this late stage of budget preparation the government should not accede to the Legislative Council determining its budget formulation.

The history of this issue in recent times is fascinating. Victorians, and indeed all Australians, would have some reason to believe the opposition's motivation in raising this issue today may be questionable in political terms given that it has caused a high degree of angst for their federal parliamentary colleagues.

In fact, it has been quite a contentious issue in the past month. In my contribution I will draw attention to the highly contentious profile of this issue within the federal Liberal Party. It has led to much angst in the formulation of the federal budget. If it had not been for the earnest and considered contribution of Dr Ross honourable members may have had some reason to believe this matter had been raised in a politically cynical way to play off the various sides in the federal Liberal Party against one another. It could be seen as adding to the intrigue which is currently a feature of much of the public debate and which was given some prominence in the national press as recently as this morning.

I will begin by outlining the dimensions of the issue. At the moment the subsidies applying to the provision of syringes under the National Diabetic Services Scheme (NDSS) are supplemented by a co-payment by the users of insulin. The regime requires insulin users to provide a co-payment of $8 per pack of 100 needles, and concession card holders pay $5 per pack. The estimates provided by the Victorian Department of Human Services suggest that this applies to roughly

25 000 Victorians, each of whom incurs an average cost of about $17 a year to maintain this regime. There is no highly contested issue between the government and Dr Ross on behalf of the opposition about the magnitude of this issue and the cost structure that may be applied to the scheme envisaged in the motion.

In considering the regime adopted by diabetics in maintaining their health we need to factor in a number of other items they require, including blood glucose testing strips, which also attract a co-payment. For people registered under the NDSS a pack of 50 blood glucose testing strips costs $6.25, and concession card holders pay $1 and pensioners pay 50 cents — there are two categories of concession in that scheme.

The maintenance of the national scheme has been a priority of the federal Minister for Health and Aged Care, Michael Wooldridge. He maintains that it is a major health priority for him and the commonwealth government. At the end of last year through his department and other health departments throughout the country Dr Wooldridge initiated a review of the way the scheme should be applied. Dr Wooldridge wrote earnestly to the Victorian government suggesting that the importance and integrity of the national scheme should be maintained. In October last year he maintained that a co-payment regime should be retained as a feature of the scheme.

There is some reason for Dr Wooldridge and those who support his desire that this be an appropriately funded national scheme to have been mortified by some documentation that came to public view in April and led to a high degree of concern throughout the nation about the commonwealth's desire to maintain its current level of support. This matter bubbled to the surface in the public domain on 23 April when articles started appearing in the national media about the leaking of material provided by the Department of the Prime Minister and Cabinet to the Prime Minister outlining initiatives that were on the books of the federal expenditure review committee at that stage. It caused much commentary on the airwaves around the nation.

An article written by Michael Harvey that appeared in the *Herald Sun* of 23 April states:

> Diabetics would face higher syringe costs if the tough proposals were adopted in the May 22 budget, and people with high cholesterol would lose subsidies for medicines.
>
> …
>
> The leaked document recommends $10 million be saved over four years by making diabetics pay more for diagnostic products such as syringes and glucose strips.
>
> Federal subsidies now mean Victorian diabetics pay only $8 for a box of 100 needles.
>
> If adopted, the savings outlined in the leaked document would mean costs of needles and other diagnostics obtained under the National Diabetic Services Scheme would be close to those charged normally at pharmacies.
>
> For example, a box of 100 syringes costs about $25 at a chemist.

Not surprisingly the federal shadow health minister, Jenny Macklin, entered the public debate at about that time and gave prominence to the issue by expressing concern on behalf of the federal opposition. I believe the sentiments she expressed would be shared by the Victorian Labor government and many members of the community. These concerns are evident within the community, particularly among those who would bear the cost of the changes in the regime. I will read briefly from the press release issued by Jenny Macklin on 22 April:

> This prime ministerial briefing paper reveals that nearly half a million people with diabetes will pay more for their syringes and test strips and 65 000 people with high cholesterol will no longer have their medicines subsidised …
>
> Specialist Medicare rebates will also be cut by $149 million so that GPs receive an $11 000 a year pay rise.
>
> This is a smoke and mirrors trick to disguise higher fees for patients as specialists will pass the rebate cut straight onto their patients.
>
> Ms Macklin said that the government would save $10 million by increasing the amount paid by diabetes patients for blood glucose test strips, syringes and insulin pen needles and urine strips.
>
> 'These aren't luxury items, they're critical to manage diabetes', she said.

The Victorian government agrees with those sentiments and the degree of concern which has been expressed by the federal shadow health minister, Jenny Macklin.

The issue of cost shifting concerns the Victorian government, and that is why it has reservations about the motion before the house today. That certain policy initiatives and funding shifts entertained by the federal government will come at the cost of individual users or be part of an elaborate scheme to transfer costs to the states is a recurring theme. There have been a number of instances in the past year or so of major program initiatives where the states have been directly in the firing line of cost-shifting arrangements.

Without proper assessment of the way the Medicare scheme operates with payments made for specific health purposes, the government would be very reluctant to automatically assume responsibility for

co-payment arrangements while being blind to the potential repercussions that may arise subsequent to the Victorian budget if the commonwealth does not maintain the current level of co-payments but rather increase them significantly. That would cause a major cost shift to the Victorian government that would otherwise not be foreseen.

I could cite a number of examples to the opposition of many education initiatives by the current federal education minister, such as the funding shifts from the public to the private sector and the lack of commonwealth commitment to maintain levels in the field of employment and training. A particular feature was the major national salinity program introduced by the federal government, notwithstanding the value of that program in restoring the quality of Australian rivers, streams and productive land.

The commonwealth made a significant announcement that was predicated on matching funding arrangements regardless of whether the states at that time had the capacity to identify those matching funds or whether there was flexibility within the forward estimate arrangements in the structure of state budgets to take up their matching components. It was a highly provocative action of the federal government to, in this case, pursue a highly laudable policy direction but to do so in a way that was not conducive to harmonious state and federal relations. The way in which the funding regime was an integral part of that important package put its delivery at risk.

The commonwealth has acted similarly on a number of other issues such as the introduction of temporary protection visas for refugees who have been given permission to live in the Australian community, in our case the Victorian community, and indeed the Victorian government welcomes these refugees to a safe haven. But the note I ring loudly is that there was no corresponding financial support to provide housing or security measures for the people who have received temporary protection visas by the federal government. Clearly, resources were lacking to provide the support required for those temporary visitors to Australia to go about their daily lives. That put a disproportionate burden on state governments in meeting resource requirements which to this day have not been adequately met.

The nature of state and federal funding arrangements — often a feature of debates within this chamber — has clearly been a problem on any number of occasions. The Victorian government has major problems in being comfortable with the current grants commission formulas, which see major subsidies being provided by the taxpayers of Victoria and New South Wales and more recently Western Australia — —

Hon. Bill Forwood — You do not think we should fund the Northern Territory?

Hon. G. W. JENNINGS — The Northern Territory will feature later in my contribution. Depending on their income capacity and contribution to the nation as a whole, larger states should provide an appropriate level of financial support. However, it is questionable whether Victorians should be subsidising the good citizens of Queensland in the way they continue to do.

Hon. Bill Forwood interjected.

Hon. G. W. JENNINGS — Surely all sides of the house would have ongoing concerns about the adequacy of the provision of funds to Victorians from the grants commission formula.

Hon. Bill Forwood — But you are not opposed to the principle, subject to a few limitations?

Hon. G. W. JENNINGS — I think there is room for the system to provide for cross-subsidies from one state to other states.

Hon. Bill Forwood — Provided we are a Federation!

Hon. G. W. JENNINGS — In fact, we are. One of the glories of Federation in which we can all bask during the next week or so within Parliament as we share a great common goal is the fact that the level of cross-subsidy is appropriate. However, there are a number of areas — this is one — where the Victorian government has concerns about any unilateral action — small as it may be in this case with the diabetes program — to take up responsibilities for a co-payment component when it does not have great confidence in the federal government's bona fides in maintaining the payment level, whatever it may be, or indeed what support there may be for the program in the long term. As I said, some serious questions have been raised in the public domain about the bona fides of the federal government in maintaining support for this important health program.

I put on the public record that the leak of the document I referred to has played a positive role. If the debate this morning can play a positive role in putting this issue to rest all Australians can be grateful for that leak. That proposition was taken up in an editorial response to the issue by the *Herald Sun* on 24 April which states, in part:

> Health cuts a no-no. 'Sensitivity: There may be criticism that the government is increasing co-payments on syringes for people with diabetes while also promoting needle exchange programs for illicit drug users' — leaked federal budget document.
>
> They're darned right! This and other recommended cuts to health spending under consideration by the Howard government would cause outrage if implemented.
>
> …
>
> It would be socially intensive number crunching at the expense of the sick to cut back on funding for diabetics, people with cholesterol problems and on rebates for visits to mental specialists, while increasing pay for GPs.
>
> The Prime Minister's reaction to the leak has been to set bureaucratic sniffer dogs on the trail of the whistleblower.
>
> But whoever leaked the document has earned the gratitude of those who would have suffered if cabinet had rubber-stamped the recommendation unnoticed.

My apologies to Hansard for what is a clumsily read article. You may doubt it was a direct quote but in fact it was!

However, the community is grateful — this was supported in Dr Ross's contribution — that there is a legitimate level of concern out there and that there is an appropriate level of support that state and federal governments should provide this important area of government policy. Clearly that is an issue on which honourable members should be able to find common ground. I refer to other commentary that has appeared in the media about this issue that will conclude this point and allow me to go on to another point Dr Ross made concerning the level of confusion about what this policy means when juxtaposed with other public health measures that are supported by both the federal and state governments.

The issue was highlighted in an article by Louise Dodson that appeared in the *Age* of 26 April. It confirms that the leaked document has never been contested by the government, but has in fact been confirmed as authoritative. The article states:

> The Australian Federal Police have been called in to investigate the leaking of highly confidential federal government budget proposals to the opposition.
>
> The leak — regarded by the government as the most serious in five years in office — has prompted a rethink of the budget formulation and put key measures in doubt, just weeks before the budget is handed down, senior government sources say.

It goes on further:

> A proposal to increase payments for subsidised syringes used by diabetics is also unlikely to go ahead in the form outlined in the document after the leak was badly received by the community.
>
> The confidential document concedes that the measure, which produced savings of just $2.4 million over four years, could spark a public outcry.
>
> 'There may be criticism that the government is increasing co-payments on syringes for people with diabetes while also promoting needle-exchange programs for illicit drug users', the document says.

I will address the house on those issues. Dr Ross acknowledged them when he crossed over certain public health issues and juxtaposed the two issues.

It is important to go back to first principles — that is, to consider why needles are provided through needle-exchange programs to illicit drug users. Certainly the federal and state governments are not condoning illicit drug use by providing needles. The intent of the public health program is to diminish the risk of transmission of blood-borne diseases. The public health measure is designed purely and simply to prevent the risk of transmission of disease.

The debate should not be confused by people saying, 'We have different classes of citizens who require different levels of support'. At various times there have been urgent public health needs and there continues to be an urgent public health need to reduce the risk of transmission of blood-borne diseases. That important public health measure should be strongly supported by federal and state governments and all those responsible for public health. It has the capacity to affect all members of our community. The public health program is not and should not be seen in any way to be a direct competitor with the level of support provided under the National Diabetic Services Scheme. The only juxtaposition that comes to mind is that any discussion of the two involves talking about the same physical entity — that is, the syringe. Any other connection that is sought to be made is spurious. Honourable members should not be confused about the matter: both measures deserve strong support of both federal and state health authorities.

Dr Ross and others in the community who support the federal health minister, Dr Wooldridge, will be grateful that the document was leaked in April. It has led to talk in the wind that there is recognition in the federal government that the proposal should be knocked on the head and that there will be support for the national scheme.

Hon. Bill Forwood — Will there be funds in the state budget?

Hon. G. W. JENNINGS — I think Mr Forwood will find that at this time neither the federal nor state

governments will confirm what is in their respective budgets.

Hon. Bill Forwood — But you could say nice words about your feelings about it.

Hon. G. W. JENNINGS — It is appropriate that there be support, as the program is highly worthy of support, as are people in the community who have to treat their diabetes. I would be disappointed if there were a net increase in their personal financial contribution to the scheme. I agree with what the federal minister for health said in his correspondence to the state government in October 2000, that there should be an appropriate national scheme to address the matter. I wholeheartedly support the federal minister in his desire to ensure that that is established. It is glaringly apparent that the Victorian opposition strongly support the federal minister for health in that regard.

In the past month the federal government has achieved a level of notoriety about the general direction it is taking and its capacity to act in a considered and compassionate way. It has culminated in articles published in the press as recently as today, while we are having this debate about this important area of public health. The articles have kicked off two weeks of debate in the public domain about the compassion and consideration of the federal Liberal–National Party government. They have culminated in the headline in today's *Bulletin*, about which I am sure members of the opposition would be concerned.

Hon. Bill Forwood — This is an extraordinarily long bow!

Hon. G. W. JENNINGS — In his motion Dr Ross has had a direct hit.

Hon. M. M. Gould — It was a bullseye!

Hon. G. W. JENNINGS — It was a bullseye. The cover of today's *Bulletin* has a picture of the Prime Minister and the federal Treasurer and it states that the magazine includes an exclusive article. The article says that those men are mean and tricky, out of touch and not listening — even their party thinks so.

Hon. Bill Forwood — It's only Shane Stone.

Hon. G. W. JENNINGS — I do not know that it is only Shane Stone.

An article by Tony Walker and Steve Lewis in today's *Australian Financial Review* refers in part to the subject of the article in the *Bulletin*. It states:

> The leak which follows other damaging disclosures in recent weeks, including a highly confidential cabinet document outlining budget measures, is unnerving the government at a critical moment in the election cycle since it raises the spectre of 'traitors within its own ranks'.

It refers to Shane Stone and states further:

> But the party president is known to have been highly concerned for some months about a serious erosion in the coalition's electoral standing.
>
> His memo, obtained by the *Bulletin* magazine, accused the government of being 'tricky' and 'mean', and represented a desperate attempt to persuade Mr Howard of the seriousness of the situation for the Liberal and National parties.
>
> …
>
> Coalition MPs contacted last night agreed with the sentiments expressed in the memo.
>
> 'We run the risk of becoming a mean government', one Queensland MP said.

That is very alarming.

Hon. W. R. Baxter — What's this got to do with the motion?

Hon. G. W. JENNINGS — The public issue of the compassion and considered response that gave rise to the notoriety of the Prime Minister and the federal Treasurer is the very issue which is the substance of the debate today.

The issue concerns whether there are appropriate levels of federal and state support for people who use syringes in the treatment of their insulin deficiency — a direct connection with the numerous articles I have referred to this morning about a paltry $10 million saving that would lead to great angst in the community about a public health measure that the federal Minister for Health and Aged Care claimed was a major priority of his department and the way he wishes to provide health support to Australians. Despite that, both sides of the house recognise this important scheme is in the gun of the federal expenditure review committee. Quite reasonably, members of the coalition in Mr Baxter's case but certainly members of the Liberal Party throughout Australia say they are concerned about the direction of the federal budget and the vulnerability of important schemes such as the National Diabetic Services Scheme. There is no doubt about the linear connection between the nature of the debate today and the concern that is evident within the Victorian opposition and the federal Liberal Party.

As to support for diabetics, in the spirit of Dr Ross's contribution I would like to ensure elements of the public record indicate that diabetes is of concern to the Minister for Health in the other place. Recently a

number of initiatives have been taken by the minister and his department to ensure we are proactive in providing support structures and programs to Victorians who live with diabetes and who have to take a high degree of responsibility for the maintenance of their health.

The government recognises that different important programs should be provided to support those sufferers in the onerous responsibility they have for maintaining their health. In the past year a number of local initiatives have been launched, including retinopathy screening, and actively pursued by the public health division of the health department, which is currently seeking to introduce screening programs through five Victorian health agencies.

In the past year the public health division has provided funding to the International Diabetes Institute for the Victorian component of the Ausdiab Study, the launch of which is imminent. A population health survey to be undertaken later this year will include diabetic management and health service utilisation to enable the government to get a strong fix on the need for and use of services in the Victorian health system. As Dr Ross said, in some ways we operate on a best-guess basis about the number of people who require support. It is about time a better method of ascertaining the level of support required was available. The government is hoping to obtain better data through that population health survey.

This year the aged, community and mental health division of the Department of Human Services is funding four primary care partnerships to undertake integrated disease management projects. That initiative was launched by the minister in January this year, and three of the integrated disease management projects have diabetes as a focus. The emphasis of the projects is to find best-practice models of disease management for the population and individuals who are at risk of developing diabetes and to develop health promotion and primary care strategies to prevent disease onset as well as individual care planning for those with the condition.

There are specific initiatives to support, for example, people in regional Victoria. There is an overall Regional Action for Diabetes project that will build upon the development of a community development program aimed at developing a sustainable, multi-dimensional, community-based model for addressing diabetes in rural and remote communities.

A specific program supported in the past year by the Minister for Health has established the East Gippsland Best Practice Model for Rural and Remote People Living with Diabetes. It is a three-year program to develop models of diabetes management for rural and remote populations with type 1 and type 2 diabetes. It will address key issues around the development of multidisciplinary care, which includes patient and professional education, strategies to target groups identified with high needs and the development of a database and recall system.

As Dr Ross and I have said, the recurring theme is that in some cases there is inadequate information in the federal and state systems to be able to provide the appropriate level of support and determine ongoing needs. That is an important issue that the government has recognised, and it is actively trying to ensure systems are in place. As recently as this year the Minister for Health has introduced a number of programs to start addressing the broader community aspects of support structures, information sharing, and professional and patient education across Victoria. They are important support programs that are additional to those highlighted earlier during the debate.

The government recognises that a significant element in the Victorian community requires a degree of support. However, it is extremely wary at this time of any adjustments to state and federal funding arrangements on the basis of the fairly sorry recent track record of changes in commonwealth priorities and project funding that have led to direct cost shifting to Victoria and other states.

Given the somewhat fluid nature of the federal government's policy formulation and budget reconciliation, the government would be concerned that there may be a degree of movement between now and federal budget day about the federal government's intention to shift significant costs to the state in a range of areas. In this instance the cost shift may be minor — and it may be quite correct for the opposition to identify that in its support of the motion, but this is an example of a macro problem for federal–state financial arrangements — but this is a matter on which the Victorian government has every responsibility, on behalf of its citizens, to be extremely careful in any financial arrangements it seeks to enter into with the commonwealth.

Those are the prime reasons why it would be irresponsible for the government to support the motion notwithstanding its support for the vital support programs for the people in our community who live with diabetes and who have to maintain their health. This should not be confused with the issue of support for diabetics by the Victorian government. The message

for those who have diabetes is strong and clear, and it is exemplified by the programs I have put on the public record today — that is, the initiatives of the Victorian Minister for Health. But I repeat that the government is wary of any shifting of costs from the federal jurisdiction to the state.

The Victorian government is extremely mindful of that issue and that is why it will not support the motion.

Hon. M. T. LUCKINS (Waverley) — I have pleasure in contributing to the motion moved by my colleague Dr Ross. I was disappointed in the contribution of the Honourable Gavin Jennings and I am even more concerned about his representation of the government's commitment to people with the terrible disease of diabetes. Mr Jennings addressed the motion in terms of the budgetary commitment and said it would be irresponsible for the government to commit to additional funding today. He said the government is wary of making such a commitment before the federal budget in May and referred extensively to other issues that have no bearing on the debate, including education, salinity and immigration.

It was curious that Mr Jennings referred to a partnership between the commonwealth and the states when he criticised the requirement to have matching funding between the commonwealth and the states. He said that agreements were sought by the commonwealth regardless of whether states have the capacity to pay for initiatives in the budget, and therefore the government was hesitant about making commitments from the state budget to contribute to partnership programs. That is disappointing, particularly given the $1 billion surplus the government inherited from the former Kennett government. Mr Jennings referred to a leaked document from the federal government that has no status and is yet to be confirmed. He said the leaked document was seeking to save a paltry $10 million from the budget each year. I put to the members of the government that the motion seeks an even more paltry sum of money. The New South Wales government has estimated its elimination of the co-payment for an estimated 30 000 insulin-dependent diabetics will cost it $4.5 million over four years. That is a paltry amount. Victoria has approximately the same number of insulin-dependent diabetics requiring needles and syringes. I put to the government that $4.5 million from a budget surplus of $1 billion is surely a small tear in a big bucket.

The motion is not just about money but the principle of access and equity for people who suffer a chronic disease, who incur costs, although heavily subsidised by the commonwealth government, for the maintenance of their health. The principle behind the motion is the inequity of the government providing free syringes to intravenous drug users without affording a group in our community who, through no fault of their own, are required to use syringes daily, and depending on the stability of their illness, may use syringes three to six times a day.

According to the Diabetes Australia in Victoria, which represents the commonwealth government in providing support and subsidised goods and materials to diabetics, Victoria has 108 630 people registered with the National Diabetic Services Scheme. Of that number, 33.5 per cent or 36 460 people require needles and syringes to administer insulin. It is estimated that in the 1999–2000 financial year 72 721 boxes of 100 needles were sold to insulin-dependent diabetics. There are two rates of co-payment after commonwealth subsidies have been included. One is $8 per box of 100 needles and the other is for concessional cardholders of $5 per box. Diabetes Australia estimates the total cost of the provision of needles in Victoria is $426 444 per annum; therefore, over a four-year period the government would contribute under $2 million to eliminate the co-payment required to be paid by very ill people who through no fault of their own must use syringes.

I can understand why diabetics are critical of having to pay for syringes when intravenous drug users through their voluntary choice are being provided with free needles in accessible locations throughout Melbourne and regional Victoria. My mother is a diabetic and she estimates it costs, without any concessions, $76 per month to manage her condition. There is a lot more information on management for diabetics to best ensure that they do not suffer from additional illnesses to which they are predisposed through diet and exercise. There are many ways of looking at diet. My mum uses what is called the glycaemic index or the GI factor to regulate her diet. She needs insulin and I will go through the way each type of diabetes manifests itself later in my contribution. I also had gestational diabetes through my pregnancy, which indicates a predisposition to diabetes later in life. Although they have not found a gene for diabetes, it is prevalent in some families.

I have some personal experience of this disease and I am cognisant of the risks to health and other areas from this chronic illness. We are talking about the provision of free subsidised needles to diabetics who have to go into Diabetes Australia to receive the subsidised needles. Since the estimated cost of a box of 100 needles at a pharmacy is $25 it is worth while for diabetics to go into the city to visit Diabetes Australia to obtain the needles, diagnostic strips and other items subsidised by the commonwealth government,

including meters and computer programs for diabetics to better manage their self-medication at home.

As I said, the motion is not asking for massive financial commitments from the government, but in-principle support to include in the budget being brought down in the next few weeks the elimination of the co-payment so that diabetics are not discriminated against. They feel they are discriminated against and in my opinion are discriminated against by the government failing to follow the lead of other states that have eliminated the co-payment.

On 3 May 2000 the New South Wales Minister for Health issued a press release stating:

> More than 30 000 of these people in New South Wales require insulin injections — often up to six times daily. This is not only a great personal hardship, the cost of needles can run to hundreds of dollars per year.
>
> We gave a commitment to relieve diabetics in NSW of this financial burden in managing their illness and today I am delighted to make good on that promise.
>
> Currently people must pay for needles under an arrangement where the commonwealth subsidises their cost to Diabetes Australia, which onsells them to diabetics. They pay $8 per hundred needles, which supplies some people for only two to three weeks.
>
> The estimated cost of the initiative is approximately $4.5 million over the next four years. The new arrangements will take effect on 1 June.

Similarly, I refer to a press release from the Queensland health minister dated 1 January which states:

> Queensland's 22 000 insulin-dependent diabetics will get a helping hand from the state government from today, when it picks up the patients' share of the cost of syringes.
>
> The costs amounted to $283 278 last year for five million needles used by Queensland's 22 000 registered diabetics. The state government will now pick up this cost.

I refer to a press release of 15 May by Michael Moore from the Australian Capital Territory which states that:

> … the ACT government will provide free needles and syringes for diabetes sufferers in Canberra.
>
> We want to ease this burden by enabling free access to needles and syringes.

It is hard for the government to justify that it will not subsidise the cost — a paltry cost at that — to ensure that diabetics in Victoria have access to free needles like their fellow sufferers in New South Wales, Queensland and the Australian Capital Territory.

In August last year the Liberal Party released a policy document, 'Combating drugs — a safer way'. Page 9 of the policy document states:

> The current policy and culture regarding supply of needles would be changed so that needle and syringe exchange occurs only on a one-for-one exchange basis or upon the representation of proof of the safe disposal of a needle.
>
> The Liberal Party believes this would provide a stronger incentive for users to return needles so they can be disposed of in a safe manner rather than left discarded in a public place.
>
> Further to this commitment, a Liberal government would make the availability of needles and syringes for all people suffering diabetes in the same manner that we plan to make them available for drug users — on a one-for-one, no-cost basis.

On 11 February the leader of the Liberal Party, the Honourable Denis Napthine, issued a press release, 'Napthine calls for free needles and syringes for diabetics', and said:

> … it is not acceptable for diabetics to have to pay for their needles when drug users have access to free needle exchanges. A Napthine Liberal government would provide diabetics with free needles.

I turn to the agreements that have been made with the commonwealth and state governments on this issue. In 1996 the nation's health ministers agreed to include diabetes as the fifth national health priority, joining cardiovascular disease, cancer, mental health and injury. Extra funding was allocated from the federal department to support a national drive to improve outcomes for people with diabetes.

A national diabetes strategy was released in 1998, and in August 1999 before the change of government, the Victorian coalition government through its health minister, the Honourable Rob Knowles, agreed to the national strategy to ensure better coordination and implementation of programs for diabetics throughout Australia. The aim was to achieve coordinated and integrated national efforts to help prevent people from developing diabetes and to assist those with this chronic disease to better and more effectively manage their disease.

It is estimated that the cost of diabetes to the national health budget is more than $1.2 billion a year, or around $3000 a year for every person diagnosed with diabetes. There is not only an economic cost but a human and social cost, including restricted participation in the work force and the community which has a terrible effect on the sufferers of this chronic disease.

Diabetes is a disease characterised by high levels of glucose in the blood which is caused by the deficient

production of insulin, the hormone that helps to metabolise glucose. In chronic sufferers it is also resistant to this action. Type 1 diabetes is characterised by a complete deficiency of insulin where the body is unable to produce the hormone to break down glucose. It is estimated to affect 10 to 15 per cent of diabetics in Australia.

Type 2 diabetes is the major form of diabetes in Australia and worldwide. It is most common in individuals over the age of 40 years and is marked by an insufficiency of insulin or a resistance to its action. Type 2 is often managed by diet and exercise because some are insulin dependent and some are not, depending on the type of illness they have.

Gestational diabetes occurs during pregnancy in about 4 to 6 per cent of women who have not previously been diagnosed with diabetes, and there is a marked increased risk of developing diabetes later in life. Other types of diabetes are less common, including diabetes resulting from genetic abnormalities as well as biological and metabolic events.

The two main forms of diabetes are type 1 and type 2. Type 1 diabetes is caused by an auto-immune system destruction of insulin-making cells in the pancreas and therefore insulin is not made at all. It was commonly referred to in years gone by as juvenile diabetes because its onset was usually at an early age, but its onset is possible at any age.

Type 2 diabetes, which is often called adult-onset diabetes, is responsible for 85 to 90 per cent of diabetes in developed countries. Some of the warning signs and symptoms of high blood glucose include extreme tiredness, excessive thirst, blurred vision and increased risk of infection. Untreated diabetes can cause long-term damage and be life threatening, but it also causes significant damage to the kidneys and eyes and nerve damage to the heart and other parts of the body. It particularly affects circulation. Diabetics often have poor circulation at their extremities.

It also leads to an increase of heart disease and hypertension — which occurs in about 10 per cent of cases — stroke and impotence. It has a major cost not only in the provision of management items for diabetes but also places a significant burden on the other organs of the individual sufferers.

According to the Australian Bureau of Statistics, diabetes mellitus is the seventh leading cause of disease in Australia. The annual cost of treatment is currently estimated to be about $1.3 billion a year and is estimated to grow to more than $2 billion a year by 2003. Figures released last year from the first national study of diabetes found that Australia has the second largest rate of diabetes in the Western world after the United States of America.

According to the *Journal of Labor Economics* produced in the United States in October 1998, 16 million Americans have the disease.

In 1995 the national health survey found that 2.4 per cent, or 430 700, Australians had reported being diagnosed with diabetes at some stage in their lives. That might sound a little odd, but as I outlined earlier, some people can develop gestational diabetes and then recover from it.

It is estimated that the true number of diabetics in Australia is a staggering 800 000, which means that around 400 000 individuals in our community are unaware that they have the disease. Quite often they take no notice of the symptoms, because diabetes generally affects people over 40, so if they experience blurred vision, numbness or excessive thirst they sometimes put it down to the natural ageing process.

Type 2, or adult onset, diabetes has increased by around 300 per cent over the past two decades. It is estimated that its complications are responsible for more than 53 000 years of healthy life lost to disability. On the whole diabetics have a reduced life expectancy, and they are at the risk of developing other life-threatening diseases due to kidney, nerve and artery disorders.

According to figures published by the health services division, of all Australian diabetics 6 per cent are blind, 7 per cent have kidney disease, 15 per cent have heart disease, 4 per cent have had a stroke and 2 per cent have had at least one limb amputated. So because of the poor management or lack of diagnosis of this disease there can be a terrible life-threatening and lifestyle effect on the individuals and a huge cost to the community.

According to an ABS study on the causes of death in Australia published in 1999, 2947 people died as a direct result of the disease, representing 2.3 per cent of total deaths. The death rate among women from 1981 to 1995 fluctuated between 10.9 per cent and 12.3 per cent, while the rate for men fluctuated between 14 per cent and 17.8 per cent.

In 1995 the national health survey found that type 2 non-insulin-dependent diabetes accounted for 42.2 per cent of diabetics; type 1 insulin-dependent diabetes accounted for 18.5 per cent; gestational diabetes accounted for around 6.3 per cent; and types unknown or undiagnosed accounted for around 33.1 per cent.

An estimate by the Australian Institute of Health and Welfare reported in an article in the *Age* of 7 May 1999 was that 10 per cent of people over the age of 40 to 50 have diabetes. That is an alarming percentage when you consider that the evidence suggests that around half of those with mature onset, or type 2, diabetes remain undiagnosed. Often we have a perception that the disease, particularly type 2 diabetes, affects only people who are older or who are overweight, but an article in the *Age* of 24 August 1999 reports that the Garvan Institute of Medical Research in Sydney found that the disease is the leading cause of blindness in people as young as 30 years of age.

Diabetes also affects many young people. Children who develop this disease are usually insulin-dependent for life. At this stage, until technology improves, they are required to use syringes every day. I can imagine how difficult it would be explaining to a young boy or girl why they have to go through the pain of finger-prick testing and injections, often up to six times a day, to seek to stabilise their insulin and blood glucose levels.

It is estimated that diabetes type 1 affects 1 in 1200 pupils in Australian primary schools and 1 in about 500 pupils in secondary schools. Between 1993 and 1998 its occurrence among school students increased by a staggering 50 per cent. There is some concern that the school environment does not cope well with children who require daily insulin maintenance for diabetes. We really ought, as a community and as parliamentarians, to look at better ways to ensure that all teachers, other students and the school community generally are educated about the warning signs of a child who is a diabetic going into what is known as a hypo, which is when the insulin level drops dangerously. The drop can occur suddenly and can lead to seizures, coma and possibly death.

So it is important that we as a community are better educated about how to recognise the signs of diabetics, whether young or old, who require intervention. Often it is just a matter of popping a few jelly beans into the person to raise the blood sugar level if they have too much insulin in their system. It is very hard to monitor diabetes in children because they sometimes eat erratically.

Earlier the Honourable Gavin Jennings criticised the federal government for its provision of support for diabetes in Australia. Since 1996 the federal coalition government, through Dr Michael Wooldridge, the Minister for Health and Aged Care, has provided over $10 million for activities to improve the awareness of the disease and better management among diabetics. That is in addition to the enormous funding provided by the federal government to subsidise insulin, test strips and needles.

On 3 May 2000 the federal government announced it would provide $32.5 million to fund an auto-immune vaccine centre, which will research the development of a vaccine to prevent juvenile, or type 1, diabetes and to endeavour to find a cure for this debilitating and life-threatening disease.

The National Health and Medical Research Council, which will soon change its name — I very much look forward to that — has committed $2.5 million over five years to research the prevention of type 2, or mature onset, diabetes.

The National Diabetes Strategy was agreed to by all health ministers in August 1999, with the Victorian government being ably represented by the former Minister for Health, the Honourable Rob Knowles. In partnership with the federal government all state ministers committed to an integrated and coordinated national strategy for diabetes. I have been disappointed to note that since the change of government Labor has done very little to demonstrate the government's commitment to the plight of diabetics in Victoria.

Part of the agreement on the National Diabetes Strategy agreed to by Rob Knowles on behalf of the former Victorian government included a strategy and implementation plan to improve the capacity of the health system to deliver, manage and monitor services for the prevention of diabetes and the care of people with and at risk of diabetes; to prevent or delay the development of type 2 diabetes; to improve health-related quality of life and reduce complications and premature mortality in people with type 1 and type 2 diabetes; to achieve maternal and child outcomes for gestational diabetes and for women with pre-existing diabetes equivalent to those of non-diabetic pregnancies; and to advance knowledge and understanding about the prevention, cure and care of type 1, type 2 and gestational diabetes.

I must say it came as quite a shock to me when I was told that I was gestationally diabetic during my pregnancy. During pregnancy, when there can be so many other risks of disorder to both mothers and babies, a very good management process is required, particularly when some of the other related illnesses of pregnancy can have an effect on general health. For example, if a pregnant woman is unwell during her pregnancy and suffers from morning sickness — which in my experience lasted all day! — it is difficult to maintain a glucose level in the blood. It is imperative that the Victorian government work closely with the

College of Obstetrics and Gynaecology to ensure that all women in public and private hospitals receive adequate support, diagnosis and advice on what gestational diabetes and the associated risks mean to them, and provide strategies to ensure they lessen those risks for both themselves and their babies.

While the supply of needles for diabetics is a matter for the state government, the commonwealth provides considerable support to people with diabetes through the Pharmaceutical Benefit Scheme (PBS) and the National Diabetic Services Scheme (NDSS). The NDSS is administered by the federal Department of Health and Aged Care and provides subsidised access to syringes and diagnostic testing agents to registered diabetics. I mentioned earlier in my contribution that there are around 103 000 registered diabetics in Victoria.

The Honourable Gavin Jennings tried to suggest that the federal government has somehow not demonstrated adequate commitment to those with diabetics and suggested that by way of this motion or by way of the commonwealth refusing to pick up a co-payment for the provision of needles for diabetics that this was a cost-shifting exercise on behalf of the commonwealth government. I find that absolutely preposterous. We are talking about $8 per box of 100 needles, which will cost the government between $2 million and $4 million over four years. That is consistent with the other states' figures in New South Wales, the Australian Capital Territory and Queensland.

There is concern about the cost of medical supplies for the treatment of diabetics, but I thought I would outline the actual cost of insulin by way of example to show how much the commonwealth government through the PBS and the NDSS subsidises the diagnostic and treatment supplies required by diabetics in Victoria.

The cost of a prescription for insulin under the PBS ranges from $126 to $270. The commonwealth government meets most of this cost with a general patient contributing $21.90 and a concessional patient contributing $3.50 per prescription of insulin. In the 1999–2000 financial year the amount provided by the commonwealth government through both the PBS and the NDSS for diabetics was close to $184 million. I remind the house that we are talking about a subsidy to diabetics for free needles which will cost the government between $2 million and $4 million over four years.

From 1 June last year, no co-payment exists for syringes and needles required for people with diabetes who live in the Australian Capital Territory, New South Wales or Queensland. The undertaking that those governments made was entirely a matter for themselves. The commonwealth has no jurisdiction with regard to the other state or territory governments adopting this practice, so this government cannot suggest that it does not have the jurisdiction or the wherewithal to make this sort of co-payment subsidy available for diabetics in Victoria.

The Australian Institute of Health and Welfare has started work on a national diabetes register to list all Australian diabetics using insulin. With that sort of information and the availability of diabetes sufferers for studies, we will be going some way quickly not only to research the effects of diabetes but also to better inform diabetics across Australia of up-to-date management practices and to monitor their health much more stringently.

I know that my mother, for instance, has visits to the ophthalmologist and the podiatrist approximately three times per year as well as a monthly meeting with her doctor where they exchange data and information on the management of her condition.

It is not just the cost to the diabetic of insulin and diagnostic strips and needles. An amount of $8 per box of 100 needles may not sound like a lot for a diabetic, but in addition to the provision of syringes and medication, diabetics also require very stringent monitoring of their disorder. That results in diabetics being out of pocket significantly regardless of Medicare and private health fund reimbursements.

In 1998–99 the commonwealth government provided a subsidy at an enormous cost to ensure that diabetics have access to needles and syringes for better management of their condition. When you compare the contribution from the commonwealth government to what we are asking from the Bracks Labor government today, its hesitancy or wariness to support the motion before this house is even more preposterous.

In budget paper 3 of the 2000–01 budget estimates it was estimated that approximately 6.6 million syringes would be distributed free to illicit drug users as part of the needle exchange program and only about half of these syringes are returned. I have been made aware through anecdotal evidence from community health centres not only in my electorate but also in regional and rural Victoria that it is common practice for diabetics to attend at needle exchanges for illicit drug users and exchange needles to save the cost of purchasing the needles themselves. They do this partly because they see it as an absolute inequity for them to have to pay for the provision of the needles they need

through no fault of their own when drug addicts who use needles voluntarily are given them free.

I acknowledge that drug addicts have a health problem and a strong addiction but the fact is they could have avoided their use of syringes. I have always been supportive of harm minimisation and of the need to have needle exchanges for illicit drug users for all the reasons outlined in many debates in this house on the drug issue. Needle exchange has lowered the prevalence of HIV in this country although there is some evidence that it has not done much to arrest the rate of hepatitis C. Regardless, I am not criticising the practice of providing free needles to illicit drug users.

By the motion the Liberal Party is highlighting the unfair and inconsistent practice of providing free needles to illicit drug users while requiring diabetics who have a chronic illness and need to pay so much for ancillary medical benefits and the treatment of their disease to pay for the provision of the needles they need to survive. If these people do not have their insulin as required, usually three to six times a day, they will die. There is a stark difference between the needs of illicit drug users and those of an insulin-dependent diabetic who is required to use syringes. It is inherently unfair to require diabetics to pay more than they do already for the maintenance of their health.

The drug expert committee chaired by Dr David Penington recommended the continuation of the provision of free needles for illicit drug users. My party has no problem with that. As I outlined earlier, in its 'Combating drugs — a safer way' policy document the Liberal Party suggests that addicts who are using the needle exchange program should return their used needles to gain new needles. Given the dangers associated with needles being strewn around our community this is an issue of public health and safety. In addition, we in the Liberal Party believe the responsibility should be borne by the drug user in recognition of the fact that the government and the people of Victoria provide this support.

The feelings of diabetics on this issue came out during the opposition's public consultation on the drug issue. I have often heard anecdotal evidence from my mother, who always has my ear of course, and other diabetics that they quite rightly consider it to be a very poor practice when they are required to pay for the needles they use to stay alive when illicit drug users are provided with needles at no cost.

To take advantage of the subsidy provided through Diabetes Australia in Victoria diabetics must purchase the diagnostic strips, syringes and meters and all other equipment relating to the treatment of their diabetes from Diabetes Australia. That restricts access for people who are very ill and for the isolated in our community. I note that the needle and syringe exchange program has 60 metropolitan and around 67 country outlets. It would be a lot more convenient if diabetics had access to syringes locally rather than having to travel often some distance; metropolitan residents often have to come into the city twice a month to pick up supplies.

We have a management problem in that a lot of diabetics would feel extremely uncomfortable going into the traditional needle exchange environment to pick up new needles or return used needles. Health and safety issues also arise from their visiting needle exchanges. Therefore, we would have to find another way of providing these needles through other locations, perhaps through Diabetes Australia making the goods available through community health centres across Victoria.

That is a management problem but in the first instance we must deal with the motion before the house today. In this motion the Liberal Party calls for the government to provide funds in the forthcoming state budget so that in association with the National Diabetic Services Scheme free syringes and needles can be made available for diabetics who require insulin maintenance. I am very disappointed with the Labor government's stance on this motion. This was a good opportunity for the Labor Party to support in principle the cessation of a very inequitable practice. We are talking about access and equity for diabetics who are required to use needles through no fault of their own. The opposition is asking for access and equity so diabetics do not have to pay the $8 per 100 needles and so they are treated the same as illicit drug users.

There are many associated problems for chronic diabetics if they do not treat their diabetes properly, efficiently and effectively at all times. One way to ensure that diabetics have access to everything they need — diagnostic strips, syringes and other monitoring equipment — is to ensure that they are not paying more than they can afford and that they do not feel like outcasts in society. These people are chronically ill and deserve our support. I am very disappointed that the Labor Party has chosen to ignore the needs and concerns of diabetics in the Victorian community by rejecting this motion. There are around 103 000 diabetics in Victoria and they will be made aware of the government's stance on this very important matter. I regret that the government has not been prepared to support this very sensible motion which talks about the principle of equity — we have heard so much about that from the Labor Party — for

the diabetics in our society who require syringes. I commend the motion to the house.

Hon. J. M. McQUILTEN (Ballarat) — I am pleased to speak on this issue today because it is very important. Many Victorians are suffering from this disease, I am one of them as was my father who died from it. Sadly I think the opposition is today playing politics over a few dollars when clearly there is a need for a national approach to the issue. The financial games being played by the federal government at the moment are not very pleasant for the Australians who have this disease.

However, country Victorians who have the disease have been overlooked. We in the bush have a major problem in accessing the cheaper needles. I am trying to resolve that problem in the Maryborough area with the help of my federal colleague Steve Gibbons.

The other issue that has not been mentioned today is that of the problems country people have in accessing dialysis when their kidneys have totally failed. Access is not a problem in Melbourne and it is probably not a problem in a number of the larger regional centres. But in a town such as Maryborough and in the smaller country towns it is a major problem. People are driving great distances around the state three times a week to obtain dialysis. In my father's case — he was 75 years at the time — he drove three times a week to Ballarat to dialyse, which in my view is unacceptable. In the longer term we should be concentrating on that aspect of what is a major health problem in Victoria, particularly in country towns that are unable to supply a machine.

To focus on the $8 cost for needles such as happened today is to simplify a problem in country Victoria which ought not be simplified. There has not been enough talk about the needs of country Victorians on this issue.

Hon. K. M. SMITH (South Eastern) — I strongly support the motion put by Dr Ross to provide free syringes to diabetics in Victoria. Like my colleague from the other side, Mr McQuilten, I am also a diabetes sufferer. I do not use injections; I take tablets on a very regular basis. I am one of a large number of Australians who suffer from type 2 diabetes, which is the one that usually strikes the older people in our community.

I will relate to the house a little of my experience on discovering that I had diabetes and of the subsequent effects to alert honourable members to the prospect that no-one is safe from the disease. Diabetes can strike anybody, anywhere and at any time.

Some information that has been collected by Professor Paul Zimmet, medical director of the Diabetes Institute (International), mentions the number of people who have diabetes and how quickly it appears to have grown in the community. Professor Zimmet states that the diagnosis of diabetes has leaped 300 per cent since 1981 when about 300 000 Australians aged over 35 had type 2 adult-onset diabetes. Now about 940 000 Australians have type 2 diabetes and the nation has probably in excess of 1 million diabetics.

The treatment of diabetes is not cheap. Professor Zimmet estimates conservatively that the direct and indirect cost of diabetes in Australia is $1.2 billion a year and is likely to reach around $2 billion by 2005. That is a lot of money but there is more to the cost than the dollar factor because it has a great effect on people's lives.

I am one who carries a bit of weight. I can remember probably about four years ago I was up a number of times during the night, probably at some point up to 15 times a night, seeking the toilet to urinate — that is the way it is put — and I could not discover why. I was extremely thirsty. I would go to the toilet, have a glass of water because I was so thirsty go back to bed and I would be up again after that. I started to lose weight and thought it was terrific. I knew if I did not eat desserts at dinner at night I would lose a bit of weight, but the weight was falling off dramatically. I reached the stage where I had lost a couple of stone. Carrying the bit of weight as I do, a couple of stone coming off is good but it did not stop. I thought, ' Perhaps I had better visit the doctor'. So I did and had the necessary blood tests, although when I told the doctor what the symptoms were he knew that I had diabetes.

The doctor made one fatal mistake: he sent me to a dietitian. When I talked about the lifestyle that members of Parliament have, the dietitian said, 'There is not much I can do for you but I can make some suggestions about proper eating practices'. It did not work as well as the dietitian would have hoped and in the end she gave up and did not bother making any more appointments for me! But that is my fault. The doctor then sent me to a specialist who put me on tablets.

We talked about dollars today. The tablets cost me around $60 a month. On top of that I buy the strips for testing my blood, which I do two or three times a day — I should probably test it more often — and that costs a few extra dollars again. I am not crying about that; that is the cost of the lifestyle that I live. I am grateful that I am registered as being a diabetic and I am able to use the facilities of the National Diabetic

Services Scheme which is of great assistance in reducing costs. At first I paid around $22 for a packet of 50 strips at the chemist. When you use them three or four times a day it does not take very long for the strips to be used. But now under the scheme the price of a packet of strips costs $6.35, for which I am extremely grateful. It encourages you to test your blood more frequently, which is good because it should be done regularly.

The order form provided by the scheme lists disposable syringes and needles. Diabetics are being asked to pay a small amount of money. Anyone who is a diabetic would be crazy not to be on this scheme; they have every right to. A pack of 100 syringes is about $8, which works out to about 8 cents each. That is not a huge amount of money, but people injecting themselves 4, 5 or even 6 times a day start to use a large number of needles, apart from the cost of insulin which does not seem to be on the list as being able to be procured any cheaper. However, we are not asking today for any support towards the cost of insulin. We are only concerned about the cost of the needles.

The amount of money Mrs Luckins and Dr Ross are talking about is not large; a couple of million dollars are needed over the next four years so that syringes can be provided to the people who need them. Such a gesture by the government would be considered to be responsive to community concerns. As I said, it would not cost the government much money to provide the syringes. I was extremely disappointed by the position of the Labor Party put by Mr Jennings who said he does not support the motion. As he was the only member of the Labor government side who spoke with some authority, his position is an indication that the government is not prepared to spend between $500 000 and $1 million each year over the next four years. That is very mean when one considers the amount of money the government is wasting. For example, it would have spent more than that on food for people who attended an industrial relations seminar here not so long ago.

Hon. M. M. Gould — Excuse me, who attended what?

Hon. K. M. SMITH — I think it cost $2500 for air fares for Bob Hawke when he came down from Sydney to sit in the chair.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — The couple of thousand dollars that it cost to put Bob and Blanche up at the Park Hyatt would have provided a lot of needles for people who need just a bit of support — not like Bob and Blanche, who got more support than they deserve.

The ACTING PRESIDENT (Hon. R. F. Smith) — Order! Mr Ken Smith will refer to the Honourable Bob Hawke correctly and pay him the respect that all Prime Ministers, whether current or former, are entitled to receive.

Hon. K. M. SMITH — Just to clear the air, I think Malcolm Fraser has got more out of them than he should have, too.

Type 2 diabetes is suffered not only by Australians; some 100 million people around the world suffer from the disease and it is expected that by 2010 that number will increase to 240 million. I also suffer from type 2 diabetes, so I am one of a large number of people suffering from the disease.

Diabetes was first demonstrated convincingly about 50 years ago by a distinguished Melbourne physician and biochemist, Dr Bornstein. He discovered the cause of diabetes. He developed an insulin bioassay that showed there was no measurable insulin in the blood of juvenile onset diabetics. That meant, of course, that those people would start to suffer from some of the problems caused by diabetes.

The end result of diabetes can be a big problem. It can lead to heart attack, stroke, blindness, kidney failure, blood vessel disease that requires amputation, nerve damage and, of course, impotence in men, which can lead to all sorts of problems in the family. I have heard that there is every chance that a person suffering from diabetes may find that his or her toes will turn black and drop off. Each morning in the shower I gaze over the extremities of my stomach so I can see my toes. I always ask myself: are they turning black at all? At the moment they are still pink — which is always very nice to see!

I can have a bit of fun about it because I will not let diabetes get me down. Although many people suffer from it and it can lead to some of the complications I have spoken about, I have to get on with living my life. I am getting a bit smarter in my diet. For example, I am eating better food.

Mr Acting President, you are also a person who enjoys the niceties of life, including good food. People can choose better foods and I can only advise honourable members to start paying attention to their diets. For example, do not eat the desserts for which exorbitant prices are charged in the dining room at Parliament House! Have some fresh fruit instead.

Hon. G. R. Craige — What about the pancakes you always order?

Hon. K. M. SMITH — That is only towards the end of the session and only for other honourable members — just to help them along the road to diabetes!

Honourable members of this house and others should be aware of some of the concerns I have highlighted about diabetes. We must recognise it is a disease that affects a large number of people across Victoria, Australia and the world. We should be able to assist diabetics in the provision of syringes. The National Diabetic Services Scheme order form has in very large print above the prices of syringes 'free to NDSS registrants who live in New South Wales or the ACT'. Victoria should also be on that list. On 11 February Dr Denis Napthine, the Leader of the Liberal Party, said that when the Liberal Party is in government after the next election it will provide needles to the Victorians who need them.

Again, I repeat that I am very disappointed with the position taken by Mr Jennings on behalf of the government — that is, that it is not prepared to provide the small amount of money needed to ease the burden on diabetics. I assure members of the government that I will be making the most of that by informing diabetics of the result. I have already spoken to a large number of them.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — I will inform them, Minister, that your government is too mean to provide people with the assistance which they should be able to get and which will be provided by the next conservative government in Victoria.

I strongly support Dr Ross's motion. I acknowledge the good work that Dr Ross does particularly in the area of health and in bringing to our attention a number of very important issues that from time to time we tend to forget and so neglect people who need the support and help of the Victorian government.

Hon. ANDREA COOTE (Monash) — I have pleasure in supporting the motion. I shall comment on the well-presented arguments the Liberal Party has brought to the debate. I note that the house has heard nothing from our National Party colleagues on the issue. Certainly the Honourables John Ross, Maree Luckins and Ken Smith have given the house detailed examples of the invidious diabetes disease with which we will all have to contend in the future. I thank the Honourable Ken Smith for his enlightening comments about his toes, diet and a range of other things; the house has been informed by his contribution.

I have a particular interest in diabetes, not in the personal sense of suffering from it but because the International Diabetes Institute is located in my electorate, in Kooyong Road, Caulfield. Much has been said about the institute. Since its inception in 1976 it has become Australia's leading diabetes specialist centre. Its chief executive officer, Professor Paul Zimmet — about whom other honourable members have spoken — is also the professor of diabetes at Monash University.

The institute has pioneered a number of ground-breaking research projects. It is the only World Health Organisation collaborating centre on diabetes in the Southern Hemisphere. It treats about 5000 clients annually. In 1995 the institute's educational staff trained more than 1000 health professionals in the care and management of diabetes. That is an impressive record, and I record in *Hansard* my praise of the institute.

I would also like to speak about Professor Paul Zimmet. He is regarded as an international expert in the field and Victoria, and particularly my electorate, is fortunate to have him living here. I shall outline the achievements of Paul Zimmet. He has been director of the International Diabetes Institute since 1985 and has been the professor of diabetes at Monash University since 1989. He is also head of the World Health Organisation collaborating centre for the epidemiology of diabetes mellitus and health promotion for non-communicable disease control. Since 1998 he has been a member of the four-person strategic task force on diabetes and is a member of the national obesity prevention group under the auspices of the federal Department of Health and Aged Care.

Paul Zimmet was the architect of Australia's first institute dedicated exclusively to the integration of diabetes research, education and clinical care; he became its founding director when the International Diabetes Institute was consolidated in 1985. His is an impressive record, and Victoria is extremely lucky to have as a resident a person leading the field not only in Victoria but also internationally.

Much has been said about the details of diabetes. Other honourable members have explained the physical disabilities that increase with the onset of diabetes. The Honourable Maree Luckins spoke about diabetes in pregnancy and the Honourable Ken Smith talked in detail about adult onset diabetes. I reiterate a statistic used in the debate about the incidence of diabetes: it has

risen about 300 per cent in the past 20 years. I would like the house to consider that statistic. If the road toll increased by that amount, what an outcry there would be! Each day the road toll is mentioned on the front page of the *Herald Sun*, and I am pleased that a huge public awareness campaign has led to a decreasing road carnage.

Heart disease and cancer get an enormous amount of research funding and recognition. Several years ago I was the director of the National Heart Foundation in Victoria and was very much involved with a procedure to examine the promotion of healthy lifestyles not among the higher socioeconomic groups but among the people who need to understand exercise, heart care, diet and a whole range of other issues. We take heart and cancer disease and the road toll seriously. Exactly the same sort of emphasis should be placed on diabetes. I reiterate that the number of people suffering from diabetes has increased by 300 per cent in the past 20 years. Diabetes is a hidden disease; the community at large does not speak or know much about it. The Honourable Ken Smith shared with the house how he came to realise he was a diabetes sufferer. Many people in the community will discover the same sorts of problems, but will not realise what they mean.

The consequences of diabetes have been spoken about during the debate. The community should be mindful of the heart disease, kidney complaints, degenerating vision and eventually amputations that can be caused by diabetes. I have visited many amputees in the Caulfield hospital. Many are not, as one may have expected, older people who have enjoyed a full life, they are young people. It is particularly tragic to see the young amputees whose quality of life has been destroyed because of the debilitating diabetes that has led to their amputations.

I would like the house to appreciate the anguish of a husband and wife who are constituents of mine. The husband retired and the couple decided to have the big around-Australia trip in a caravan. They decided to have a medical checkup beforehand. Now, instead of the around-Australia trip, they have ended up doing rounds of the hospitals to have tests conducted. He discovered he was a sufferer of diabetes and has since become an amputee. The trip around Australia has been postponed probably indefinitely. Their circumstances have had a huge impact on the lifestyle of the family — instead of his wife sharing his retirement, she has had to adjust and learn a lot more about diabetes, and she has had to learn how to live with and care for an amputee. That is a severe case, but I am sure honourable members will increasingly be faced with constituents with similar problems in all electorates. We must come to understand and tackle the problem of diabetes.

Obviously prevention is better than being forced to treat a disease that already exists. Dr Ross brought that emphasis to the attention of the house. He talked about supplying the needles and syringes needed by diabetics. How much better it would be to manage diabetes within the home at its early onset — to understand, regulate, monitor and learn how to cope and deal with the daily injections at home — than later to have to be hospitalised, thereby putting an enormous amount of pressure on the health system to cope with heart disease, blindness, kidney failure and the other consequences of diabetes. Prevention is vital.

The comparison has been made between giving free needles and syringes to intravenous users of illicit drugs and providing them to diabetics. I emphasise the obvious injustice, which is appalling. The community should take it on board and address that injustice as a matter of urgency.

Mention has been made in the debate of the incidence and treatment of diabetes in other states. The International Diabetes Institute web site refers to the use of syringes in New South Wales and the Australian Capital Territory. Under the heading ‘Free syringes and needles in NSW and ACT’ it states:

> As from June 2000, no patient co-payment for syringes and needles is required by people with diabetes living in NSW. This also came into effect from August 2000 to people with diabetes living in the ACT. This has been made possible due to:
>
> > the continued support of the federal government, through the National Diabetic Services Scheme (NDSS), to subsidise the cost of syringes and needles; and —

this is a lesson for the Victorian government —

> > the NSW and ACT government undertaking to pay the patient co-payment of $5 or $8 per box of 100 syringes.

I call on the government to take up what their counterparts in other states have done. The Liberal Party is forward thinking in its approach to diabetes. As mentioned earlier, the federal government is supportive of dealing with diabetes and assisting diabetics. The Honourable Marie Luckins spoke at length about the involvement of the federal government. A Liberal Party policy document entitled ‘Combating drugs — a safer way’ states in part:

> Further to this commitment, a Liberal government would make the availability of needles and syringes for all people suffering diabetes in the same manner that we plan to make them available for drug uses — on a one-for-one, no-cost basis.

Under the leadership of Dr Denis Napthine the Liberal Party regards this as an important issue. I refer to two other issues that we should acknowledge in making a concerted effort to do something about this disease. Some members of our community are contracting this disease at a greater rate than others. I quote from a press release of Mr Tsebin Tchen, a Liberal Senate candidate for Victoria, who states:

> 'Diabetes is a problem for all Australians', Mr Tchen states. 'Diabetes claims more than 2700 lives each year. The rate is highest amongst particular groups such as older Australians, European born men and women, Asian-born women and our Aboriginal and Torres Strait islanders.

It is important that we try to help and assist Asian-born women and our Aboriginal and Torres Strait islanders to combat this disease and encourage them to undertake testing and use syringes.

I refer to an extract from the Department of Human Services web site regarding the incidence of diabetes. It puts into context the problem we face with the incidence of diabetes among women living in rural centres. It states:

> Hospital separation rates for diabetes were higher (up to 64 per cent higher) for males and females. This funding also applied to residents of rural population centres as well as residents of other rural and remote areas. Death rates were found to be somewhat higher (24 per cent higher) for women living in rural centres.

This vital statistic is something we should be ashamed of and should investigate further. Rural women should not have their health jeopardised. It is important that we address this issue and help them to be tested. I call on the government to provide free syringes for this group.

In conclusion I commend Dr Ross for moving the motion. I have much pleasure in supporting the motion that calls on the government to provide funds in the forthcoming state budget so that, in association with the National Diabetic Services Scheme, free syringes and needles for diabetics who require insulin maintenance can be made available.

Hon. P. A. KATSAMBANIS (Monash) — It is with pleasure that I speak in favour of the motion moved by Dr Ross. I place on record my congratulations to Dr Ross not only for taking up this initiative, but for the leading role he has played over a long time in our state in highlighting issues of importance for the health of Victorians and Australians.

I would have thought this simple motion would attract the total support of the house. It calls on the government to provide funding, not in replacement of, but in conjunction with the National Diabetic Services Scheme, to provide free syringes and needles for insulin-dependent diabetics. The motion should enjoy the support of all honourable members because it is clear that the measure would improve the life of many Victorians. My colleagues who spoke before me have given the figures. It is estimated from the Australian Diabetes obesity lifestyle study conducted last year that one in four Australians over the age of 25 years either has diabetes or suffers from impaired glucose metabolism.

Apart from the effect on the daily lives of these people and their families the condition increases the risk of cardiovascular disease and further diabetes complications which add significantly to the cost of health services in our society. I would have thought any measure that assists in the maintenance and prevention of diseases, especially preventing the escalation of diseases, would be promoted by everyone in the chamber and would be a good outcome. It is disappointing that Mr Jennings talked about cost shifting and other irrelevant factors. The motion does not call for cost shifting but for the state government to do the right thing in the same way that the New South Wales, Queensland and Australian Capital Territory governments have done in ensuring that people who are insulin-dependent diabetics are able to obtain free needles and syringes.

I discovered from my research that a box of 100 needles used by diabetics and available, as Mr Ken Smith pointed out, for $8 from the National Diabetic Services Scheme costs $35 wholesale. The retail price would be upwards of $50 so the federal government is giving a significant subsidy to diabetics who pay only $8. It is that $8 that the state government is denying diabetics.

As pointed out earlier, intravenous drug users are able to obtain syringes free of charge, but diabetics are denied that right. I too have had to live through the incidence of diabetes in my family. My sister was diagnosed in her early thirties as a type 1 insulin-dependent diabetic, which is extremely rare for someone of that age because that usually happens to people early in life. Most people who become diabetic after 30 years are type 2 diabetics, as Mr Smith described earlier.

In the past few years helping my sister has been the most difficult thing my family has had to cope with. Adults are sometimes more set in their ways than children and she has to adjust to living with measuring levels and injecting insulin into her body four, five or six times a day and coping with the catastrophic effects and emergency created if the levels are not right.

It has been a difficult issue for my family to deal with as a family. We are getting through it, and my sister is getting through it, but it is highly insensitive of the government not to recognise that there are hundreds of thousands of Victorian families who have to live through that every day, particularly with younger children who become insulin dependent when they are diagnosed. It is discriminatory.

I hear it when a diabetic comes into my office and says, 'Why is it that intravenous drug users who have chosen to become intravenous drug users can obtain free syringes and needles when diabetics, who have no choice in the matter, in particular insulin-dependent type 1 diabetics, who did not have diabetes onset or any lifestyle decisions or eating issues — we do not know what causes type 1 diabetes, despite good research — are denied the right to free syringes?'. It can only be described as discriminatory.

I put on the record my respect and admiration for the work of the International Diabetes Institute, which is based in my electorate in Kooyong Road, South Caulfield, and in particular the pioneering work of the head of the institute, Professor Paul Zimmet. As my colleagues have said, Professor Zimmet is recognised as not only Australia's leading authority on diabetes but as one of the leading authorities in the world. He is a member of a number of international boards, including the World Health Organisation committees dealing with diabetes. He is committed to finding the cause of and cure for diabetes. I have no doubt that, with his commitment and passion, he will one day contribute to a long-term solution to what is clearly becoming one of Australia's largest health problems. I congratulate Professor Zimmet and his staff at the institute on their continuing good work not only in their research but in their clinical work with people who are living through the day-to-day issues associated with diabetes.

It is an insult to the work of these people that the government today says that this is all too hard. Members of the government talk about cost shifting. It is not about cost shifting. Nobody is asking the state government to replace the National Diabetic Services Scheme, a scheme that is operating well. The Liberal Party, through the Honourable Denis Napthine, has made a commitment that after the next election when it is elected to government it will introduce a scheme to ensure that diabetics have access to free needles and syringes. With a budget surplus approaching $1 billion, to find $2 million or $3 million over four years for this commendable public health scheme should be a no-brainer.

I call on the Bracks state government to immediately commit funds to this initiative. I congratulate Dr Ross on his motion and have pleasure in supporting and commending it to the house.

Hon. J. W. G. ROSS (Higinbotham) — In reply I point out that we are dealing here with type 1 diabetes, which is one of the top priority areas for health in this state. We are looking at about $750 000 to provide guaranteed access to people who are insulin dependent to free needles and syringes.

The Honourable Gavin Jennings began his contribution by acknowledging that this is a high priority area and he had no dispute with the commitment of the Honourable Michael Wooldridge, the Minister for Health and Aged Care to the continued care of diabetics. The nub of his argument against the motion was on the basis of a leaked document in the lead-up to the federal budget. The Honourable Gavin Jennings knows as well as I and every other member of this chamber that in the pre-budget period, be it at a state or federal level, literally thousands of briefing papers are prepared as part of the budget process. The fact that one disaffected public servant or person with an axe to grind has chosen to leak something that is potentially damaging to the federal government is no reason to avoid this issue. The Prime Minister is on record as saying that the document has no status and telling people to look at the forthcoming budget. He would say that, as indeed the Honourable Gavin Jennings would, in the lead-up to the state budget.

There is no contest on the validity of the needs of diabetics in this state. Mr Jennings and the government suggest that this is an exercise in cost shifting by the commonwealth. I make it perfectly clear that these policy positions that have been adopted by the opposition were first ventilated in August last year and were reinforced by the Honourable Denis Napthine in February this year, well before any suggestion of a leaked document.

I refer to the document about free needles and syringes for Australian Capital Territory diabetes sufferers. Last year shortly after release of the commonwealth budget the Honourable Michael Moore said:

> We had hoped that funding in today's announcement would be included in last week's federal budget. However, we cannot wait for federal action. For the time being, the ACT will provide the funding.

I call on the government to take a similar position and to bite the bullet and support this motion.

Mr Jennings spoke at length about the contribution of the independent International Diabetes Institute, and I cannot understand how he can look staff at that institute directly in the eye and say that the government will not support the treatment of type 1 diabetes and will oppose this motion.

Mr Jennings also suggested that the provision of needles to diabetics cannot be compared with the provision of needles to drug-dependent persons. There are two reasons for providing needles to drug-dependent persons: one is to enhance the health of the individual, which is precisely analogous to the provision of free needles and syringes to diabetics; and the other is the broader community health issue.

The government, by rejecting this motion on the basis of rumour and innuendo, is mean-spirited and has trivialised a worthwhile contribution to the public health of the state.

Motion agreed to.

Sitting suspended 1.00 p.m. until 2.09 p.m.

QUESTIONS WITHOUT NOTICE

Electricity: generation investment

Hon. PHILIP DAVIS (Gippsland) — My question without notice is to the Minister for Energy and Resources. This week Edison Mission Energy confirmed that it will proceed with the proposed gas-fired turbine peaking generator, which it hopes to commission by next February. Will the minister confirm that the project will in part be constructed on land reserved for future development of base-load brown coal generation and that it will also impinge on contracts relating to the provision of services for the anticipated development of units 3 and 4?

Hon. C. C. BROAD (Minister for Energy and Resources) — I can confirm that the site that Edison Mission Energy will use is a 3-hectare portion of the 40-hectare site also known as the three/four bench. It does not impact on any other contracts, including contracts for services.

Electricity: generation investment

Hon. E. C. CARBINES (Geelong) — Will the Minister for Energy and Resources provide further details of the proposed new gas-fired electricity generation project in the Latrobe Valley as announced by the Premier?

Hon. C. C. BROAD (Minister for Energy and Resources) — I can confirm that Edison Mission Energy intends to build a gas-fired — it is important to emphasise that — power station with a generation capacity of 300 megawatts in the Latrobe Valley by next summer. Edison Mission Energy is the owner of the Loy Yang B power plant. The project will comprise gas turbines and provide a significant boost in peak supply to cope with Victoria's demanding summers.

This project is one of four peak power projects to be publicly announced to date, the others being AGL, AES Transpower and Origin Energy. The list of projects now announced demonstrates the effectiveness of government policy, encouraging energy investment in Victoria and also indicates that the electricity market is providing the right signals to potential investors.

As I said in answer to a previous question, this plant will be located on the vacant state-owned power station site adjacent to Edison Mission Energy's Loy Yang B station. The government has agreed to sell a 3-hectare portion of that site at a price to be determined by the Valuer-General. In return Edison has committed to beginning construction as soon as it receives the necessary regulatory approvals, which it hopes will be within the next month. This arrangement demonstrates the commitment of the Bracks government to doing everything in its power to ensure reliable supply of electricity in Victoria.

The project is valued at $150 million and will create approximately 200 construction jobs in the Latrobe Valley this year. The peak project underlines the potential of the Latrobe Valley to continue as the powerhouse of this state. I also add that the ministerial task force for the Latrobe Valley, of which I am a member, also welcomes this initiative by one of the region's major power companies.

HIH Insurance: liquidation

Hon. W. I. SMITH (Silvan) — My question is to the Minister for Small Business. The Housing Industry Association approached the Victorian government on 23 April to assist with a rescue passage for homes and other buildings left uninsured by the collapse of the HIH Insurance group. Yesterday the Premier said the rescue is not on the agenda but under discussion. I ask the minister when the decision will be made to assist with a rescue package.

Hon. M. R. THOMSON (Minister for Small Business) — Yesterday during the adjournment debate I alerted honourable members to the fact that the Minister for Finance is the minister responsible for

dealing with matters relating to HIH Insurance and that she has had discussions with the building industry and insurance companies. The Building Control Commission is also in regular contact with industry groups and with insurance companies. I also announced last night that the Minister for Finance had been advised by the Building Control Commission that insurance was available within a 48-hour period for project-by-project work and that it would take four to six weeks for those who were after annual insurance.

There are grave issues around the question of HIH and those who are victims of the collapse. It does need to be noted that the bodies responsible — both the Australian Securities and Investments Commission and the Australian Prudential Regulation Authority — failed to deal with the concerns of HIH earlier, which has led to this collapse.

Honourable members interjecting.

Hon. M. R. THOMSON — The Minister for Finance has twice written to the federal minister, Joe Hockey, seeking a national approach on this issue and yesterday he announced the federal government's position on HIH. The federal government does not intend to assist HIH policyholders in distress or to facilitate any national salvage plan. This is a matter that has far-reaching implications across Australia.

I call for a meeting of finance ministers nationally to discuss the implications of this collapse. The Building Control Commission — —

Honourable members interjecting.

The PRESIDENT — Order! At this stage there is more noise coming from my right than from my left. The minister, I am sure, wants to finish her answer.

Hon. M. R. THOMSON — I am advised that the Building Control Commission has been ringing builders and discussing their options in relation to insurance. Coverage can be given within 48 hours.

Industrial relations: living wage decision

Hon. KAYE DARVENIZA (Melbourne West) — I refer the Minister for Industrial Relations to today's decision of the Australian Industrial Relations Commission regarding the safety net review of wages and ask: what is the government's response to the living wage decision?

Hon. M. M. GOULD (Minister for Industrial Relations) — The government welcomes today's decision of the Australian Industrial Relations Commission. Victoria supported the granting of a wage increase to those workers in line with the Australian Council of Trade Unions claim to ensure that Victoria's growth is shared fairly. The decision provides for an increase to federal award rates of $13 to workers earning under $490 per week. As I indicated, the government supported the ACTU. The commission's decision ordered a $15 pay rise for workers earning between $490 and $590 and a $17 pay rise for workers earning in excess of $590. The decision will result in higher amounts for the middle and upper levels of award rate employees. The commission has decided it is appropriate to ensure that relativities are maintained.

This is also an economically responsible decision. The commission has reiterated its position that moderate increases in the wages of low-paid workers do little or nothing to diminish job prospects. The decision will provide much-needed relief for low-paid Victorian workers and their families who have had to deal with the impact of the GST and a number of other issues.

However, this decision still leaves Victorian workers earning as little as $10.88 an hour. That is for those who are on awards and it is before tax. That represents a wage increase of 34 cents an hour. In light of that, the government can understand the frustration of the ACTU. However, honourable members need to understand that the opposition abandoned the 250 000 Victorian workers who earn less than this amount by its defeat of the Fair Employment Bill. All these schedule 1A workers get is the hourly rate; they do not get overtime, allowances or shift rates. They do not even get any more money for working in excess of 38 hours a week.

The government supports and welcomes the decision of the commission to look after low-paid workers, and within the next six months a similar increase will flow to those workers employed under schedule 1A.

Electricity: Basslink

Hon. P. R. HALL (Gippsland) — My question is addressed to the Minister for Energy and Resources. I begin by indicating my support for the good news that Edison Mission Energy is to construct a new 300 megawatt gas-fired power station in the Latrobe Valley. I also welcome the minister's announcement in this house that companies like AGL, Origin Energy and AES Transpower will also each be building new gas-fired generation capacity in Victoria totalling in excess of 1000 megawatts. Given that this new capacity will more than meet Victoria's future predicted demand, I again ask the Minister for Energy and Resources to explain to the house exactly what benefits

will accrue to Victoria from the Basslink connection between Victoria and Tasmania.

Hon. C. C. BROAD (Minister for Energy and Resources) — I welcome the National Party's support for this initiative of Edison Mission Energy and its investment in Victoria. The honourable member referred to a total of 1000 megawatts in proposals and he made the statement that this is more than adequate to meet forecast demand. However, the thing about forecast demand is that it stretches into the future and keeps changing. The forecast beyond next summer and over the next few years amounts to some 2500 megawatts in demand. It is to be expected that these new investments will not all come online at exactly the same time.

Honourable members interjecting.

The PRESIDENT — Order! I ask Mr Birrell and Mr Theophanous to butt out of this.

Hon. C. C. BROAD — The honourable member also referred to the augmentation of Victoria's electricity supply by interconnects, which include possible augmentation of the Snowy interconnect and Basslink. If honourable members add up the various proposals to which the honourable member has referred plus augmentation of the Snowy interconnect and Basslink, it will be apparent to them that there is room for all of those investments to proceed given the forecast demand for Victoria. The exact timing of them is a matter for those investors. They need to make judgments as to how quickly demand will grow in line or at variance with the Nemmco statement of opportunities.

Skate parks: facility guide

Hon. G. D. ROMANES (Melbourne) — Will the Minister for Sport and Recreation explain to the house the steps he has taken to promote certainty at the local level in the development and building of skate facilities?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I thank the honourable member for her question. Skating has often been a matter for discussion in this house — I think the Honourable Sang Nguyen raised the matter on the adjournment last night. On this occasion I am pleased to be able to announce that Sport and Recreation Victoria has recently released the *Skate Facility Guide*. I encourage honourable members to access a copy of the guide and put it in the front windows of their electorate offices because it is very important for young people and local communities. It tells them how they can facilitate a local skating park and offers a range of strategies for how to get one up, how to design one and how to encourage the community to be involved.

Honourable members interjecting.

The PRESIDENT — Order! This is an important issue. I am interested in this answer as I have a couple of these on the go. I would like to hear the minister's answer. I ask those on my left to allow the minister to answer his question.

Hon. J. M. MADDEN — Thank you very much, Mr President. Although some of the younger members of the house may have skated over the years, other honourable members may not be aware that skating in Australia goes back some 30 years.

Hon. I. J. Cover — On a point of order, Mr President, while we on this side of the house are vitally interested in hearing the answer the minister is giving in response to the dorothy dixer from his colleague, it would be advantageous if some clarification were given at an early stage of the response as to the type of skating the minister is referring to. There is confusion on this side of the house as to whether it is ice-skating or rollerblading — in-line skating — or skateboarding. I seek clarification from the minister.

Hon. J. M. MADDEN — I thank the Honourable Ian Cover for requesting that clarification. I recognise that some of the older members of the house may not be clear on the sort of skating I am talking about. Any honourable members who have been to one of the skating facilities would know that they cater for a range of activities, including skateboarding, which I have been referring to, as well as rollerblading or in-line skating for some of the more trendy members of the opposition. In addition they cater for BMX biking, and the Minister for Consumer Affairs has recently been talking about scooters, which are the new wave in skating. All of those forms of activity use these skating facilities. That is why it is useful if members can help their local communities develop those facilities.

The guide is important. For example, local councils are often enthusiastic, but they require a fair degree of community consultation — I know the opposition has some difficulty with that concept — and leadership in the community to get things going. It will not go amiss if some members of the opposition refer to the guide, and perhaps even locate it in their electorate offices so that young people can have access to the information and potentially get strategic support from Sport and

Recreation Victoria to develop a skate facility in their local community.

HIH Insurance: liquidation

Hon. B. N. ATKINSON (Koonung) — My question is to the Minister for Small Business. I note that the New South Wales state government has provided an exemption from stamp duty on insurance policies issued to businesses previously covered by the HIH Insurance group that collapsed recently. Will the minister advise the house what representations she has made on behalf of small business owners needing to reinsure following the HIH collapse to either the Premier, the Treasurer or the finance minister for a stamp duty exemption on replacement insurance policies?

Hon. M. R. THOMSON (Minister for Small Business) — Honourable members may be aware that yesterday, in response to a very similar question about stamp duty exemption in the other place, the Minister for Finance explained that there are some complex arrangements relating to stamp duty exemption. They go to the fact that insurances for a number of builders have now come up for renewal and therefore stamp duty exemption is not required. However, there are some complexities around project-by-project insurance, and the Minister for Finance has said that because of those complexities it is not possible at this time. However, discussions are ongoing.

Honourable members interjecting.

The PRESIDENT — Order! We can stop question time now. I am quite happy to do that.

Honourable members interjecting.

The PRESIDENT — Order! The time for questions without notice has expired.

QUESTIONS ON NOTICE

Answers

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

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

Motion agreed to.

Hon. M. M. GOULD — The question numbers are 1191, 1200, 1201, 1204–5, 1218, 1453, 1479, 1490, 1494, 1630, 1661, 1664–8, 1674 and 1677.

STATE TAXATION ACTS (FURTHER MISCELLANEOUS AMENDMENTS) BILL

Second reading

Debate resumed from 20 March, motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. D. McL. DAVIS (East Yarra) — In contributing to the debate on the State Taxation Acts (Further Miscellaneous Amendments) Bill I indicate that the opposition does not oppose the bill. The bill makes clear aspects of the First Home Owners Grant Act. It makes amendments to the Land Tax Act, the Pay-roll Tax Act, the Stamps Act and the Taxation Administration Act. It is planned to commence from 1 July 2001, although aspects of it will be relevant to applications made under the first home owners loan scheme before that date.

The bill seeks to do a number of things. Firstly, it seeks in part 2 to clarify the first home owner grant scheme to deal with the term ‘permanent residents’ as it applies in particular to New Zealanders who are resident in Australia. It is important under the reciprocal arrangements Australia has with New Zealand to ensure that New Zealanders are treated fairly as permanent residents. The opposition understands that point and understands the state government has been requested by the federal government to make those changes.

In line with the principles of the first home owner grant scheme contained in the Intergovernmental Agreement on the Reform of Federal-State Financial Relations, the bill seeks to clarify the situation so that permanent residents defined under section 30(1) of the commonwealth Migration Act are eligible for a grant under the scheme. I will make a number of points about that before I move to some other central aspects of the bill.

I do not believe the first home owner grant scheme has been handled well by the state government. The Treasurer could have handled it better. He has made a number of public statements about delays to the scheme, and I believe there is an urgency to ensure that the pick-up that is needed in the building industry does occur, and it is important that the state government facilitate that in every way. The opposition is pleased to comment on this aspect of the bill today, but it is important to say that the Treasurer has not handled this aspect of the scheme particularly well. I do not believe

he has worked in the spirit of the agreement. We could have had a better outcome had he chosen to act differently, rather than trying to shift responsibility to the federal government.

I will now comment on the payroll tax aspects of the bill, particularly the havens for payroll taxation in Victoria. The bill became necessary as a result of changes in interpretations of the law. I note that High Court rulings are behind some of those changes, particularly in Victoria. There have been a number of Victorian cases, including Court of Appeal cases, in which — I am thinking of the Drake group in particular — comments have been made about aspects of the case that cast doubt on attempts by state Labor and Liberal governments over a number of years to control the payroll tax revenue.

It is important in that context to realise that in taxation a balance is always required between clarity and certainty about taxation on the one hand and the need to ensure that revenue is protected in a reasonable way on the other. The opposition certainly understands that in this case. I know changes in this area were mooted by the then Kirner government in 1992, which planned to amend the act to make the payroll tax issues clear and to introduce retrospectivity. I know the issue was considered in 1992–93 by the then Kennett government and significant changes were made at that time. This is an issue that governments from both sides of politics have had to grapple with.

I place on record my concerns about retrospective legislation, which is what the bill is. Honourable members should not mince words about this: the bill seeks to alter court interpretations of the law on payroll tax going back to 1971 and retrospectively to remove rights from taxpayers. We should be quite clear that that is what we are doing in passing the bill. It is true that those rights were not well understood through the 1980s and 1990s and that taxpayers have had varying disputes with the tax commissioner that centre around the fact that large employment agencies have not considered themselves liable to pay payroll tax although in many circumstances the commissioner has believed them to be liable.

It is important to make the point that Parliament needs to be careful in introducing legislation that has retrospective effect on the rights of companies and individuals. As I said, we need to ensure that such legislation balances the need for certainty.

I note the potential of a significant issue for government revenue arising from the interpretations of the law as they currently stand. The tax commissioner and the Treasurer hold the view that that needs to be dealt with. The Liberal Party does not oppose the bill but, as I said, I record the concerns always felt in this chamber and in parliaments around the country when legislation is introduced that retrospectively changes the rights of individuals and companies.

I note that the use of section 85 in the bill is essential if one is to go through the process. I take the opportunity to place on record a general comment about section 85 statements in the house. Firstly, I acknowledge that there are appropriate occasions where section 85 statements should be used to limit the rights of appeal of Victorians. I place on record that as this Parliament has unfolded, the government — which came to power after making a number of comments about the use of section 85 statements in the last few years of the Kennett government — has successively introduced section 85 statements in a large number of bills.

Hon. Jenny Mikakos — Do you want one in or not?

Hon. R. M. Hallam interjected.

Hon. D. McL. DAVIS — No. I take up Ms Mikakos's interjection. I have said that there are appropriate occasions for introducing section 85 statements.

Hon. Jenny Mikakos interjected.

Hon. D. McL. DAVIS — I made a comment about this specific piece of legislation and now I am referring to the context in which section 85 statements are introduced generally. That is entirely appropriate. I have said that the Liberal Party is not opposing the bill. I have made it clear that on this occasion it is necessary, if it is proposed to do something retrospectively, to use section 85. I have said that is perfectly reasonable.

In another broader context, however, the large number of section 85 statements that are being included with the government's legislation is in sharp contrast with what was said when the government was in opposition and with the government's policy statements.

Hon. Jenny Mikakos interjected.

Hon. D. McL. DAVIS — I am making the point that some comments are worth making. I will make some more general comments about taxation.

Hon. Jenny Mikakos interjected.

Hon. R. M. Hallam — You whinged from opposition, and now you have to cop it!

Hon. D. McL. DAVIS — Yes, Ms Mikakos must look at the statements made when the government was in opposition and the current practice, which is quite different. At the end of the last parliamentary session, which was the last time I compiled statistics about section 85 statements, almost 20 per cent of bills — 22 out of 117 bills — involved section 85 statements. A considerable number of section 85 statements continue to come through.

As it is presented, I will take the opportunity to quote from what Premier Bracks, then the Leader of the Opposition, said in an address at a luncheon at the Law Institute of Victoria, from which I have quoted on a number of occasions that I am sure Mr Hallam remembers well.

Hon. R. M. Hallam — Vividly.

Hon. D. McL. DAVIS — At the Law Institute lunch in May 1999, speaking on section 85 statements, Premier Bracks said:

> In more than 200 pieces of legislation that remove appeal to the Supreme Court ministerial decisions have effectively been placed above the law.
>
> The right to appeal — lost. The right to seek judicial review — lost. How do we test the validity of a piece of legislation in Victoria today? How can we determine if a minister has acted improperly, illegally or even corruptly? Not in the Supreme Court.
>
> So another democratic idea had become contentious in the last six years: that citizens must have access to the courts. I have big plans for democracy in this state.

Introducing section 85 statements with 22 of 117 bills seems to be setting a pattern. This is about consistency between what was said when the government party was in opposition and what the government is doing now. I call on the government to take a good hard look at the matter. The opposition would be prepared to examine the issues in a sensible way. I welcome Ms Mikakos's contribution, and I am happy to discuss the matter with her at any time.

On the matter of protecting government revenue, as I said, one always has to balance the need to protect the revenue with the need for certainty and consistency. The context for the raising of state revenue has been seriously disturbed over recent times, with the process related to the Harvey report and the concern throughout the community about the government's apparent intention as expressed in the Harvey review process to introduce a flat land tax. I place on the record my thanks to many in the community for the broad opposition to a flat land tax. I thank many in my electorate who fought against that proposal, including business groups, self-funded retirees and others, including a number of Greek and Italian senior citizens, who were very concerned about the proposal. I am pleased that the government has reversed its plans to introduce a flat land tax.

Hon. Jenny Mikakos — That was never a government plan — and you know it!

Hon. D. McL. DAVIS — The government was out in my electorate consulting on the plan and on how people could pay it in instalments. I was surprised to discover that Bob Stensholt, the honourable member for Burwood in the other place, was actively canvassing instalment options for the land tax with a business tax survey. He was asking people in the business community whether they favoured a land tax and whether they favoured payment of the land tax by instalments.

Hon. Jenny Mikakos — He was consulting them about the independent Harvey report.

Hon. D. McL. DAVIS — He was doing much more than that; he was defending the Harvey report and consulting on its implementation. I am pleased that he and others in the government have backed off on introducing that proposal.

I compliment the many business groups in my electorate on the strong campaign they fought to prevent the introduction of the flat land tax that would have devastated businesses, certainly in my electorate and many others, and would have damaged self-funded retirees.

I make that comment in the context of state government taxation and the need to have a certain process and sensible changes in taxation in an incremental fashion rather than through radical and dangerous schemes that may quickly change the taxation arrangements and cause considerable damage to taxpayers.

Returning precisely to the payroll tax aspects of the bill, I know a number of large taxpayers were concerned about having their rights circumscribed by the bill. I am not certain that they did not make a greater public comment about the retrospective removal of their rights because they were quite fearful. Many of the larger consultancy and employment groups do considerable work with government agencies. Although I have no written evidence, I do have anecdotal comments that people would not make public comment because of their fears that they would be victimised through losing work from the government.

Hon. Jenny Mikakos — That is absolute rubbish.

Hon. D. McL. DAVIS — It is not absolute rubbish, it is comment made to me in good faith by some of the larger employment groups.

Hon. Jenny Mikakos — Get them to say it outside.

Hon. D. McL. DAVIS — They would not say it outside precisely because of the comment I am making — that they were concerned. I make that point and I accept to a certain extent Ms Mikakos's point that businesses need to be prepared to make public statements from time to time in their own defence. They should be prepared to provide adequate evidence that can be used and to ensure the opposition is then in a position to have the strongest possible evidence to move forward with a number of points.

I do not wish to say much more about the bill. I reiterate that the opposition does not oppose it. I understand and appreciate that it is necessary to have suitable arrangements with New Zealand. I conclude by reiterating my earlier comment on my concerns about retrospective legislation and the matters that surround it.

Hon. S. M. NGUYEN (Melbourne West) — I am delighted to speak on the State Taxation Acts (Further Miscellaneous Amendments) Bill, which is an indication that the government is willing to reform the taxation system in Victoria to make taxes more attractive to the community. We must look at a range of things the government can do to assist Victorian small business and Victorians in general.

In the past 12 months the government has done a lot of work in this field. That includes the way in which the government has dealt with the introduction of the GST and other matters. The bill is an example of the government's promise to make Victorian taxes effective and equitable. It is about having Victorians grow together and about business taxes.

The first part of the bill deals with amendments to the First Home Owner Grant Act that passed Parliament last year. Eligible residents of Australia as of 1 July 2000 were eligible to receive $7000 per couple from the federal government. That grant may be funded by the commonwealth but the state government has to look after home buyers. Many Victorian home buyers have found the grant an incentive to put themselves into a position where they can look at buying homes. The GST piled 10 per cent on to building costs, so the $7000 was seen as providing assistance to people building homes.

Recently the Prime Minister announced conditions attaching to first home owner grants. Many New Zealanders come to live in Australia and, like members of other migrant communities, like to build or buy houses. The second-reading speech states, in part:

> New Zealand residents who enter Australia are issued with a 'special category visa' under section 32 of the commonwealth Migration Act 1958, which does not meet the test of permanent residence under FHOG.

The scheme becomes relevant only when immigrants become permanent residents. That is fair enough because people have to make commitments. Many immigrants live in Australia for years and consider themselves to be long-term residents. They apply for permanent residency and can then put themselves into the position of buying houses.

The bill also amends the Pay-roll Tax Act. The amendments are minor but quite a few people who are employees are working as apprentices. The bill will assist employers who have trainees on the job.

The amendments will make it a lot easier for many apprentices in the work force. It is normal for a company to employ apprentices, but often those apprentices have no experience of being part of a work force and their first job should be a positive experience. After the apprenticeship they may stay at that business or they may move. Clearly the government's traineeships policies will help the unemployed to obtain long-term employment.

I now refer to the amendments to the Land Tax Act. As a local member I have being approached by many welfare organisations, church groups and other non-profit or charitable organisations that serve the community. Sometimes the organisations own the premises but lease the building or part of it. They may use some part of the building for their own purposes but they may lease the remaining part of the building to other organisations. The amendments will assist those non-profit organisations, but if they are using the property or part of the property for a commercial use they will be liable to pay land tax. That is fair enough. They are using their premises for a commercial purpose so they have a right to pay land tax in the same way as other businesses do.

The amendments tidy up the act. Sometimes organisations use premises for a short period and they obtain a letter from the local council to get an exemption from land tax, but when they move on the premises may be used by another organisation that would not ordinarily qualify for that exemption. The amendments tidy up the anomalies and eliminate the loopholes that people have used to avoid their land tax

obligations. The amendments will make it fairer for everyone.

The government welcomes non-profit organisations obtaining exemptions for land tax, but the premises must be used wholly for the purpose of that charitable organisation.

I refer to a press release issued on 1 May by the Treasurer which states that the Better Business Taxes package will generate 10 000 new jobs and boost economic growth. That is good news for Victoria. The package will reduce business costs, raise business confidence and boost job growth and the economy. It will help the economy move forward over the next four years. From March 2000 to March 2001 approximately 116 300 new jobs were created nationally and of that number approximately 55 per cent or 64 100 new jobs were created in Victoria.

Hon. D. McL. Davis — On a point of order, Mr Deputy President, the honourable member has deviated a long way from the bill and state taxation generally. He is now talking about jobs, an important issue, but it is not relevant to the bill.

Hon. Jenny Mikakos — On the point of order, Mr Deputy President, my colleague was referring to job creation in the context of the government's response to the Harvey report and his comments are highly relevant given that Mr David Davis referred to the Harvey report and the government's response to it in his contribution.

The DEPUTY PRESIDENT — Order! The custom of this house is to allow a wide-ranging debate, so there is no point of order. However, I urge the honourable member to refer more closely to the bill in his remaining comments.

Hon. S. M. NGUYEN — The tax reform program will reduce state payroll taxes and help small business and the community to move forward, so my comments are relevant to the bill. Taxes on non-residential properties will be reduced and that will assist small business considerably.

Hon. Jenny Mikakos — That is a good idea.

Hon. S. M. NGUYEN — It is a good idea. It is right to say that the Better Business Taxes package will lead to greater support for the government.

The package of reform will increase jobs throughout Victoria, which is an indication of what the government is putting in place. The Victorian community knows what the government intends to do, and welcomes that. The government consults widely in the many electorates. Many know that the Harvey report was a high-taxing report. In summary, the reforms will help the Victorian business community. There will be growth in Victoria and every taxpayer will benefit. There must be security and one must feel comfortable. I support the bill.

Hon. R. M. HALLAM (Western) — The State Taxation Acts (Further Miscellaneous Amendments) Bill might be many things, but I am bemused by the description afforded by the previous speaker that the bill contains a whole range of new policy initiatives. It does nothing of the sort. If one refers simply to the title, one learns that the bill contains further miscellaneous amendments. This is a patch-up job. I for one would contest the view of the Honourable Sang Nguyen that this is somehow a bold new initiative taken by the Bracks government.

There are two separate legs to the legislation. While they are different they have commonality to the extent that they are designed to address unintended consequences of legislation passed in years gone by. As I said, this is a patch-up job and designed to ensure that legislation has the effect that was intended by the Parliament. The two legs go to miscellaneous amendments to a whole raft of taxing measures in this state, which I have described as housekeeping measures. I shall take the chamber through those in a logical manner. The bill owes its genesis in large part to a major hole discovered in the state's revenue base, particularly in respect of payroll tax, to which I shall return because that major issue resulted in the bill being introduced. we talk about the housekeeping issues — that is my term and is quite different from the Honourable Sang Nguyen's view that this is by and large a mundane and non-controversial bill — and the revenue hole one finds that the fundamental concern of a challenge by the judiciary makes the bill anything but mundane and non-controversial.

When the bill was introduced into the other place in November last year heated debate took place not only about the contents of the bill but also the length of the adjournment that would apply to the debate. I understand the government saw this as something special. The bill was designed to address a fundamental hole in the revenue base which explains why in this case, and this case alone so far as I can recall, the bill was listed on the notice paper but not read a second time.

Further, although the bill was not made available to the opposition parties a draft second-reading speech was. That of itself made the bill different. I also came to

understand that the government was desperate to have the bill passed and the opposition parties agreed to its application from the date upon which it was introduced.

I heard the Honourable David Davis describe that as a retrospective application. I understand exactly where he is coming from and share his concerns about the concept of retrospectivity, but in this case I thought what the government was originally requesting of the opposition parties was legitimate and logical. The request we received was that because we were dealing with an unintended consequence and contending with an issue that went to the matter of revenue raising and equity in the way in which that applied there was a need to have the bill drawn in such a way that it preserved equity between its application to different taxpayers.

I recall saying to those who were briefing the opposition parties on the application of the bill that the logical way around the complication facing government in its quest for equity in application was to have it apply from the date upon which it was introduced in Parliament. Although I do not claim credit, that is exactly the form in which the bill ultimately was introduced into Parliament.

Hon. W. R. Baxter — So it was from its giving of notice, not necessarily its second reading.

Hon. R. M. HALLAM — It is actually from 14 November. I shall come back to that, Mr Baxter, because that of itself is an interesting facet of the bill. When the bill arrived in the Legislative Council the minister gave an inappropriate second-reading speech. The minister said that it would apply from the date on which she read it a second time and then had the embarrassment of having to go back and correct her statement. It is of paramount importance that the bill apply from 14 November, the date upon which it was introduced in the other chamber. It is a very good point, Mr Baxter.

This again is a classic example of this house being treated with utter contempt with a bill introduced into this chamber with a second-reading speech which, by its definition, was inappropriate. This is the government that cannot even be bothered ensuring that the background to the bill is appropriate. In this case the date of application was of paramount importance and went to the issue that led to the embarrassment to the government in the first place, yet the government could not even get that right.

The opposition was well able to take the line that it did and say, 'You get all those t's crossed and the i's dotted before we agree to the passage of the legislation'. As it happens, members of the National Party were prepared to accommodate the government and proceed with the bill in the last session of Parliament on the assumption that it addressed an unintended consequence. We had been persuaded by the government and were prepared to have the Parliament consider the bill and have it apply from the date upon which it was introduced in the other chamber.

In any event that was not the way it transpired, but the ultimate outcome is that although it was introduced in this place some time later it has effect from 14 November, the date upon which it was introduced in the Legislative Assembly.

Let me go to the first leg of the bill — that is, the housekeeping changes. I again make the point that this is not some brand new policy initiative but simply a range of housekeeping changes brought about by the effluxion of time and changing circumstances.

I turn, firstly, to the Taxation Administration Act, which will be amended in two areas by the bill. The first of those is the provision for the electronic service of documents. In itself that is not a big deal. It recognises the reality of today's technology and that in this jurisdiction it can be acknowledged that documents can be formally served in electronic form. Perhaps it is an important initiative, but it certainly does not comply with the description provided by the Honourable Sang Nguyen.

Secondly, the bill amends the First Home Owner Grant Act. It is a matter of record that all the jurisdictions — that is, the states and territories — passed uniform legislation last year — 2000 — to recognise and to standardise the effect of the goods and services tax upon the first home owner grant scheme. In doing so it relies upon a common definition of 'Australian citizen or permanent resident' which has been taken from the commonwealth Migration Act. It just so happened that that specifically precluded those who had made their home in Australia, having shifted from New Zealand, because under different legislation New Zealanders making their home in Australia are entitled to a 'special category visa'. Many of those New Zealanders who are now permanent residents of Australia did not qualify under the first home owner grant as a direct result of the application of that definition. So here was a clear unintended consequence which, it was acknowledged, needed to be addressed. I understand that all jurisdictions across the nation have pursued the identical remedy.

I also note that it was to apply from 1 July last year. Here is a classic example of retrospectivity. I for one

am prepared to argue that this is a case of equity and that it would be unfair if we did not go back to 1 July last year and apply the amended rule change, because to do otherwise would have made fish of one and fowl of the other. So it was important for the preservation of equity in this case to make the change retrospective and to take it back to 1 July 2000.

I say to the Honourable David Davis that I understand exactly what he means about retrospectivity and agree that we should all be very careful of its application, but I suggest this is a classic case where to do other than retrospectively apply a change would, of itself, have been unfair.

To qualify for the first home owner grant — and here I mean the post-GST scheme — an applicant must not have had an interest in a residential property prior to 1 July last year. It is a statement of fact. But in the way the goods and services tax was introduced, several anomalous circumstances were discovered in respect of the application of that legislation. I understand that in some limited circumstances it would have been possible for an applicant to qualify for a second home when they had not qualified for a first. Obviously that highlighted that there was an anomaly. I understand that all states have moved to remedy that potential loophole.

We have been told that the potential cost to Victoria was between $15 million and $20 million over seven years. I do not think any member of this chamber would argue that it was inappropriate to go back and address that loophole.

Also in the housekeeping basket are amendments to the Land Tax Act. The amendments confirm the long-established taxing practice that, first of all, land used by charitable institutions should be exempt from land tax to the extent to which they are used for charitable purposes. In this case the amendments clarify the intent of the existing legislation. This is not a change; it is a clarification. Again I challenge the comments offered to the chamber by the government a few moments ago. This is not a bold new initiative; it simply clarifies the application of the law in the past.

In respect of charitable institutions the act is now clarified to the extent that all land not used for charitable purposes is assessed as single units to thus avoid the aggregation effect. Again, that is for clarification only.

Recently the house has debated the complications of the concept of aggregation. Aggregation is required in part because of the regressive structure of land tax, the differentiation in rates according to the value of the land, and the extent to which it would be possible for an individual taxpayer to structure their affairs to take advantage of multiple tax-free thresholds. Over the years the taxing authorities have moved to the concept of aggregation to avoid that manipulation of the process. That was not meant to catch charitable institutions — and this bill is the vehicle by which that clarification is made known to the world.

Also in the housekeeping basket is an amendment to the Pay-roll Tax Act. I simply remind the chamber that the wages of apprentices and specified trainees are exempt from payroll tax. That is exactly the way the law was designed. However, the way that provision is expressed raises the question of the application of the exemption to other aspects of the act. We are dealing with some very complex and convoluted concepts. Other aspects of the legislation to which I refer relate particularly to employer groupings. Again there are complications, which go to the way in which a particular taxpayer may qualify for a payroll tax-free threshold. Again, I make the point that this is nothing more than clarification of the existing legislation and the way it should be applied.

Finally, I turn to the amendment in the basket of housekeeping changes which amends the Stamps Act. Again, it is a very minor deal in terms of the grand scheme of things. Honourable members have been advised that used car dealers who lodge monthly returns and pay stamp duty on a monthly basis but who pay that duty late are subject to a penalty of 20 per cent interest. We all understand the way that applies. The complication, or claimed anomaly, is the question, ‘What about the circumstances in which the monthly return is a nil return?’ — in other words, where the dealer made no sales involving the payment of stamp duty, because clearly in those cases there would be no penalty.

Here is a major breakthrough. The bill provides that, where there is a nil return, rather than applying a percentage, for which there would be no penalty at all, a monetary penalty of $25 will be introduced — although I note in the footnote to the bill that the Commissioner of State Revenue can in fact waive or remit that fee.

I also make the point that not so long ago the house debated at great length the Duties Bill, which replaces the Stamps Act. The replacement act, the Duties Act, will have exactly the same provision as the one I mentioned covering used car dealers. In that case we are only talking about an interim period of some months. So this is hardly earth-shattering stuff. It is pure housekeeping.

The second leg of this bill has real ramifications. Critical changes are being sought to the Taxation Administration Act 1997. Particular amendments are brought to the chamber in respect of the provisions relating to objections, appeals and refunds where they are designed to protect the state revenue base against open-ended, retrospective claims for refunds and specifically to avoid an inequitable variation in the refund rights of claimants.

I say by way of background that I have a deal of sympathy for the government and the circumstances in which it found itself through no fault of its own. This, in my view, is a classic case of unintended consequences. I do not blame the government in this case for not being able to anticipate the complication that this bill is designed to address. Without being disrespectful, no-one could have anticipated the position taken by the court upon which the rights of claimants revolve. What we have here goes to the emergence of contract labour organisations, which we saw a few years ago, and the extent to which the rights of those organisations have been tested in the courts, particularly in respect of the application of payroll tax and workers compensation. The application in each case turns on the question of whether the persons involved are to be defined as employees or independent contractors. One does not have to be an Einstein to work out that in respect of workers compensation and payroll tax, the difference in definition between employees as opposed to independent contractors has enormous and significant implications.

It is difficult to design a set of rules which would encompass all known circumstances. I was involved in this issue as the minister responsible for workers compensation and I remember vividly the quest for terminology that would accommodate all known circumstances. The classic example I used was the shearing shed — well known to many members of this chamber — and the instance in which a team of, say, eight shearers was busy at work on the board. The shearer on the no. 1 stand could be the contractor, in which case he was an employer, or maybe an employee if he was incorporated. But he could be the contractor. It is quite common for a shearer who also is a contractor to take the no. 1 stand. The shearer at the no. 1 stand may have been the station owner. That would be uncommon, I acknowledge, but there is no way of knowing in advance.

Hon. D. McL. Davis — Or a family member?

Hon. R. M. HALLAM — I am coming to that. That shearer could be an employee of the contractor, in which case the issue in respect of payroll tax and workers compensation would be clear. He could be an employee of the station owner, or he could be the next-door neighbour's kid, and no-one could tell in advance. So I acknowledge there is great difficulty in determining a set of rules that would capture all those circumstances.

In that context, the Commissioner of State Revenue brought a successful action against the Drake group of companies — probably the best known and earliest of those contract labour providers. I am interested in the outcome of that case, but the significance in this instance is not the decision taken by the Court of Appeal but the ratio of that decision. In bringing down its determination, the court uncovered a structural anomaly. That was that where a taxpayer argues that a tax has been overpaid, the commissioner agrees to that assessment and provides a refund, and in those circumstances the refund would be limited to three years of overpayment. To that extent we would rely upon a 1992 amendment.

As an aside, let me say I am quite familiar with that amendment because I was the minister involved at the time it came in. In its decision the Court of Appeal also concluded that where a taxpayer argues that a tax has been overpaid and the commissioner does not agree, but the taxpayer appealed and was ultimately successful, the refund is arguably unlimited. It might indeed go, not back to 1992 when the three-year rule was introduced, but right back to 1971. There were two quite fundamental and very serious inequities highlighted by that Court of Appeal ruling. I acknowledge that what we are dealing with here is a structural anomaly. There were two effects of those claims that went back to a tax paid prior to August 1992. Firstly, taxpayers who lodged objections but acquiesced with the commissioner's non-determination would be entitled to a windfall refund, with interest, I might add, for an unlimited period, maybe right back to 1971. Secondly, in the same circumstances, but this time dealing with taxpayers who were refused refunds on the same issue but who happened not to object, presuming they were persuaded by the advice they received from the State Revenue Office, they would not have the same entitlement. So there was a fundamental inequity highlighted by the court ruling. Even if we take into account the taxing effect after the three-year rule brought in under the Kennett administration, we still had a fundamental inequity according to the ratio brought down by the Court of Appeal. Here I allude to the difference in treatment. Taxpayers who overpay due to a mistake of law would be entitled to refunds limited to a three-year period, but those who successfully objected to a decision of the commissioner would be entitled to an unlimited refund with interest added.

It is clear that whatever else we concluded there was a fundamental anomaly highlighted by the Drake dicta — not so much the decision, but the dicta delivered at the time. That raises a whole range of fundamental issues which any responsible government would be required to address.

I will leave aside the question of at least the potential risk to the revenue base of the state which was estimated in this case to be something like $30 million: we are not talking about chickenfeed. Imagine for just a moment the administrative cost of reopening the cases that had already been decided. Just for a moment think about those who would be caught up in that anomalous circumstance and the lawyers who would see this as a glorious opportunity to go back to the well. Maybe they would be persuaded to go back to the well simply because if they did not do so they would be seen by their clients to be negligent. There is no way of knowing how big that Pandora's box would be and yet it would be arguable at least that to do other than allow people access in those circumstances would be to perpetuate an inequity.

The exclusion of those already granted a refund from the commissioner from any further entitlement would be incredibly unfair if open-ended claims were successfully brought by others. Yet that was the prospect confronting the government. It is no wonder government was nervous about the way those loopholes would be addressed.

Then there was an even greater problem, one which I happen to understand quite well — that is, the question of how remedial legislation could be introduced without at the same time highlighting the very opportunity it was design to overcome. Unless we had at least arguable retrospectivity — we will have a debate across the chamber about whether this is retrospectivity — and were prepared to act as of that moment it was very clear that just talking about the legislation and the remedy would open the door to the very complications that this legislation was designed to overcome. If we put the community on notice that the door was about to be slammed closed we knew the entire legal fraternity would be running to get its claims in the front door. Therefore, National Party members were persuaded that there was a need for decisive action and for the provisions to apply from the date the bill was to be introduced.

What about the rights of those who already had action at foot? If we were to preserve equity between taxpayers we had to take account of the fact that there were some out there in the legal system who had claims in process. It would be unthinkable to cut them off at the socks, particularly if they had invested heavily to get their cases under way.

Then there was the complication that goes to the realisation that we are talking about tax paid over almost 30 years. The prospect was that we would have claims going back to 1971. That raises a fundamental issue: if the rules were to be changed back to 1971, who would ensure that the original taxpayer was the party who ultimately benefited from the change? Who would trace back all these horrific complications and determine whether it was the taxpayer who originally paid who ultimately got the refund? Imagine the paperchase and its cost. The prospect of it blowing up in our face was clear for all to see. The National Party was very concerned about the extent to which the government could guarantee that the original claimant would get the reward.

No-one should express surprise that that was the view the National Party took because that was precisely the sentiment that drove the previous government to introduce the changes in 1992. It is not a new concept; these are the sorts of circumstances that confronted the Kennett government and persuaded it to — —

Hon. D. McL. Davis — And the Kirner government before it.

Hon. R. M. HALLAM — I am happy to take that on board but I speak with some authority with respect to the Kennett government because I happened to be the minister involved. I recall the extent to which the Kennett government was concerned about the issues of equity. While it was roundly criticised by the opposition at the time, the former government took the view that in the pursuit of equity it should put some sort of line in the sand and ensure that the application of that line was as fair as it could make it between taxpayers. I find it pretty ironic that that is exactly what confronted the new Bracks government. Like Mr Davis I found it intriguing to note the difference in the terminology coming across the chamber. There is a fundamental difference between the comfort of opposition and the responsibility of government.

That is why the National Party did not criticise what the government intends to do. The National Party saw it as legitimate in terms of equity between taxpayers. That is why the National Party was prepared to tell the government that it would allow this bill to come in and would give it a nod and a wink in advance even though it had not seen it. National Party members understand the sensitivities and why the government could not give us a bill but gave us a draft second-reading speech. The National Party members understand why the provisions

will have to apply from the day the balloon went up — to do otherwise would be incredibly unfair.

As I said, I suggested to the government that one way around it was to have the Treasurer issue a press statement at that time and announce that there would be a change. I do not like that and I have criticised the extent to which it has happened in the past. It is legislation by press release and I do not like it. However, to the National Party the compromise was to have the Treasurer say he would bring the bill in and announce in the second-reading speech that the changes in the bill would apply from that day.

I was consoled to the extent that the taxpayers who had actions on foot were not only accommodated in respect of that action but were specified in the bill. I am not sure I have come across this before but when we look at the bill itself we find that clause 16 deals with transition provisions. We learn from that that nothing in the bill affects the rights of the parties in the proceedings in the Supreme Court and it nominates Drake Personnel Limited, Select Appointments Pty Ltd and Medihealth 2000 Pty Ltd — in other words, those taxpayers who had already initiated action and challenges in respect of the application of this legislation were to be protected clearly and specifically in this instance by being nominated in the bill itself.

When they saw the bill National Party members considered it delivered on the initiatives that had been described in advance. The National Party resolved that it should support the bill on the basis that it was worthy of support, that it achieved a level of equity in its application between taxpayers and that it was a practical solution.

The National Party saw the cut-off date as being fair. With that background I was aghast to see that when the bill came to this place the government got the date wrong. The whole point of the exercise was to protect the community from 14 November, and the minister could not even get that right. When the bill turned up in this place the second-reading speech said ‘as of today’s date’. That was the same wording that was used in the Legislative Assembly, and the minister had the embarrassment of having to come in here the next day and admit the government got it wrong and that the provisions had to apply from 14 November. Again I make the point that it was very sloppy administration and contempt of the Parliament.

The housekeeping amendments are straightforward and supportable. The National Party acknowledges that they are consistent with the notion of equity in the application of the tax structure.

We say that the three-year limitation on tax refunds is logical and defensible. We acknowledge that it was introduced under a coalition government in any event. We also acknowledge that the hole in the revenue base that was highlighted by the Drake case that was heard before the Court of Appeal is something that we as a Parliament should move to remedy. It was a clear case of an unintended consequence, and in those circumstances remedial legislation is appropriate and right. It is on that basis that the National Party resolved that it should support the bill.

Hon. JENNY MIKAKOS (Jika Jika) — I indicate my strong support for the State Taxation Acts (Further Miscellaneous Amendments) Bill and for the approach the Bracks Labor government is taking to taxation matters generally.

The members of the opposition who have spoken on this bill seemed to suggest that because it relates to a number of technical amendments to various taxation acts it is insignificant.

Hon. R. M. Hallam — I did not say that at all!

Hon. JENNY MIKAKOS — I firmly take the view that the bill seeks to make a number of important changes to our system of taxation administration and is wholly consistent with the government’s overall approach to taxation matters.

I specifically refer to page 5 of the ‘Better Business Taxes — lower, fewer, simpler’ document recently released by the government and in particular the indication that the government believes that to deliver on its four key policy pillars the state business tax system should uphold the principles of efficiency, simplicity, equity, sustainability and transparency. This bill seeks to do exactly that and is wholly consistent with those principles in that it seeks to deliver an efficient, equitable and transparent tax system for all Victorians.

I should note that the bill should be seen in the overall context of the government’s announcement on business taxes, and in particular the government’s good response on the issue of business taxes following the Harvey report on that subject matter.

Hon. Bill Forwood — You are brave, talking about Harvey!

Hon. JENNY MIKAKOS — I welcome the honourable member’s interjection. Members of the opposition wanted to bring on a debate about the Harvey report, and I would be more than happy to accommodate them. We will be talking about business

taxes from now until the next election. We will take every opportunity to remind opposition members of the government's approach to business taxation, because businesses across Victoria have warmly welcomed the government's announcements on business taxes.

The scaremongering campaign launched by members of the opposition has served only to remind the Victorian public and Victorian businesses that the Kennett government did absolutely nothing to reduce the tax burden on Victorian businesses. The Bracks government has taken the opportunity opposition members have presented us with to contrast our approach to business taxation with their absolutely failed approach that did nothing to reduce the taxation burden on Victorian businesses. I will take the opportunity to speak further about the government's tax package as I go through the various heads of taxation affected by the bill.

I turn firstly to part 6 of the bill, which relates to a number of amendments to the Taxation Administration Act. Although the Honourable David Davis was critical of the retrospective nature of the provisions in that part of the bill — —

Hon. D. McL. Davis — That is not true. I indicated that retrospectivity is a question of balance.

Hon. JENNY MIKAKOS — I will take up that interjection because the issue of retrospectivity is very important in this case. As the Honourable David Davis would know, the bill seeks to close a potentially dangerous loophole in the current Taxation Administration Act that could potentially expose the state to a payout of between $30 million and $60 million. That is a tax burden all Victorians would have to — —

Hon. R. M. Hallam — Where did the $60 million come from?

Hon. JENNY MIKAKOS — The second-reading speech refers to $30 million, but my understanding is that the projections are between $30 million and $60 million.

Hon. R. M. Hallam interjected.

Hon. JENNY MIKAKOS — No, I am not suggesting that at all.

The retrospective nature of the provisions in part 6 is very important because they seek to clarify a certain ambiguity that has arisen as a result of litigation between the Commissioner of Taxation and the Drake group of companies, the implication being that there may well be rights to unlimited refunds where taxpayers are successful on appeal in their taxation matters. Previously it was understood by the State Revenue Office and tax professionals that the three-year refunds of tax applied to both situations where the commissioner agreed to an objection and also where a taxpayer was successful on appeal.

The bill seeks to put all taxpayers on an equal footing, consistent with the government's approach to equity in our taxation system, and to ensure that all taxpayers, whether they are successful through an objection or through an appeal, are treated equally. As I said, the bill seeks to plug a potential loophole by making the application of the relevant clause retrospective from the date when the Treasurer introduced the bill and gave the second-reading speech — 14 November last year — to ensure that we do not open up the floodgate to claims by potential litigants.

Members of the opposition had much to say about retrospectivity. It is important to put on record that the government took the firm view that this piece of legislation needed to be passed as soon as possible to plug potential loopholes not only in the payroll tax area but also in a number of other areas covered by the bill, which I will talk about shortly. However, the honourable member for Brighton in another place, the Honourable Louise Asher, would not agree to bringing on the debate in November last year because apparently one week was not enough time for her to go through the bill and understand it. She insisted that the debate be adjourned to the current autumn sittings. If members of the opposition were as concerned as the government about protecting revenue and protecting Victorian taxpayers from a potential flood of refund applications they would have supported the bill's passage in November last year.

Part 6, particularly clause 15, contains a section 85 statement by the Treasurer. It is necessary to ensure that there is not a flood of claims by potential litigants seeking unlimited refunds. In this particular case, the section 85 statement is more than justified.

I note that Mr David Davis sought to refer to the number of section 85 statements made by the government since it came to office. As a member of the Scrutiny of Acts and Regulations Committee, I cannot recall one particular instance to date during the term of this government where that committee has adversely reported on any of those section 85 statements. That is because this government takes a very different approach to the use of section 85 from that taken by the previous government.

Honourable members interjecting.

Hon. JENNY MIKAKOS — The government is prepared to use section 85 to protect the Victorian public and the Victorian revenue from unnecessary exposure, as opposed to what the opposition did when in government: it was prepared to use section 85 to remove longstanding rights of Victorians to appeal to the Supreme Court and to demolish legal institutions at will or at the flick of a pen.

The government stands by its use of section 85 where that is justified. In this particular case its use is more than justified. Mr Hallam indicated that it was necessary to use it, to plug a potential loophole and huge exposure for Victoria's revenue.

As I said, part 6 is very important in that it seeks to plug a potential loophole and to include a number of minor amendments to the process for the service of documents and so on to reflect technological change.

Clause 16 seeks to preserve the rights of parties currently litigants against the State Revenue Office so that those parties are not adversely affected by the retrospective change. Mr Hallam said it was unusual to list in a bill the parties affected by the measure. I welcome that innovation because it puts it beyond question; there is no ambiguity that only the three parties that currently have matters on foot against the State Revenue Office are being protected and that in all other cases the change will apply to any future refund applications.

Part 2 relates to certain changes to the First Home Owner Grant Act 2000. As honourable members would be aware, the act prescribes certain criteria that applicants must meet to be eligible for the first home owner grant. Eligibility criterion 2 prescribed in section 9 of the act requires that at least one applicant be an Australian citizen or permanent resident. Section 3 defines 'permanent resident' to mean:

> … the holder of a permanent visa within the meaning of section 30 of the Migration Act 1958 of the Commonwealth.

The problem is that that current definition excludes New Zealand citizens who cannot qualify for the first home owner grant because generally they are issued with a special category visa, as defined in section 32 of the commonwealth Migration Act.

When the First Home Owner Grant Act was passed last year, it was intended that New Zealand citizens would be able to access the particular relief being offered. Victoria was the first jurisdiction to pass the legislation and when it did so it appeared that that intention was not clearly indicated in the act. The amendment does not seek to change policy in any way but to clarify that New Zealand citizens who hold a special category visa can access the first home owner grant scheme retrospectively from 1 July 2000, when the scheme commenced. The retrospectivity clause is more than justified in that situation, as it will result in New Zealand citizens being put on an equal footing with all other applicants for the first home owner grant.

Clause 4 seeks to tighten up the eligibility criteria in the first home owner grant to close a potential loophole that would enable a person to receive a first home owner grant for a second principal place of residence when they had not been previously eligible for such a grant for their first principal place of residence. I note that in his second-reading speech the Treasurer gave a number of scenarios where the loophole could potentially apply and which did not accord with the original policy intention underlying the First Home Owner Grant Act. Clause 4 will close the loophole and bring Victoria into line with the remaining jurisdictions which passed their legislation after Victoria's was passed.

Part 3 relates to amendments to the Land Tax Act 1958. In particular, clause 5 seeks to codify the current practice of the State Revenue office in exempting charities from land tax on a pro rata basis where land is partly used for a charitable purpose and partly not used for a charitable purpose. It is only fair and equitable that land used exclusively for charitable purposes should benefit from a land tax exemption. That exemption is available whether the charity owns or leases such land, so that charities that lease land used for charitable purposes are not disadvantaged. Conversely, it is fair and equitable that charities that lease their land to third parties to be used for commercial purposes should not be exempt from land tax.

The reason for the amendment is that most landowners, although they are principally liable for land tax themselves, pass on their land tax to their commercial tenants. Many landowners also pass on any stamp duty payable on commercial leases to their commercial tenants. Therefore I particularly welcome the government's announcement that it will be immediately abolishing stamp duties on non-residential leases. That represents a significant saving to Victorian small businesses which usually have that stamp duty passed on to them by the landlord. They will not have to wear the cost of the stamp duty on the leasing of their commercial premises.

As I indicated, clause 5 does not seek to make any policy change but seeks to clarify current State Revenue Office practice, in that the land tax exemption

will not be available to charities leasing their land to commercial tenants who would then benefit from a potential exemption from land tax. The clause also ensures that land owned by a charity but which is not used for charitable purposes is assessed on a single-holding basis rather than being aggregated with other land owned by the charity. That, in effect, keeps the amount of land tax payable by charities in the lower land tax bracket. Both changes reflect the current State Revenue Office practice.

It is also important to note that the changes to land tax should be seen in the context of the government's announcement that it will raise the land tax-free threshold from $85 000 to $125 000. That represents a saving of about $20 million to Victorian businesses over the next four years and will result in 46 000 small businesses, investors and self-funded retirees not being caught by the land tax net.

It is important to contrast the government's approach on land tax with the Kennett government's approach to land tax, which saw a decrease in the land tax-free threshold from $200 000 to $85 000, therefore capturing many thousands of Victorian businesses who had to pay land tax for the first time. As I said earlier, I welcome the changes announced by the Premier and Treasurer because they will represent a significant benefit to Victorian businesses at a time when they are being forced to spend more of their time complying with the GST, which is a complete nightmare for them in the amount of paperwork involved, and when the federal government has, through its mismanagement of the economy, brought about a slowdown in economic growth across the country.

The land tax relief, taken together with the abolition of the three stamp duties in the areas of non-residential leases, non-quotable securities and mortgages, and the reductions in payroll tax, will represent significant savings for Victorian businesses. They will also encourage further investment by Victorian businesses and promote future jobs for Victorians.

Overall, the bill represents the biggest tax cuts in Victorian history with $774 million being provided over the next four years, which is a significant increase on the original $400 million committed by the Bracks Labor government. The changes to the land tax legislation must be viewed in the overall context of the land tax relief recently announced by the government.

Part 4 of the bill relates to a number of technical amendments to the Pay-roll Tax Act. It seeks to clarify that a ministerial declaration which exempts from payroll tax any wages paid to an apprentice or trainee under a specified training scheme does not exempt those apprentices and trainees from other provisions of the Pay-roll Tax Act, particularly the grouping provisions. The grouping provisions of the act allow an employer and the associate of the employer to be grouped together for payroll tax purposes where an employee performs duties for both the employer and the associate. Clause 6 clarifies that where the common employee is an apprentice, the grouping provisions will still apply. The clause does not affect the exemption applying to an apprentice's wages but seeks to ensure that any avoidance opportunities are removed.

The government has recently announced it will be reducing payroll tax from 5.75 per cent to 5.45 per cent from 1 July 2001; a further reduction, to 5.35 per cent, will apply to payroll tax from 1 July 2003. That represents a saving to Victorian businesses of $430.6 million over the next four years and will lead to a stimulus to jobs growth in Victoria as it is anticipated that up to 18 000 employers will receive an immediate jobs boost.

Part 5 relates to a number of technical changes to the Stamps Act. I will refer to them briefly. Clause 7 substitutes the definition of 'a private unit trust scheme' in the language provisions of the Stamps Act because of technical changes made to the relevant federal law. The current definition refers to provisions in the Corporations Law that have been subsequently repealed by the commonwealth Corporate Law Economic Reform Program Act. The definition of a public unit trust scheme was altered in 1999 to reflect the commonwealth legislative changes. However, it appears that the definition of 'a private unit trust' was omitted in the earlier act. The clause puts both definitions on an equal footing so that they both represent the federal changes.

Clause 8 will have a short duration in that it is intended to provide a penalty on registered used car dealers who fail to lodge or lodge late their monthly returns as required under the Stamps Act. The provision is identical to a clause contained in the Duties Act that will apply from 1 July 2001. Clause 8 encourages registered used car dealers to lodge their returns on time by imposing a penalty equal to the amount of duty payable plus 20 per cent interest per annum calculated from the date the return was due; or a fine of $25 in cases of nil returns. The amount of penalty payable is subject to a discretion by the Commissioner of State Revenue to alter the penalty in appropriate circumstances.

I emphasise that the bill is technical in nature but is significant in that it closes a number of potential

loopholes and, therefore, protects the Victorian public and Victorian revenue from any unnecessary exposure. The bill contains a number of significant changes in the areas of stamp duties, land tax, payroll tax and the administration of the refund scheme, and a number of minor amendments. It should be viewed in the government's overall approach to state taxation matters generally. As I said earlier, it should also be viewed in the context of the government's historic announcement about business taxes.

Although the opposition may be uncomfortable with the government talking about Harvey and its response to the Harvey report, the government will continue to talk about its business tax package from now until the next election. It will be reminding Victorian businesses at every possible opportunity that it has delivered and will continue to deliver to Victorian businesses, unlike the Kennett government.

The Liberal Party is big on rhetoric about how it supports Victorian business but it has delivered little. It delivered absolutely nothing when in government. Its record on state taxation speaks for itself because it was not prepared to remove any state taxes other than a $10 deed duty, which had an insignificant effect on the amount of revenue collected by the Kennett government. That government was prepared to slug businesses paying payroll tax and land tax in contrast to this government's approach of removing the tax burden from Victorian businesses and simplifying the taxation system. The bill simplifies and streamlines the taxation system, makes it more transparent and codifies where possible current administrative practices of the Commissioner of State Revenue so that all taxpayers are on an equal footing, know what the current taxation laws are and are able to benefit from the reductions in the business taxation package.

I will take every opportunity I can over the next few years to speak throughout Victoria and in my electorate about the Labor government's approach to business taxation. I was happy to participate in the discussions that took place about the substance of the government's response to the Harvey report. I am pleased the government took the opportunity, after the Liberal Party's scaremongering on the flat-rate land tax, to go to Victorian businesses and contrast its record with the Kennett government's record and the fact that the Bracks government has delivered to Victorian businesses. I commend the bill to the house.

Hon. N. B. LUCAS (Eumemmerring) — I am delighted to contribute to the debate on the State Taxation Acts (Further Miscellaneous Amendments) Bill. Although the opposition has grave concerns about the government's ability to manage the state's finances and taxation policies, it will not oppose the bill.

It is interesting to follow in debate a socialist ideologue such as the Honourable Jenny Mikakos. What is scary about Ms Mikakos is that I think she believes some of the stuff she has been saying to the house. Towards the end of her contribution she said that the former Kennett government did not do any thing to reduce business taxes. It is on the record that the former Kennett government did a lot to reduce business costs. I refer to just one benefit to small business, payroll tax. In 1997–98 the rate of payroll tax was 7 per cent. In the next few years that was reduced to 5.75 per cent. Surely that is a reduction in business taxation. For Ms Mikakos to make the statements that she has is a disgrace and demonstrates blinkered vision. She has an idea that things that did happen did not happen! That is scary coming from a government member.

I will not go through the detail of the bill, because the previous speakers have done that, but I will refer to a few issues. I will refer also to the Harvey report raised by Mr Nguyen and Ms Mikakos and I will put some views to the house regarding the report when I refer to payroll taxation and land tax.

In relation to payroll tax, the Honourable Roger Hallam set out eloquently how the Drake decision indicated that the legislation could be interpreted to mean that a business appealing against a decision of the Commission of State Review could potentially get a refund back to 1971. Obviously that is of great concern and an amendment is required to correct that anomaly. The Honourable Jenny Mikakos provided a new figure on the potential for a windfall refund of payroll tax. The second-reading speech referred to a figure of approximately $30 million. The word 'approximately' may mean the figure is considerably more because Ms Mikakos referred to $60 million. It is obvious the government has an updated figure and that ministers in both this house and the other place may have misled the Parliament in indicating to honourable members there is a potential for a loss to revenue of $30 million when it appears that the Treasury may have advised the government that the figure could be as high as $60 million.

Hon. R. M. Hallam — Or Ms Mikakos was being reckless!

Hon. N. B. LUCAS — Yes, that could be the reason. If it was the first reason the minister has misled the house, which is of concern. The opposition does not oppose the correction of the anomaly because it is appropriate for there to be a three-year limit. That was

the understanding across all parties and it is appropriate that an amendment be made to ensure the three-year limit is inserted in legislation so there can be no doubt.

In this context the bill contains a section 85 provision. When the coalition was in government, the Labor opposition was baying and shouting about the number of section 85 provisions inserted in legislation. The wheel has spun 180 degrees and the Labor Party is now in government and is faced with this difficult conundrum of whether to insert section 85 provisions in legislation. As the Honourable David Davis said earlier, there have been 22 occasions during the past three sessions when legislation has contained section 85 provisions. So, having embarrassed itself by saying it is against section 85 provisions, the government now has to insert them into legislation.

Recently I heard the Minister for Major Projects and Tourism give a speech in which he acknowledged the difficulty in being a minister because he had to make hard decisions. It is easy to complain and carry on like the honourable member for Dandenong did in opposition, but it is difficult as a minister to make tough decisions that cause difficulties whichever decision is made. There is a need for section 85 provisions in legislation, as Mr David Davis said, if appropriate consideration is given to them. Obviously there should be some caution in exercising that prerogative, but providing caution is exercised section 85 provisions may be appropriate. The government is now caught in having to use this provision and is embarrassed by having to justify it.

Another provision is that first home owner grants be extended to New Zealanders. My wife is a former New Zealander, now an Australian citizen, so I do not know whether it is for pecuniary interest or some other interest, but I support the measure, although sadly I am of an age at which I already own my home and will not be able to make use of the grant. I nonetheless support that worthwhile provision. As I understand it, these provisions are being introduced throughout Australia as a result of the Trans Tasman Mutual Recognition Treaty.

I turn to the land tax amendments. It appears that there should be a change to ensure the exemption of land used for charitable purposes but not for land owned by a charitable body that is not used for a charitable purpose. That clarification is justified, and I have no problem with it.

The government has examined the matter of land tax recently. The Harvey report, dated February 2001, caused controversy throughout Victoria. Mr Harvey and his committee said at page vi of their report:

> The Victorian economy is at a crossroad.

I agree with that view, given that we have a Labor government in power and given the former Labor government's history in managing the Victorian economy. The report goes on to refer to:

> … the immense power of information technology to deliver productivity gains in all parts of the economy, and the long-term decline in manufacturing in Australia, particularly in Victoria —

again as a result of the policies or lack of policies of this Labor government and the failed Minister for Manufacturing Industry —

> make it imperative that the state begins the new decade with an appropriate taxation system.

Treasurer Brumby trumpeted the news throughout Victoria that the government would introduce a new taxation system after reviewing state business taxes and that there would be big changes. When the Harvey report hit the desk it made a number of points, one of which concerned replacing the revenue lost through applying a reformed business land tax with a low, flat rate.

Much concern emanated from that recommendation. The shadow Treasurer said in Parliament that if someone owned a property with an unimproved value of $200 000 and used it as an investment — a house, shop or whatever — under the old land tax system it would attract land tax of $200. Under what was proposed in the Harvey report that figure would have increased to $5780, an increase of $5580.

When that was brought to the attention of the opposition it took the view that the community of Victoria should know about the proposal. Members of the opposition sent thousands of documents to our constituents, business people, shop proprietors and bed and breakfast businesses, and received thousands of comments expressing concern about what was being proposed. I received many responses on the government's proposals. I shall quote a number of them:

> We would have no income because we are receiving no pension and this is our only income.

Those people have investment property, the income from which keeps them in house and home. They are not relying on any government pension. As they said, if their income was lowered dramatically because of hugely increased land tax they would be in trouble.

The next one states:

> People like us who get a small amount from property investment will be forced to sell, as we are already finding it hard on the amount we get to live.

Another states:

> They are being greedy and are hurting families who rent and people trying to make a dollar. We are not rich people. This property is our superannuation for our future.

Yet another states:

> Small investors should not be treated the same as huge corporations that can possibly afford this increase.

The next is:

> This tax will hit self-funded retirees, small investors, tenants; it is designed to destroy if possible the private rental market.

Another says:

> Just another attempt to erode individual financial independence and make people reliant on government handouts and government-created jobs, etc.

The last one states:

> Instead of being a self-funded retiree, will have to go on a pension.

Throughout Victoria we received similar responses from constituents who were concerned about the Harvey report, which was initiated by Treasurer Brumby.

According to the newspaper reports he then blamed Treasury and said, 'No, no, it wasn't me'. He is reported as saying that he thought that it was probably on Treasury advice that they got Mr Harvey. Rubbish! We are right on to you, Treasurer Brumby. We know it was your idea to get this report, and you should be held responsible for the huge amount of concern you have caused people.

An article in the *Age* of 11 April, headed 'State welcomes tax controversy', says:

> Mr Bracks said yesterday, 'and the more controversy (about tax reform) the better' because it would highlight moves to reduce Victoria's business taxes.

The Premier says it is good for businesses to be concerned about changes and for people to be concerned about the potential loss of their financial viability.

The same article reports the Victorian Employers Chamber of Commerce and Industry (VECCI) as saying:

> Victorian Employers Chamber of Commerce and Industry spokesman Mike Griffin said though the government should not rush its decisions, delays had the potential to affect business confidence.

The Premier of this state is agreeing that business confidence is being reduced as a result of the controversy brought about by his Treasurer.

Mr Harvey then entered into the debate, which is unusual because it is not common for people who have prepared reports for the government to then get into the debate. We know a former Auditor-General enjoyed getting into debates, and Mr Harvey also wanted to. An article at page 10 of the *Herald Sun* of 13 April states:

> … Mr Brumby said, 'There are some people who support the flat rate and there are many who don't'.
>
> Mr Harvey has defended his call for a flat-rate land tax, saying it was needed to pay for the abolition of stamp duties on business transactions.
>
> He called the reaction to his report hysterical and said there was no convincing argument for not having a flat rate other than 'for populist political reasons'.

It is interesting that the perpetrator of this idea should get into the debate, stirring the pot. The Premier was saying there is nothing wrong with people being concerned and worried, VECCI was saying business confidence was being reduced and Mr Harvey then wrote an article for the *Age* of 12 April. I do not know who told him to do that, but I assume Treasurer Brumby got on the phone and said, 'Listen, John, we need the other side of the story in the paper. Can you write something?', so Mr Harvey then wrote the article headed 'Why land tax needs radical change. Bracks should not squib on genuine tax reform'.

The debate kept on going. There were a number of articles in the paper. The *Age* of 28 April has a picture headed 'Tax reform Brumby's toughest challenge' and an article which states:

> So politically poisonous has Harvey's blueprint for tax reform become that no-one at a political level is willing to claim it was their idea to bring in the leading accountant.

As I said earlier, Mr Brumby said, 'I think it was probably Treasury's advice'. He was trying to back off. They knew they were in trouble, that the opposition was onto them, that the Victorian community was onto them, and that their proposal was very unpopular — in other words, they had been caught up with.

So the government had a council of war and said, 'What are we going to do about this?'. Treasurer Brumby had been saying, 'All will be revealed in the budget of mid-May'. But they did a complete

180 degree turn — a backflip. The issue got too hot for them, and on 26 April they announced part of the budget — nearly three weeks early. They were so concerned and embarrassed about what was going on with the Harvey report and the fact that Treasurer Brumby had muffed it that they came out with this taxation package.

The *Age* of 27 April contains an article with a picture of a very concerned Premier, looking across with a certain amount of envy, I think, at his Treasurer making the announcement regarding the taxation proposal.

The taxation proposal that was announced by the Treasurer, with the Premier looking on, is really a sham. In the proposal was an announcement of a $400 million taxation reduction, but $300 million of that does not apply to the period of the current government — so it is only $100 million. At the same time as this $100 million worth of taxation reform, business taxation will have increased by nearly $1 billion over 18 months! On the one hand they are pulling in a billion and on the other they are saying to business and other members of the community, 'You can have $100 million back'. In my view, if the government does that it is $900 million better off!

This is meant to be a huge boon for business in Victoria. It is not enough and it is not soon enough. The government should heed that message, because the business community is right onto it on this issue. The announcement by the Treasurer indicates that there will be no further tax cuts until next year, 2002–03. That is not good enough. Of the $774 million in tax cuts offered over a four-year period, $560 million are budgeted for in the next term of government.

Hon. K. M. Smith — They won't even be there!

Hon. N. B. LUCAS — That is correct. I turn now to payroll tax. At the start of my contribution I said the former government reduced payroll tax from 7 per cent in 1997–98 to 5.75 per cent. What is this government doing? It is reducing it slightly and saying, 'This is fantastic; we are reducing it from 5.75 per cent to 5.45 per cent'. The Kennett government reduced it from 7 per cent to 5.75 per cent! That is a bigger cut in my view. Ms Mikakos on the other side suggests the former government did not do anything for business.

An Honourable Member — She isn't here.

Hon. N. B. LUCAS — She is wrong. *Hansard* will record that she is wrong.

The payroll tax cut this year will give back $53.9 million, which means that payroll tax receipts will still increase from $2541 million in 2000–01 to $2630 million in 2001–02, an increase of $89 million. More businesses will be dragged into the payroll net than before as a result of the expansion of payroll, increases in salaries, and new people being put on.

The bill also refers to stamp duty, which gives me the opportunity to refer to what is going on there. Stamp duties have been of concern to all forms of government for years. The question is what to do about them. Three minor stamp duties will be abolished over a four-year period. I personally have no problem with that, but changes in July 2003 are a long way away.

The government says, 'This is what we are doing', which is a very here-and-now statement. But when you look at the detail you see that the relief is not here and now but in another couple of years. This is the rhetoric and spin of a government that really is not fair dinkum. It cannot be fair dinkum if it is asking people to believe something will happen now when it will not happen for a number of years.

I have mentioned the payroll tax, the stamp duty reductions and the big concern over the land tax. This bill deals with a range of issues, about which Ms Mikakos said: 'They are significant changes, but they are minor amendments'. I could not quite work that out, but that is what she said.

Hon. Jenny Mikakos — I said they are technical amendments.

Hon. N. B. LUCAS — The opposition does not oppose the changes. It believes you have to make amendments along the way.

This debate has allowed us to dwell on the Harvey report and on, as a result of Mr Nguyen's speech, unemployment. It is appropriate to put on the table the current statistics for unemployment which, sadly for this state, as a result of this Labor government have worsened. Victoria's unemployment rate increased from 6.3 per cent in February to 6.7 per cent in March — in spite of this government's election pledge to the people of Victoria that it would reduce unemployment to 5 per cent. It is going the other way; it is going up, not down. That is as a result of the policies of this government.

It is extremely unlikely that the Bracks government will reduce the unemployment rate to 5 per cent by the end of its term. That is really sad for those Victorians who want to get a job, raise a family and pay off a house. It is sad that this government is so tied up in ideology, in looking after its mates in the union movement, in trying to fiddle around with the taxation system and in trying

to keep everybody happy without making any big decisions.

The problem is that nothing is happening in Victoria. We have a government that is in a malaise and is not sure what to do or which way to jump. The debate on this taxation bill has included issues such as the Harvey report and other financial and economic issues and gives the opposition the opportunity to express its strong concern about the way this government is heading. This government is a big concern to the people of Victoria. I believe we could be doing a lot better.

Bob Stensholt, the honourable member for Burwood in the other place, put out a survey in his electorate, which asked, 'Do you favour payroll tax reductions?' — everyone would have said yes — and, 'Do you favour a flat land tax of 2.89 per cent on business property, yes or no?'.

Hon. D. McL. Davis — He won't release the results of that.

Hon. N. B. LUCAS — 'Would you prefer a flat land tax reducing payroll tax — yes or no?' Where are the results of this? Mr Davis does not have them; I do not have them. What is the result of this survey? Do you know what his sixth question was?

Hon. K. M. Smith — No, what was his sixth question?

Hon. N. B. LUCAS — His sixth question, Mr Smith, was: 'Would you like to be able to pay some taxes on an instalment basis?' It seems to me that the honourable member for Burwood has been left out in the cold. He has gone out publicly on the Harvey report. He has put out his questionnaire, and all of a sudden the Treasurer has pulled the rug from under his feet. The Treasurer cannot get away from the Harvey report fast enough. He has done a complete 180-degree turn and is heading off in the opposite direction.

The Treasurer should be condemned for what has happened here. The Treasurer has caused businesses to lose confidence in doing business in this state because of their concern about what is going to happen with taxation policy. The government has allowed this to go on from February, through March to the end of April, when it made its announcement.

I have received a number of letters about these issues. People have said to me, 'We will not be able to continue to live from our investment property if this land tax flat rate comes in'. They have expressed real concerns. I have written back to them, no matter what the Treasurer might have said at the end of April regarding the taxation package, saying, 'I will not believe what is in this package until I see it in black and white in the form of the state budget'.

I am similarly counselling people not to trust this government until they see the fine print. The fine print will be announced in mid-May when the budget comes down. At that stage we will find out whether the government has been fair dinkum. I bet there will be a few tricks in that budget in May. I say to the government, 'We will be on to you. We will find out what is going on, and we will make the public aware of it'.

In concluding, Mr Deputy President, I condemn the government for what it is doing with the reform of taxation, as its members call it — I do not see it that way. I see them fiddling around the edges as Victoria goes down the tube, and that is of great concern. The opposition does not oppose the bill. I will conclude by wishing it a safe passage.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — The debate this afternoon has provided a veritable feast in the area of state taxation. I listened with considerable interest to the comments of my colleague the Honourable Neil Lucas about the direction Victoria is heading in under the Bracks government.

Before touching on those matters, I will address some aspects of the bill. The State Taxation (Miscellaneous Amendments) Bill introduces a number of minor changes to a range of taxation acts. It addresses changes to the First Home Owner Grant Act 2000, the Land Tax Act, the Pay-roll Tax Act, the Stamps Act and the Taxation Administration Act. It is timely that the bill is before the house today. At no time in recent memory has state taxation been so topical.

In addressing the areas picked up in the bill I will comment on the current debate relating to tax reform. The first area of the bill I will touch on is the first home owner grant legislation. The bill provides access to that grant to certain citizens of New Zealand by extending the entitlement to receive the grant. It is worth placing the history of the extension of the grant on the record. It is an initiative of the commonwealth government, and it arises through arrangements made in the intergovernmental agreement relating to the introduction of the new taxation system.

It was a federal government initiative that first home owners would receive $7000 for the purchase or construction of a new home after 1 July 2000. That was an initiative of the Howard government and it was a flow-on from the introduction of the new tax system.

The Bracks government, and in particular the Minister for Small Business, liked to get up in this chamber and complain about the impact federal government tax reform was having, but it frequently forgot and continues to forget to point out the significant benefits of federal government tax reform. The first home owner grant is one of those significant and direct benefits to the citizens of Victoria.

It is worth reflecting on the value of this measure to Victorians. The first home owner grant has recently been doubled at the initiative of the commonwealth government and the Prime Minister. The grant has been doubled from $7000 to $14 000 for first home owners building new homes. The doubling of the grant will be funded through commonwealth revenue. The federal Treasurer has already committed in the order of $60 million for this grant to be doubled. In announcing the doubling of the first home owner grant on 9 March, the Prime Minister said:

> As the first home owner scheme is delivered by the states on the commonwealth's behalf, I have written to the states and territories seeking their cooperation in implementing this scheme.

The Prime Minister went on:

> I have also asked them to consider waiving at least part of the stamp duty they levy in respect of all new house purchases. Such action would reinforce the stimulus.

The Prime Minister is referring to the stimulus from boosting the home construction industry. Where in the Bracks government's tax package is there a cut in stamp duty on residential properties? Where does the Bracks government take up the Prime Minister's request? It has not. It has failed even to address the issue the Prime Minister sought assistance with.

Members of the Bracks government like to get up in this chamber and complain about what the federal government is doing about taxation, yet when this government has an opportunity to assist an industry at the request of the Prime Minister, when the Prime Minister has made a $60 million commitment to that area of tax reform, it chooses to ignore that possibility. At the very time when the Bracks government is undertaking tax reform it chooses to ignore a request from the federal government to consider relief in residential stamp duty. That raises the question of just how serious this government is about taxation reform.

I now turn to the issue of tax reform generally. We have heard a lot about the Harvey report and the government package that has flowed from that. It is worth reflecting on where the report originated. The covering letter sent by Mr John Harvey, the chairman of the State Business Tax Review Committee, when he submitted the committee's report in February provides this background:

> In the 2000–01 budget, the Bracks government announced its intention to review the existing system of taxes and charges affecting Victorian businesses, with a view to delivering $400 million in tax cuts over the next four years. On 31 May 2000, the Treasurer of Victoria, the Honourable John Brumby, MP, established the State Business Tax Review Committee to conduct that review.

The committee delivered its report to the Treasurer on 2 February. We have since heard about the nature of the debate that took place in the community. Ms Mikakos stood up and spoke proudly about the way the Bracks government claimed to have consulted on this report and on the proposals put forward by the Harvey committee, yet we know it was members of the opposition that went out to their constituents and actually put forward the Harvey report's recommendations — —

Hon. D. McL. Davis — And consulted.

Hon. G. K. RICH-PHILLIPS — And consulted, Mr Davis, and got the community's views on the Harvey recommendations.

Not one government member has said that they went out and surveyed businesses in their electorate for their views — not one of them.

Hon. D. McL. Davis — Bob Stensholt did, but he won't release the results of his survey. He is too scared!

Hon. G. K. RICH-PHILLIPS — We know that the honourable member for Burwood in the other place sent out a survey which basically asked businesses in his electorate how they would prefer to pay their flat land tax and whether they would prefer the option of doing so by instalment. From reading the questions on the honourable member's survey, one gets the impression that the government had already adopted a flat land tax policy and he was looking for a way to implement it. In one respect the honourable member is actually ahead of the Labor cabinet in the area of tax reform. One can speculate on what the Treasurer's view of that matter might have been.

I refer the house to a potential loophole in the eligibility criteria for the first home owner grant which was recently raised with me by a constituent. The proposition was put to me that an application could be made on behalf of a child by the child's parents who were already or had been home owners. The proposition was that they could apply for the first home owner grant in the name of their child who was not a

home owner and might well be a minor. Because the application was in the name of the child they might be eligible to receive a grant. A cursory read of the act indicated nothing to me that suggests that to be untrue. That scenario may well be something the government would like to address. It is surely not the intention for that grant to be made available to people who are already home owners and are acting in the name of their minor children.

Part 4 of the bill goes to the issue of land tax. The purpose of part 4 is, as Mr Nguyen articulated, to clarify the land tax provisions as they relate to charitable organisations and land that is used for charitable purposes. It is particularly topical that we have this provision before us because land tax has been the no. 1 issue and the focal point of the debate on tax reform. Of course, it was the recommendation in the Harvey report of a 2.89 per cent flat tax on the unimproved value of commercial properties which generated outrage in the community. That proposal was made public in early February but only ruled out of contention by the Treasurer last week, on 26 April. That suggests to me that the Treasurer did not know what to do with the proposal.

Hon. Jenny Mikakos — We were consulting people.

Hon. G. K. RICH-PHILLIPS — Ms Mikakos indicates that the Treasurer was consulting. I would dearly like to hear from a government member just which businesses the Treasurer or members of the government consulted with after the Harvey report was released. With the exception of the honourable member for Burwood whom I have already mentioned, the only consultation on this proposal was undertaken by members of the opposition who surveyed interested parties in the same way they did with the Fair Employment Bill. The Fair Employment Bill was another example of where the government claimed to have consulted but failed to consult grassroots interests. It was left to the opposition to undertake that task.

The Harvey report's recommendation of a 2.89 per cent land tax got this debate on tax reform up and running. It is an indictment of the Treasurer that it took him until 26 April to rule out what the Harvey report had recommended and put forward his own proposal which would raise the land tax threshold from $85 000 to $125 000. This is the sort of tax reform you have when you are not having tax reform. As the Treasurer is well aware, this year we have had a revaluation of properties in relation to local government rates and what will be given by increasing the threshold will be taken back by the revaluation of properties. It is a give with the left hand and take back with the right hand proposal. That characterises the whole package which was released in haste by the Treasurer last week. It was hastily thrown together because he needed to release something that would neutralise the grenade thrown out by the Harvey report. It was a poor attempt by the Treasurer to be seen to be delivering tax reform when in reality he was doing nothing.

The bill also proposes amendments to the Pay-roll Tax Act. It clarifies the exemption from payroll tax as it relates to apprentices. It also makes some other changes to the base from which payroll tax is calculated. The government's response in its new tax package which I should put on the record as being titled 'Better Business Taxes: lower, fewer, simpler'.

Hon. Jenny Mikakos — It is a great title.

Hon. W. R. Baxter — Except it is untruthful.

Hon. G. K. RICH-PHILLIPS — Great title, untruthful, poor content. I will give the Treasurer full marks for the title but he certainly does not get full marks for anything else.

Hon. D. McL. Davis — It is a pretty cover.

Hon. G. K. RICH-PHILLIPS — It is a great cover, Mr Davis, and it is also a good photo of the Treasurer, but that does not make up for the content of this hastily thrown together document. I can only wonder who in the Department of Treasury and Finance was up late into the night to put this together for the Treasurer to use to neutralise the Harvey report. What the Treasurer has proposed in relation to payroll tax is a minor reduction from 5.75 per cent to 5.45 per cent on 1 July and a further reduction in two years' time to 5.35 per cent. I am always amused to see how the government likes to announce tax cuts three and four years in advance and act as though they are current financial year cuts.

The other change the Treasurer has announced is a lifting of the payroll tax threshold from $515 000 to $550 000 with effect from 1 July 2003. I submit that that change in the payroll tax threshold is the greatest fraud this government has perpetrated to date. I have some figures that were put together by the analysts in the office of the Leader of the Opposition.

Hon. Jenny Mikakos — What a well-qualified person!

Hon. G. K. RICH-PHILLIPS — I am sure anyone could do the maths, Ms Mikakos, if you doubt the accuracy of the numbers. Under the current threshold a

business with a payroll of $512 000 for example will pay no payroll tax — not one dollar. The government's own projections show that wage growth will be in the order of 7 per cent per annum in the forward estimates period. That means that by 2003 that business's payroll will have increased to $553 455, and that is purely through wage growth. It does not relate to any increase in the number of people employed, only to the government's own estimation of wage growth.

Under this government's proposal, in 2003 the tax-free threshold for payroll tax will have increased to only $550 000 so the government's increase of the threshold is at a lower rate than its own projection of the increase in wages. Therefore businesses that are currently not paying payroll tax, businesses that are around the threshold now, will be over the increased threshold by 2003 without having employed an extra person. The business that is currently paying nothing in payroll tax with a $512 000 pay rise will, by 2003, have a payroll tax liability of $29 000.

Hon. D. McL. Davis — Thousands of businesses!

Hon. G. K. RICH-PHILLIPS — Thousands of businesses will be paying that. And $29 000 is a salary for one person. This government claims to be doing business a favour and Ms Mikakos proudly extolled what she sees as the virtues of the government's tax package when in reality it does not even make up for inflation. Under this package businesses go backwards because it does not even allow for inflation. The business that pays no payroll tax now will be paying $29 000 in payroll tax in three years time with the increased threshold, and Ms Mikakos thinks the fact that the increased threshold does not keep up with inflation is a good outcome for business! She thinks that is positive for business. It is extraordinary hypocrisy that the government says it is doing something for small business or for business generally when in reality its so-called tax cuts are not even making up for inflation.

The other area I will touch upon is stamp duty, which is picked up by the bill with some minor amendments relating to stamp duty as it applies to used car dealers and other matters. Stamp duties have also been a significant aspect of the debate on tax reform. Although there has been some movement on stamp duties — we have seen the requests from the commonwealth that have not been acted upon — we need a much broader debate on the issue of stamp duties because notions of taxes such as stamp duties on capital transactions are increasingly anachronistic in the global economy.

The government proposes to abolish a very small number of stamp duties. The Treasurer's package mentions removing stamp duties on non-residential leases, unquoted marketable securities and mortgages.

Hon. Jenny Mikakos — They are not minor; these are very important!

Hon. G. K. RICH-PHILLIPS — I challenge Ms Mikakos to tell the house how many people have unquoted marketable securities. Even the government admits that the contribution from abolishing stamp duty on unquoted marketable securities is only $5 million. It is nonsense to say abolishing the tax will have a big impact on small business! It is utter nonsense to suggest that this tax is a significant item of tax reform.

In the area where the government could have made an impact on stamp duties — that is, stamp duties on residential property transactions — it chose not to act. Despite a request from the Prime Minister when he doubled the first home owner grant and specifically requested state Treasuries to consider cuts to stamp duty, the state government completely ignored that request from the commonwealth. Instead of reducing stamp duty on residential property transactions, the government abolished stamp duty on unquoted marketable securities, which is of no significance whatsoever.

The overall package announced by the Treasurer last week needs to be put into context. The government has announced tax cuts of $774 million over the next four years, yet in the past 18 months the government has collected nearly $1 billion in extra taxes. So in 18 months it collected an extra billion dollars and over four years it will give back $774 million, and Ms Mikakos says that is good and positive that the governments has a windfall of $1 billion — $1000 million in tax. That is supposed to be a good outcome for business.

Hon. Jenny Mikakos interjected.

Hon. G. K. RICH-PHILLIPS — Ms Mikakos touched on the commonwealth's GST package. I would like to pick up that interjection because she has raised a very important point. As I said, the government has announced the abolition of stamp duty on unquoted marketable securities and a couple of other stamp duties. On the bottom of page 1 of the executive summary of the Treasury document very brief mention is made of it, and I will read the two sentences:

> In total, $774 million will be allocated to tax cuts over the forecast period. In addition, Victorian businesses will benefit

from the removal of financial institutions duty and stamp duty on unquoted marketable securities.

The Treasurer does not say in this document that those two taxes were abolished solely as a result of the introduction of the commonwealth's GST package. In the other place the Treasurer likes to claim credit for the abolition of those two taxes. What he does not mention and what Ms Mikakos did not mention when she was criticising the GST is that those two taxes were abolished solely as a result of the commonwealth reforms. And what is the contribution of the abolition of those two taxes? The contribution that the abolition of those two taxes make to the Victorian economy is $1.8 billion over three years. That gets one line on the bottom of the Treasurer's document. It does not even quantify them. A single line for $1.8 billion, yet 15 pages are allocated to the $774 million in phantom cuts that the state Treasury proposes. Take $1000 million, give back $774 million, call it a tax cut and ignore a real tax cut from the commonwealth of $1.8 billion. Extraordinary!

It just goes to show how misguided and out of touch the government is on tax reform. It lauds itself for abolishing stamp duty on unquoted marketable securities while ignoring the real stamp duty savings on marketable securities and the abolition of financial institutions duty, which are placed at $1.8 billion over three years. As I said, it is quite extraordinary that the government would come forward with such a Clayton's proposal for tax reform. It is tax reform on the run. The government found itself in a sticky position with the Harvey report. The committee made a host of recommendations the government was not expecting, and it did not know how to respond to them. As it often has, the government proposed consultation, formed a committee, got in some experts and talked about issues. It found itself cut short on this one, because it got the report and had to act.

Honourable members have seen how the Minister for Industrial Relations and the government responded to the industrial relations report presented to her. A similar response has been made to the Harvey report on state tax reform. The report was lobbed on the government by the committee. It was as if a grenade had been lobbed into Treasury. The government did not know what to do with it, so it threw together the current proposal to give back $700 million with the right hand while taking away $1 billion with the left. As I said, it is a Clayton's tax reform.

I will not go through all the appendices, but appendix B lists the state government's responses to the individual recommendations of the Harvey report. A common response is that the government considers the recommendation to be outside the review's terms of reference. Despite the committee having produced a report on state tax, the government responded with a blinkered view. It was not interested in real tax reform. Despite needing to put together a tax reform package, the government chose to disregard a number of recommendations in the Harvey report with the brief reference that they are outside the terms of reference, and it has instead put forward a document that fails dismally to meet the state's needs. As I said, it is quite absurd that members of the government should laud themselves on the package the government has put forward.

The government's proposal is a Clayton's tax reform. It will have no meaningful benefit for business. It does not even compensate for inflationary effects. It is a state equivalent to the old commonwealth bracket creep, yet members of the government pat themselves on the back and say they are doing wonders for small business. The government needs to get its head out of the clouds on small business. The Fair Employment Bill was an absolute debacle in industrial relations, and now we are heading in the same direction with tax reform.

It will be very interesting to see just how the package is translated when the budget is delivered on 15 May. Then we will see whether the package is nothing more than window-dressing or fluff to get the Treasurer out of a sticky position on the Harvey report.

In conclusion, I do not oppose the bill but place on record that the government has squandered an opportunity for real tax reform.

The DEPUTY PRESIDENT — Order! I am of the opinion that the second reading of this bill requires to be passed by an absolute majority. I ask the Clerk to ring the bells.

Bells rung.

Members having assembled in chamber:

The DEPUTY PRESIDENT — Order! So that I may ascertain whether the required majority has been obtained, I ask honourable members who are in favour of the motion to stand where they are.

Motion agreed to by absolute majority.

Read second time; by leave, proceeded to third reading.

Third reading

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

That this bill be now read a third time.

I thank all honourable members for their contributions to the debate.

The DEPUTY PRESIDENT — Order! I am of the opinion that the third reading of this bill requires to be passed by an absolute majority. I again ask those honourable members who are in favour of the motion to stand where they are.

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.

STATUTE LAW AMENDMENT (AUTHORISED DEPOSIT-TAKING INSTITUTIONS) BILL

Second reading

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

Hon. D. McL. DAVIS (East Yarra) — The opposition does not oppose the Statute Law Amendment (Authorised Deposit-taking Institutions) Bill. It follows a series of interventions in the area. The crux of the bill is to take into account commonwealth–state agreements and the Australian Prudential Regulation Authority's new regulatory regime, which allows non-bank financial institutions to compete on a more equal footing with banks in the provision of financial services. The bill will give credit unions and non-bank financial institutions a greater opportunity to compete for business from a number of government sources and others.

In speaking to the bill I shall comment positively on the importance of non-bank financial institutions. Many of the authorised deposit-taking institutions are important competitors for the banks. They are important alternatives in the community and increasingly provide options for people in the community where, in some cases, banking services have been withdrawn and/or are in some way inadequate.

One need not go far to hear criticism of the larger banks in our community. The community has a number of concerns about the way banks operate and the way they treat their customers. In this context it is important to note that there should be as many competitors and as much flexibility in the system as possible, commensurate with adequate regulation and protection of depositors and people who deal with deposit-taking institutions.

The removal of certain controls on the institutions and allowing deposits to be made with them is an important extension of the options available to people. In particular, the commonwealth Banking Act, which defines 'authorised deposit-taking institutions', will be allowed to operate in a different and expanded way for institutions in Victoria.

The opposition does not oppose the bill. It has had a number of communications with people about the proposed legislation, and I shall discuss the steps taken by the Australian Prudential Regulation Authority (APRA) in harmonising standards and arrangements across different states. I quote briefly from its news release of 11 September 2000:

> The development of harmonised standards for ADIs has been an important goal for the Australian Prudential Regulation Authority (APRA) since it assumed responsibility for the supervision of all authorised deposit-taking institutions (ADIs) in July 1999. The application of consistent supervisory standards across these institutions, and more generally across institutional boundaries where risks are similar, was a central tenet of the financial system (Wallis) inquiry recommendations.

APRA was formed and took over the regulation role in a harmonised regulatory environment to allow similar regulatory regimes across different states. State legislation had to be amended and brought into line in a harmonised way, which is part of the general process the house is undertaking today.

It is important to examine some of the arguments for and against harmonisation. There is no absolute answer on harmonisation of legislation in different areas of regulation; they need to be examined on a case-by-case basis. We need to be certain that different arrangements are appropriate in each area. It is important to say that the Wallis inquiry took a positive view in looking at the Australian economy and Australian financial institutions.

The Australian economy is being progressively integrated, and the world economy is being more integrated so that financial institutions are competing across boundaries. Changes going back to the early 1980s and flowing through the period of the Keating government following the recommendations of the Campbell inquiry could, in many ways, be seen to have foreshadowed the first steps of this sort of regulation.

Placing this type of regulation in a broader national and international context, Australia needs to position itself

to have both adequate supervision of financial institutions and adequate flexibility to enable those institutions to compete. At the other level — the community level — we need to be certain there are adequate choices and that the larger institutions provide adequate services in a reasonable way. One method of achieving that is to ensure adequate competition and like arrangements.

I know that in some situations the importance of small, local institutions cannot be overestimated — for example, in some smaller country areas where there may be limited services a small credit union may have a significant input into the town, but that may equally apply in certain city areas. There have been examples in my electorate of bank branches being closed or services withdrawn. The community has been welcoming of the concept of credit unions and non-bank institutions and has also welcomed deposit-taking institutions within the meaning of the regulatory regime under which APRA operates.

If I may digress, three community banks in my electorate are active in building up their presence and slowly moving forward to ensure they have a sufficient depositor base. It is important that those sorts of institutions be supported and encouraged in a range of ways. That means political encouragement, where appropriate, but it also means ensuring that the regulatory regime allows for such experimental and local arrangements to be put in place — in my case the three examples are doing so under the aegis of the Bendigo Bank. There is no reason other institutions should not be involved in that way.

It is important to ensure that the regulatory regime is satisfactory and secure so that neutrality exists between the various approved deposit-taking institutions and it is also important to ensure that suitable flexibility is available to enable new arrangements to be arrived at and new systems to operate and slowly develop.

The opposition has been contacted by people such as Brendan Smith of the Australian Institute of Credit Union Management. He advises that groups like the Victoria Teachers Credit Union strongly support:

> … the removal of any barriers preventing government bodies or businesses depositing with credit unions. We endorse your proposed legislation as a further step towards competitive neutrality.

That is the key aspect: the bill will allow greater options for government institutions that want to deposit. It will allow greater choice. The ‘competitive neutrality’ phrase is an accurate reflection of what we need to aim for, but it always needs to be competitive neutrality within a secure and competitive regulatory arrangement.

One need not go far back into history to recall deposit-taking institutions that have got themselves into a great deal of trouble. I am reminded that even as recently as during the past decade, just 10 years ago, a number of building societies in Victoria got into significant trouble. Pyramid Building Society and a number of others got themselves into trouble during the recession of 1990–91. The former Kirner government got itself into difficulty with its association with that building society and its decision to make public utterances in support of it.

Governments need to be careful about how they associate themselves with financial institutions through either supporting or not supporting them, because it is important not to convey an absolute endorsement of any arrangement.

It is an important principle to bear in mind. Returning to that period in the early 1990s, when there was an added impetus given to a newer and more national regulatory regime as states realised in some cases they were unable to adequately regulate financial institutions the decision was made to have a more harmonised arrangement. The economic theory of harmonisation is contentious. Even the Australian Prudential Regulations Authority (APRA) with its broad prudential regulatory powers faced some difficulty with the collapse of HIH Insurance, so one can never be certain of any system of regulation and should never convey to people that the regulatory system is perfect, although it is true that systems of regulation and registration convey to the community a feeling that the state in some way has stepped in. Going back to the period in Geelong in the 1980s many people thought that the state had associated itself with a financial institution and had given a defacto guarantee that the money in that institution would be safe. The state always needs to be careful of that issue.

The current example of APRA’s responsibility as the prudential regulation authority is a good example of how no regulatory regime is perfect. The difficulties of regulation do not absolve governments of the responsibility of finding solutions for community problems, including ones that may arise from the failure of institutions that have a significant role in the economy. The collapse of HIH Insurance is a good example of that. The state government should take some useful steps to protect people and some sectors of the economy from the impact of that collapse.

We need to exercise some caution in allowing government institutions to deposit funds with non-bank

financial institutions. The schedule attached to the bill amends some 90 acts which contain references to bank and related terms. Although I support the philosophy of harmonisation and competitive neutrality between deposit-taking institutions one is reminded of history and one should never believe that systems devised by humans are perfect. Systems of regulation in this area are no different from any other system of regulation devised by humans and we should not kid ourselves that the system will give an absolute guarantee about the security of some of the non-financial institutions because it will be irresponsible to convey the concept of absolute security while at the same time trying to obtain the best system of regulation.

The provisions in the bill will give greater options and choices to government institutions and more choices at the local level for smaller deposit-taking institutions to compete adequately and successfully. I note also that the specifics of this legislation do not inhibit governments and government departments from taking a broad approach to depositing. That is always an option and there may be considerable beneficial arrangements in such an approach because it may enable cheaper rates of depositing, lower charges and increased interest rates being negotiated for a range of institutions.

It is important that governments implement this policy in a way that is sensitive to local needs. A small country town may have one banking institution that may not be part of the whole of government or whole-of-department policy and it is important the government sensitively implement these policies to enable local schools or institutions to negotiate with a local approved deposit-taking institution, because there are synergies within a town or region and perhaps across an industry that should not be counted out.

I would also argue that there should be an opt-out provision or provision of choice to the greatest extent for the government institution depositing its funds. In the vast majority of cases we are talking of community funds being placed in an approved deposit-taking institution. Given that the organisations are depositing community funds we should make sure the funds are maximised by the institutions in most cases by having the greatest possible choice.

What I am saying is consistent with the aim of the legislation and the philosophy that underlies the regulation as APRA operates that regulation at the moment and the concept of competitive neutrality. We want to see competition, but it should be bounded competition within a regulatory competitive neutral environment. It should be an environment that is tempered by the view of caution and appropriateness and a generally sceptical approach to financial institutions. Australian and Victorian history is littered with examples, some recent examples, of regulatory difficulties being faced so we should never feel that public moneys being deposited in institutions should not be treated with the greatest caution and thoughtfulness.

I urge the authorities at the local level to exercise that thoughtfulness and caution and for the government to examine its whole-of-government or department arrangements cautiously and thoughtfully, while ensuring they are consistent with the need to deal with local issues.

In conclusion, I reiterate that the opposition does not oppose the bill, which follows a long chain of financial regulatory changes, both federal and state, to solve community problems about how to adequately regulate deposit-taking institutions in a way consistent with respecting public money and private arrangements and ensuring that the maximum economic outcomes are achieved commensurate with public security with these institutions.

Hon. R. M. HALLAM (Western) — The National Party supports the Statute Law Amendment (Authorised Deposit-taking Institutions) Bill on the basis that it is a good bill.

It has but one single purpose: to remove existing barriers to regulated bodies such as schools and hospitals using non-banking financial institutions such as building societies, credit unions and friendly societies for their banking needs. That objective came to prominence when the banking industry became deregulated and non-banking financial institutions began competing directly and offering additional services, better hours and so on. Every member of this chamber would remember the impact that contestability brought to the sector. It came to even greater prominence when as a result of the additional competition banks began to wind back their services, particularly across country regions.

A common question I received as a member representing a rural electorate, particularly from schools, was: ‘Why can’t we use the credit unions and the friendly societies because they are here and the banks are not? They are offering good deals and services and the only difference is that they do not have a banking licence’. I thought that was a good question. I have tried to do something about that in my own small way, particularly when I was Minister for Finance. The measure before the chamber is a good solution.

By way of background, I indicate that on 1 July 1999 all states and territories transferred the responsibility for the regulation of all non-banking financial institutions to the commonwealth which saw the establishment of a regulating body, the Australian Provincial Regulation Authority. APRA assumed the responsibility for the regulation of the entire banking sector, including specifically non-banking financial institutions which then became known as authorised deposit-taking institutions, or ADIs. Now we have APRA looking after ADIs.

As part of the transferral deal that was hammered out at the time, the states agreed to delete all legislative barriers to ADIs providing banking services. That required going through the statute books and removing wherever the word 'bank' appeared and replacing it with the term 'authorised deposit-taking institutions' or 'ADIs'. After a careful and painful search we found that more than 90 acts had to be amended. Those acts will be amended by this bill. Not only is the terminology of ADI introduced into the lexicon but we have made redundant titles such as 'credit unions', 'building societies' and so on which are hereby deleted.

It is the end of an important chapter, one that started at a time that then federal Treasurer, Paul Keating, determined that our banks should be deregulated. Although he is at the other end of the political spectrum from me, I have admired him from that day for what I believe to be a courageous and appropriate decision. He ran into an enormous amount of criticism from both sides of politics. Many in his own party were not persuaded by the arguments he put forward at the time and there were plenty on the conservative side who had difficulties with the proposal.

I thought it was a brave decision, and said so at the time because he introduced for the first time contestability into our banks. I grew up in the business sector when there was no such thing as competition between banks. I remember it as the most comfortable cartel I had ever come across. The decision about trading hours, for example, was decided at the local level and bank branches opened at 10 o'clock and closed at 4 o'clock, Monday to Friday. Bad luck if one needed banking services before 10 o'clock.

Hon. R. A. Best — Or on Saturday morning!

Hon. R. M. HALLAM — I recall when they decided unilaterally not to open on Saturday mornings. I also recall when the first shot of competition came to my home town in the form of a building society and, heaven forbid, this new operator was going to open on Saturday morning and provide services that were required by the commercial sector. The banks complained bitterly about the impact of this new-found competition.

Hon. R. A. Best — You could also get a better interest rate from building societies.

Hon. R. M. HALLAM — There was a whole range of improved services, Mr Best. I recall predicting at the time that the traditional role of the bank would be lost and the reputation of the banking sector would be shifted dramatically. I argued with my then bank manager and said I thought he did nothing more than I did. I was a retail trader and I said he was the same; the only difference being that he bought and sold money. I could not see any difference, but he had the protection of special legislation and regulations.

That was compounded by the extent to which, for a whole range of reasons, the major banks determined that it was appropriate to withdraw services, particularly from country regions. I know there are plenty of alternatives emerging and services shifting as a result of exploding technology, but I can say with surety that National Party members welcome the symbolic change that the bill represents in that regulated bodies such as schools and hospitals can now make a judgment based upon the services that are currently available in the community rather than having to dip their lids to the concept of an organisation with a banking licence.

At about the same time as this remedy was being determined the Kennett government tendered out its government banking services, and the Bank of Melbourne was the successful tenderer. Enormous efficiencies were gained as a result of that tender process. I thought that was also brave. The budget sector agencies received the advantage of that tender process outcome without having to become involved in the cost of the tender process.

In respect of non-budget sector agencies, the arrangement with the Bank of Melbourne was not mandated but enormous advantages were gained across the public sector. The non-budget sector agencies received a valuable benchmark against which they could judge the services they were being offered by direct negotiation. That was also a major breakthrough.

It is interesting that the bill is passing through Parliament with little fuss. It is almost going through without comment. It may be symbolic and so on but that is unfair because the measure has substantial ramifications. It is an enormous breakthrough. I acknowledge that a great deal of planning has gone into

the proposed legislation. It is certainly significant to the extent that it represents enormous cooperation across the jurisdictions of our great nation.

I understand that Victoria is the last jurisdiction to pass the measure. I am not sure why that is so. I should have hoped that we were up the front, not down the back. This is a good outcome. The bill provides a simple solution to what has been continuing embarrassment and frustration for many regulated bodies, particularly those in country Victoria. The smooth passage of the bill belies the good work that preceded it, but I am proud of the fact that it has a little of my personal thumbprint on it.

I congratulate all who have been involved, particularly those who had the massive task of searching the entire statute list to locate the terms that are to be deleted by this bill. It is a very good outcome, and the National Party is pleased to support the legislation.

Hon. E. C. CARBINES (Geelong) — I, too, am pleased to support the Statute Law Amendment (Authorised Deposit-taking Institutions) Bill. I was pleased to learn this afternoon that both the National and Liberal parties also support the passage of the bill.

It is an important piece of legislation because it seeks to remove the existing legislative barriers preventing financial institutions that are not banks, such as credit unions and building societies, from providing services to government-regulated bodies such as schools and hospitals.

As a member who represents a regional Victorian electorate, I congratulate the Treasurer, the Honourable John Brumby, on his work on this bill. All honourable members will be aware that over the past decade many of the major banks have turned their backs on rural and regional communities in Victoria and across the nation, as I heard the Honourable Roger Hallam say in his contribution. The abandonment of rural and regional townships by the major banks has often sounded the death knell to the many local businesses and institutions that relied on the banks for their services. Consequently people in rural and regional communities have been forced to travel to major centres to do their banking.

Over the past decade my electorate of Geelong Province has seen closure of a number of local branches. Last week I was dismayed when I was informed by the regional manager of the Commonwealth Bank that an announcement would be made on Monday that it would close the Queenscliff branch of the bank. Today I received a copy of the front page of the local paper, the *Echo*, headlined 'Bank to go'. I warned the regional manager when he came to see me last Thursday that the Queenscliff community would be an active community and would not take this information lightly or lying down. The front page article canvasses a number of views and concerns from the local community about the announcement of the closure of the bank. It states:

> The Commonwealth Bank will close its Queenscliff branch on June 8. In a statement, bank spokesman Eric Kinsella said the Hesse Street branch's ATM — the only one in the town — would continue to operate.
>
> …
>
> The automatic teller machine's operation will be reviewed in about 12 months but is expected to remain.

This announcement has caused quite a deal of concern in the local community. According to the article concerns have been expressed by the local council, the borough council, the chair of Queenscliff Lonsdale Tourism and the Queenscliff Community Association.

Yet again a bank is closing in regional Victoria. I remember when I was a candidate that the Commonwealth Bank announced it intended to close its Portarlington branch. That announcement caused much distress and concern to the community of Portarlington, which comprises mainly elderly residents. It also caused a lot of concern to local businesses, which relied on the services of the Commonwealth Bank. A community campaign was organised to save the Portarlington branch of the bank. The campaign was embraced by residents of not only Portarlington but also Indented Head and St Leonards, who did not have a bank in their townships and were quite happy to travel to Portarlington to do their banking.

The campaign was loud and, as I said, was enthusiastically embraced by local residents, but unfortunately it was ignored by the Commonwealth Bank, which closed its Portarlington branch and transferred all its customers to the Drysdale branch. I personally understood the impact of the closure because my parents were clients of the Portarlington branch, and they were most unhappy that their accounts were transferred to the Drysdale branch.

However, out of the community campaign to retain the bank at Portarlington grew a desire among the people of the community of North Bellarine to replace the Commonwealth Bank's services with a community bank, and much work was done by a committed group of local residents to establish a community bank in Portarlington.

One of my first official functions as the new member for Geelong Province in 1999 was to attend the official

opening of the Bellarine Peninsula Community Bank at Portarlington. It was a wonderful day for all North Bellarine residents — in fact, it was a red-letter day. A huge celebration took place. Here was a community in my electorate that was responding actively and positively, and with pride, to the abandonment of their township by the Commonwealth Bank. I was pleased to attend the opening of the new Bellarine Peninsula Community Bank, and I have since been pleased to support the efforts of the Portarlington community.

The new community bank has gone from strength to strength. Within its first two months — on 20 January 2000 — an article appeared on page 1 of the *Geelong Advertiser* headed 'New bank's early success — viable: community bank well supported' and detailing the number of accounts that had been opened in the first two months. It states:

> The region's first community bank has secured $6 million in business and 700 accounts in its first two months, it was announced yesterday.
>
> Bellarine Peninsula Community Bank's success would send a message to the 'big four' that they would pay for ignoring small communities such as Portarlington, which lost its Commonwealth Bank last year, according to a local community association.

Last year, going to even greater strength, the Bellarine Peninsula Community Bank opened its ATM machine. The ATM machine was a replacement for the one that was removed from the local community by the Commonwealth Bank. That was a great day for the community — not just the local residents and customers of the bank but also the many tourists who choose to holiday on the Bellarine Peninsula.

Not long after the opening of the Bellarine Peninsula Community Bank I was contacted by its chairperson, Mrs Ann Nichol, asking for a meeting. Her letter states:

> Dear Ms Carbines,
>
> I am writing on behalf of the Bellarine Peninsula Community Bank branch board to follow up certain information we have recently received.

It goes on to say:

> Would it be possible for us to meet with you and possibly the appropriate ministerial representatives at some stage when they are in Geelong? There may very well be issues relating to the development of community banking which could be considered by the government. For example, we understand one large semi-government organisation in our area believes it cannot become a community bank customer because of statutory obligations.

Mrs Nichol raised with me the issue this bill addresses. She wanted to know if there were any legislative barriers that would prevent financial institutions such as the community bank from providing banking services to government-regulated bodies.

This legislation will mean that all commonwealth-approved authorised deposit-taking institutions — or ADIs — including community banks, such as the Bellarine Peninsula Community Bank which is run under the auspices of the Bendigo Bank, credit unions and building societies will be able to provide financial services to government-regulated bodies such as schools and hospitals.

It is also very good news for the six credit unions that operate branches in my electorate. They are: the Ford Co-operative Credit Society, which has branches in Corio and Geelong; the Scallop Credit Union Co-op, which has a branch in Corio; the Ukranian Co-op Credit Society, which has a branch in Bell Park; the Geelong and District Credit Co-op, which has a branch in Geelong; the Point Henry Credit Co-op, which also has a branch in Geelong; and the Defence Force Credit Union, which has a branch in Queenscliff.

Perhaps the Defence Forces credit Union will gain a few new members following the announcement of the closure of the Commonwealth Bank branch in Queenscliff. It is also good news for local government regulated bodies who will now have a choice about where they conduct their financial business. I note one of the organisations listed in the schedule to the bill is the Geelong Performing Arts Centre.

The passage of this bill will be good news for rural and regional Victoria where community banks and credit unions are sometimes the only financial institutions in the local township. It is yet another example of the Bracks government delivering to rural and regional Victoria. For that reason I am happy to support and commend the bill to the house.

Hon. T. C. THEOPHANOUS (Jika Jika) — I also support the proposed legislation. In so doing I congratulate the government on bringing it forward. It is an important bill. Although it has only three clauses, its effect is significant. As the minister said in her second-reading speech, the bill is in line with national competition policy and the establishment of competitive neutrality in this particular sector. National competition policy was initiated by the former federal Labor government. It was designed to break up cartels and monopoly operations and to introduce greater levels of competition for the benefit of consumers.

Honourable members would be well aware that banks over the past few years have been operating at anything

but to the benefit of consumers. They have acquired new freedom to charge virtually any fee they desire under new credit legislation initiated by the federal government. It is a sad tale. As one who was closely involved in the development of national credit legislation when I was a minister in a previous government, it was disappointing to see the process flounder following the discussions that took place in 1991 when the banks had made strong representations to all Australian governments to develop template credit legislation.

Victoria and New South Wales had taken the lead in developing that legislation and the original model was developed between New South Wales and Victoria. At that time New South Wales had a Liberal government. The minister responsible for the proposed legislation was Peter Collins, who later became the Leader of the Opposition in New South Wales. I can inform the house that he and I, representing the Victorian government, produced credit legislation which, had it been enacted at that time, would have provided significant protection to consumers, particularly on disclosure issues. The banks would have been obligated to disclose what was called a comparable rate when they advertised different rates of interest in the marketplace. If you examine the banking marketplace now you discover that advertising is extremely misleading to consumers because up-front, low interest rates are offered, and then they become larger. It is an absolute nightmare trying to compare them.

That innovative legislation as a piece of history was developed across two states with different political persuasions. Unfortunately, at the last meeting of the consumer affairs ministers that I attended, where this template legislation was to be enacted, there was a change of minister in New South Wales. Kerry Chikarovski became the new minister and arrived at the meeting — —

Hon. R. F. Smith — She has been a success story, too!

Hon. T. C. THEOPHANOUS — I do not know whether you would call this a success. She came to that meeting and changed the New South Wales position on the credit legislation. As a result that pro-consumer template legislation for the whole of Australia never got up. Instead the legislation that was ultimately agreed to was legislation which, under any examination of it, would have to be described as pro-bank legislation. The banks are able to charge whatever fees they like, with virtual impunity.

One counter to that situation is this measure. The bill will remove the legislative barriers from non-bank organisations which prevent them from providing banking services to regulated bodies, including schools, hospitals and art centres. It is only a small step — I recognise that — but it is an important one in ensuring additional competition at that very important level. I hope the banks take cognisance of community feeling in relation to what they have been doing with bank fees, closures and so forth. One way of putting pressure on the banks is to bring in more competition from other financial institutions, such as credit unions and the like. However, since 1 July 1999 all non-bank institutions across the country, both state and territory, have been under national regulation. The regulatory responsibility for the control of credit unions has shifted to the commonwealth.

In accordance with this transfer the Australian Prudential Regulation Authority (APRA) has assumed responsibility for the supervision of bank and non-bank financial institutions. These are sometimes referred to as authorised deposit-taking institutions. Of course, HIH Insurance was an authorised deposit-taking institution, and that is a reflection on the incapacity of the federal government to implement the responsibility it has had since 1 July 1999 to regulate these bodies in a way that protects consumers. The federal government's failure to do that is shown dramatically in what has occurred in relation to HIH.

In an article in the *Australian Financial Review* of 2 May the federal Minister for Financial Services and Regulation, Joe Hockey, essentially runs away from the federal government's responsibilities in this area. The article is about how Mr Hockey accused the insurance industry of resisting reforms that might have prevented the demise of HIH. The minister's choosing to attack the industry rather than focus on the federal government's responsibilities, transferred to it by the states, to regulate and manage the industry shows that the federal government is seeking to blame the industry for what took place with HIH and accepts no responsibility for that unfortunate incident. This approach was criticised by the managing director of QBE Insurance, Frank O'Halloran. He is quoted in the article as saying:

> I didn't agree with Mr Hockey's comments about the approach by the industry … I think we've worked very, very closely with APRA over the last few months.

The fact that he refers to APRA and that APRA is the responsible body, a body established under the auspices of the federal government, suggests that it is APRA that should have been responsible for ensuring that its guidelines were put into effect. Indeed, the executive

director of the Insurance Council of Australia, Alan Mason, is reported as saying that:

> … he was surprised by Mr Hockey's statements. He was not aware of any indications from the industry that it would be unhappy about speeding up the implementation of the reforms.

The industry is saying it would have been happy to speed up the implementation of reforms to ensure that incidents like HIH do not occur but the minister and APRA failed in their duty to ensure that that was done. The industry has asked for a national rescue package for HIH policyholders, and the federal government is running away from the issue. It is a bit cute for the opposition in Victoria to be calling on the state government to somehow come to the rescue of a private organisation.

Hon. D. McL. Davis — A Pontius Pilate.

Hon. T. C. THEOPHANOUS — You want us to rescue a private organisation that is supposed to be regulated by your counterparts in the federal government.

The DEPUTY PRESIDENT — Order! Through the Chair, Mr Theophanous.

Hon. T. C. THEOPHANOUS — Members opposite are not prepared to put a little bit of pressure on their federal counterparts and say they have responsibility for regulating the industry so they should be the people who do something to fix it up. The fact is that the Victorian government has no legal obligation for private commercial insurance arrangements — nor would it have any legal obligation to private credit unions. This is an absurd notion. HIH is essentially a private sector matter. It is being managed by the liquidator, KPMG, and that is how it will be done.

This government is working hard to ensure that people are not affected any more than they need to be, but it is a federal government responsibility. The Building Control Commission has worked intensively with insurers and housing associations to minimise the impact of the collapse on consumers and builders.

Hon. D. McL. Davis — Nonsense.

Hon. T. C. THEOPHANOUS — The Honourable David Davis might say it is nonsense, but the fact is that what the opposition is saying, as I understand it, is that it wants this government to bail out a private company with taxpayers' money. If that is what the opposition is suggesting the government should do, the opposition should put it on the record that it wants taxpayers to foot the bill. The opposition should put that on the record, at least then it would have some credibility in its approach to this issue. The opposition is not prepared to get up and say the federal government has some responsibility because it is responsible for the regulating body. It has had that responsibility since 1 July 1999.

It is about time the opposition started to act on principle in this house. Where the federal government has made these horrendous decisions and mistakes that have affected the people of Victoria members of the opposition should have been standing up against it. Members opposite should have stood up against the federal government on the GST and should be standing up against it right now on this matter.

Honourable members opposite should be saying to the federal government that this collapse is the result of the failure of the regulatory regime, and the person or persons responsible for the regulatory regime cannot absolve themselves of all responsibility as the federal government has done. Instead of trying to get Victorian taxpayers to foot the bill, opposition members should be talking to their federal counterparts about the fact that they have not adequately protected consumers, which is their responsibility.

This bill is important in helping to bring more competition into this sector and making other institutions capable of competing with the banks in an appropriate way for the benefit of consumers. For that it has been welcomed in this house, but in welcoming that increased competition let us not forget about the range of actions that took place under the previous government, actions including the freedoms given to the banks to charge any fees they like and the effect that has had on consumers. Let us not forget that the federal government has failed in its responsibility to properly regulate these financial bodies to ensure that the sort of situation that has arisen with HIH and is hurting thousands of Australians does not occur again.

Motion agreed to.

Read second time.

Third reading

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

> That this bill be now read a third time.

I thank honourable members for their contributions to the debate.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

Sitting suspended from 6.31 p.m. until 8.02 p.m.

FORESTRY RIGHTS (AMENDMENT) BILL

Second reading

Debate resumed from 3 April; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. PHILIP DAVIS (Gippsland) — I cannot say, as I usually do at the commencement of debate on a bill, that it is a pleasure to make my contribution, because I am entirely perplexed as to why we are considering this bill at all. It is extraordinary that we should be considering it. Although it is a small bill the government claims it is ground-breaking legislation because it contains an initiative to deal with the consequences of modern environmental challenges associated with greenhouse. However, the reality is that the bill raises more questions than have been answered by the minister's second-reading speech or the explanatory memorandum of the bill or even by the opposition's examination of government officers in briefings on the bill. We are perplexed as to why the government believes it is necessary to proceed with the legislation, given that there are manifest difficulties with it.

Firstly, the bill amends the Forestry Rights Act to provide for rights to the commercial exploitation of carbon sequestrated by trees. Secondly, it provides for consent of holders of registered mortgages or charges to be obtained in relation to certain forest property agreements.

The overriding purpose of the legislation as advised by the government is to change arrangements for incentives to invest in carbon sink establishment in Victoria. The development of greenhouse gas mitigation programs, specifically carbon sequestration, has been identified as offering the potential to generate significant additional investment in forestry and wood-based industry into the future. The bill proposes to create explicit and separate property rights for carbon sequestered in trees to enable ownership of carbon to be held or traded separately from the timber or the land.

The immediate question that arises is: what does the term 'carbon sequestration' actually mean? The first point in my commentary on the bill is that nowhere in the second-reading speech and nowhere in the bill has the term 'carbon sequestration' been explained, nor has a proper definition been provided. One of the main points raised with me by parliamentary colleagues with whom I discussed the bill recently was: 'What on earth are you talking about when you refer to carbon sequestration?'.

I therefore thought it might be useful to commence the debate with some outline of what we are given to consider this evening. In essence, carbon sequestration is what happens when, through the process of photosynthesis, a growing tree gives off oxygen and absorbs water, light and carbon dioxide, which is why expanding forests are known as carbon sinks. Full-grown forests, on the other hand, cease to be carbon sinks and become carbon reservoirs. They store huge amounts of carbon above and below ground and play a neutral role in the CO_2 equation. The carbon dioxide given off when old trees decompose can be offset by that which is absorbed when young trees grow in their place. And when forests burn, they give off CO_2 and become sources of carbon. That is the theory. In practice, however, little is known about the global carbon cycle and the role of forests in it.

We have not been made any the wiser about what carbon sequestration is, but it is the best I can do. Given that the minister has not sought to provide a proper explanation, we will have to press on.

The issue with which we are dealing is of vital consequences for our national economy — that is, the consequences of global greenhouse pressures and indeed global greenhouse policy.

Hon. R. F. Smith interjected.

Hon. PHILIP DAVIS — I am just about to get to that, Mr Smith, and I am glad you are assisting me in my contribution tonight. I always find after dinner when Mr Smith likes to help me with my contributions to debate they flow far more freely!

In relation to Kyoto, I refer to a recent report by the Allen Consulting Group entitled *Meeting the Kyoto Target: Impact on Regional Australia*, published in November 2000. I have to point out that the report was commissioned by the Minerals Council of Australia, but the Allen Consulting Group has done an enormous amount of work and is regarded by governments of all persuasions as a leading source of advice on greenhouse and environment policy in this context. Both the previous Kennett government and the Bracks government have taken advice from the Allen Consulting Group on this subject.

I will cut straight to the chase. What did the Allen Consulting Group find? It is relevant to put that into the context of this debate. The results of the group's recent analysis show that:

> The modelling supports the earlier work in indicating that compliance with the Kyoto protocol is likely to be costly for Australia.

The main findings are:

> complying with the protocol will reduce Australia's gross domestic product by around 1.9 per cent a year (over $140 billion a decade);
>
> some states are disadvantaged much more than others, with gross state product in Western Australia being 3.3 per cent lower than otherwise compared with Tasmania, which becomes better off …
>
> some industries experience severe production declines, particularly aluminium and alumina (-24 per cent) and black coal (-17 per cent); and
>
> employment will fall by almost 40 per cent more in non-metropolitan than in metropolitan areas.
>
> Some regions would experience particular hardship if the Kyoto protocol were implemented …

In specific terms it states:

> > employment will decline by over 8 per cent in the Latrobe Valley.

Indeed in western Victoria employment will decline by some 5 per cent. It is worthy of note that the conclusions of the report state:

> The study demonstrates that meeting Australia's obligations under the Kyoto protocol would come at a high cost, particularly in some parts of rural and regional Australia. According to the modelling conducted by Monash University … some regions will experience falls in employment of over 10 per cent and tens of thousands of jobs will be lost in non-metropolitan areas.

As policy-makers we clearly have a significant challenge before us in relation to the Kyoto protocol, greenhouse and greenhouse policy. I am sure the Parliament will be revisiting the issues regularly. The current attempt by the government to take the legislative initiative in dealing with greenhouse by introducing forestry property rights and carbon sequestration issues is an early attempt to address the problem. The motivation may well be to be a flag bearer and to promote the cause by giving consideration to the issues, but the way government has gone about it seems not to have met with any approval anywhere. One or two commentaries have been positive about the attempt but most of them have been fairly critical.

According to various commentators the following is a brief synopsis of the faults in the bill. The legislation is pre-emptive because there is no national or international protocol existing for emissions trading. It is not clear where plantings for Landcare and environmental purposes fit within the framework. Issues of soil carbon and other than commercial plantations should be addressed. Carbon credits cannot be banked. The bill may discourage the use of the Forestry Rights Act 1996. It imposes processes that will delay the implementation of contracts. Carbon rights agreements should include the landowner as party to the agreement, whereas currently they do not do so necessarily. The national carbon accounting system needs rules for how carbon sequestration itself and emission equivalence are to be verified and brought to account. The link between commercial practice and greenhouse outcomes is insufficient and there is insufficient emphasis on greenhouse in relation to carbon rights arising from land use. Carbon sequestration rights should be defined more broadly to cover soil and tree carbon and project management emissions.

Some people in a sense endorse the in-principle attempt to grapple with the issue. One of those is Mr Ross Blair from McKean and Park, consultants on these issues. Recently he wrote in the following terms:

> Victoria is embarking on the world's first real carbon rights legislation. It has the effect of legally severing carbon rights from trees that have already been legally severed from land. The net effect is to render carbon rights as chattels which has the following benefits:
>
> > The law of chattels is universal; therefore, for the first time we have an ability to look at all carbon sinks as a single category.
> >
> > The law of chattels is capable of handling the ownership of carbon sinks that are not attached to land.
> >
> > The law of chattels can provide security in respect of assets that are moveable. This is exactly what is required in respect of carbon sinks in order to have reasonable protection from the wrongful acts or omissions of either the landowner or the tree owner.
>
> For these reasons, this legislation is of world significance. In the circumstances, the legislation which is finally passed needs to be the best we can devise.

Mr Blair makes that point fairly well and I certainly endorse the merit of his proposition. Regrettably, however, it is clear that the bill does not meet that test.

I am confident that honourable members have read the representations made to them on the matter by the Environment Liaison Office, which advises parliamentarians of its view. For the record, the

Environment Liaison Office is a representative group that monitors environmental legislation and policy in Victoria. It was established in November 1999 to provide a link between the peak environment groups, which comprise the Australian Conservation Foundation, Friends of the Earth, Environment Victoria, the Victorian National Parks Association and the Wilderness Society Victoria. The ELO employs staff to conduct that activity on behalf of all those groups. They advise the Parliament that in their view:

> The ELO group is concerned at the pre-emptive nature of the legislation. The recent conference of parties (COP6) to the Kyoto protocol failed to achieve an agreement on carbon sink activities and significant definitional uncertainties remain …
>
> Until the Kyoto protocol is ratified, nations will not have access to an international emissions trading market. The Australian government is opposed to a national trading system preceding an international one. Until these forerunners are set up, investment in carbon rights in Victoria is an illegitimate activity. It should be noted that the Kyoto protocol restricts carbon credits to trees planted after 1990 but the Forestry Rights (Amendment) Bill does not include this limit.
>
> The Victorian government has not yet finalised its greenhouse strategy which will take account of numerous public submissions.

On the one hand there is an appeal by the government to the environment lobby for a piece of feelgood legislation. Most reasonable people in the community who have a concern about the world in which we live are concerned about the clear indications that there may be consequences associated with continuing emission of greenhouse gas, as it is referred to. Regrettably our modern industrial economy will have to deal with those issues, as will the rest of the world. Clearly a process must be followed and the Victorian government is anticipating arrangements yet to be determined at an international and national level. Therefore, quite properly, the ELO is making the point that the proposed legislation is pre-emptive.

The Forestry Rights (Amendment) Bill has drawn commentary from a number of participants in various aspects of professional life relating to their involvement in forestry and advisory services and indeed investment. One such person is Roger Holloway, director of Treebank Carbon Services. He states:

> In the land use change and forestry sector the Kyoto protocol specifies that it is the net changes in greenhouse gas emissions from sources and removals by sinks that is relevant. As a minimum this means that projects giving rise to carbon rights will have duties to consider emissions associated with project operations and monitor baselines and project removals and emissions. It also means that the land-based attributes to be measured and verified must include soil carbon and carbon in all vegetative matter.
>
> By defining 'carbon sequestration right' as a right to commercially exploit carbon sequestered in trees the bill does not ensure a sufficient link between commercial practice and greenhouse outcomes:
>
> > It is inequitable by reason of its focus on the (relatively easy) 'trees' pool to the exclusion of others, in particular the (more difficult) soil carbon pool. This has obvious implications for different owners, especially their valuation of assets and risks.
> >
> > It encourages selective management, by rewarding tree carbon and neglecting soil carbon. This gives rise to the prospect of negative or at best uncertain net greenhouse outcomes.
> >
> > As it stands, there is a risk the legislation will result in unethical behaviour. One (favoured) party will be able to make money at the expense of another party for whom no incentive is envisaged in the legislation. And this becomes possible without any guaranteed greenhouse benefit.

That is a strong commentary. It is not surprising that others have also contacted the opposition. Hazelwood Power has made observations about a number of things, including its concern as to how a greenhouse credit purchaser should gain a replacement for the credits traded on a forest that has burnt down — in other words, what is the insurance risk and how will that be facilitated?

I have also received commentary from Richard Elkington at Loy Yang Power, which has a keen stake in forestry and greenhouse emissions. The company has significant commitments in that it has plantations of about 130 000 trees and notional carbon right agreements with Gippsland Water. He writes:

> It is not clear where plantings for Landcare or other environmental purposes fit within this framework.
>
> The bill talks of carbon sequestered in trees. What about the soil, which can contain more carbon than the vegetation?
>
> The bill should, therefore, more clearly address the issues of soil carbon and other than commercial plantations.
>
> The bill obviously has the issue of carbon credits in mind. This is in itself a legal and political minefield littered with uncertainty such as:
>
> > no international or domestic rules established yet
> >
> > cannot yet 'bank' carbon credits
> >
> > still considerable conjecture on whether a tonne of carbon from a commercial plantation can be sequestered in under 100 years, that is, from a number of planting/harvesting rotations
> >
> > likelihood or otherwise of 'carbon tax'.

He raises concern about a plethora of uncertainty in relation to these matters.

It is appropriate to consider what a commercial forestry company view about the legislation may be. Harris-Daishowa, a major plantation forestry company in south-east New South Wales and eastern Victoria with a significant investment in plantations for the export of woodchip, has made some observations. I refer to correspondence from John Sparkes of that company, who said:

> The question of carbon sequestration rights and the trading of carbon credits is almost irrelevant for businesses like Harris-Daishowa as we are in the business of planting trees so that we can cut them down when they are suitable for use as a commercial commodity.
>
> We are happy to earn carbon credits while we are growing the trees, however, we will lose them all when we cut the trees down at harvest time.
>
> Carbon credits may be valuable for people who are prepared to grow trees and leave them in the ground permanently. These people may be in a position to sell the carbon credits to someone else in the knowledge that they will never need the credits themselves to clear their land.
>
> All of this is predicated on the assumption that a market will exist for carbon credits.
>
> Such a market will only develop because of possible future legislated requirements that creators of greenhouse gases will only be able to carry on their businesses if they either pay an environmental levy or are able to produce carbon credits earned through the creation of carbon sinks by themselves or others.
>
> We do not believe that carbon credit trading will attract the huge investment that some parties are suggesting as the economic returns from planting trees purely for carbon sequestration will not be as attractive as would be the case if the wood could also subsequently be harvested and sold.

That company, which is vitally involved in plantation activity, is concerned about the bill.

I was interested to discover that the Law Institute of Victoria was also interested. Peter Lowenstern, senior research solicitor, raised concerns regarding the legislation. Although acknowledging from the outset that the bill is important, he thinks it needs to be got right. He states:

> From a reading of the bill there appear to be illogical inconsistencies between the rights of owners of land and forest property owners to deal with carbon sequestration rights.
>
> …
>
> The section —

that is, clause 15(3) —

> appears to acknowledge carbon sequestration rights may in certain situations be dealt with independently of forest property rights, but under the terms of the bill it seems owners of land cannot enter into carbon rights agreements unless … the owner of the land enters into a forest property agreement and the forest property owner then, in turn, enters into a carbon rights agreement with the owner of the land to be able to commercially exploit the carbon sink potential of the trees on his or her land.

In other words, the proposals in the bill are convoluted and complex and do not achieve the objects sought.

In relation to the concept of carbon trading, recent research has been undertaken by Dr David Bennett of Hassall and Associates. In presenting the findings of his research at a recent conference of the Australian Association of Agricultural Consultants at Ballarat his conclusion was that carbon trading is unlikely for farming foresters.

He spells out why that should be the case, and says that the complex processes alluded to in my earlier comments are such as to put barriers in the way of farm foresters and that, therefore, the most likely beneficiaries of the trading arrangements will be larger corporations and commercial forestry companies. It is more likely that the commercial forestry companies will contract with large industrial corporates. He specifies a number of challenges, including transaction costs on a number of matters such as the contracts that will be required to be drawn up and the monitoring of the actual process of developing measurements of the sequestration of carbon.

He raises the concern that photographs will be used in calculating the carbon sequestered so as to ensure that if, for example, any trees are cleared to make room for a plantation, that can be debited against the carbon sequestered.

It is clear that farmers will also have to deal with a major obstacle in trading carbon credits. Under the Kyoto protocol carbon trading has to fall within what is called the additionality clause. I am advised that means any trading in carbons is based on what would have occurred if there were not such a thing as carbon credits — that is, the establishment of carbon trading cannot count unless it is additional to anything that would otherwise occur. Plantations established as part of a normal timber operation are currently excluded under this additionality clause. That is a major obstacle to the development of the concept of carbon trading. In a policy sense the government has not explained how that may operate. I therefore express concern that the cart is being put before the horse.

Before concluding, I point out that it is inevitable that whenever we talk about plantations and the development of plantation forestry there is a reaction in rural areas about whether that is a good or bad thing.

Even though the debate today is specifically about carbon sequestration, it goes to the heart of the legislation adopted in 1996 to facilitate the development of plantations. In contemplating the legislation I was reminded about the issues rural communities find compelling whenever large-scale forestry projects are developed. Recently concern has been expressed in some parts of the state, particularly in south-west Victoria, that as a result of the significant increment in plantation forestry there has been an obvious change in the pattern of land use which has economic and social ramifications for those local communities.

It is amazing how the more things change the more they stay the same in the debate about plantation forestry. Concerns have been raised recently about the social impact of large-scale plantations changing the demographic and social profile of rural communities. This is not a new issue and as likely as not if further legislative reform is effective in creating and facilitating significant investment in plantation forestry, additional value adding, if you like, to plantation value in terms of the carbon sequestration right, there will be a further profound effect on those communities. In 1989, as part of the State Plantations Impact Study commissioned by the then state government, the Victorian Farmers Federation (VFF) put a number of concerns specifically about the government's involvement in forestry as an investor and operator. The large-scale concerns at that time, particularly in north-eastern Victoria and the Gippsland region, to some degree have been removed by the fact that the government is no longer involved in these initiatives because it has been left to the private sector and that in itself is a significant reform.

However, many of the issues mentioned at the time still remain. I quote briefly from the 1989 submission of the Stradbroke branch of the VFF on the subject of farm population. The issue was raised and I know it is significant currently in south-west Victoria. It states:

> It stands to reason that if the Department of Conservation, Forests and Lands continues to purchase farms there will be a decrease in the farm population. If such purchases are of a concentrated nature they will ultimately lead to …

Then follows a list of items including school bus runs abandoned, school closures, mail runs abandoned, fewer Country Fire Authority volunteers, CFA brigade closures, the breakdown of rural communities and organisations, the isolation of remaining families, and diminished community income and subsequent expenditure on farm inputs and services. The plantation establishment and processing work force is often distant from the plantation where once there was a family and a viable business.

I make that point in the general context of the debate. Policy-makers need to be conscious when providing incentives for particular investors of the reaction and effect they will have if that approach is successful. In consequence of the encouragement there has been for plantation forestry and the increased scope for that around Victoria, and given that the Private Forestry Council of Victoria is trying to facilitate working with government to treble Victoria's plantations by 2020, it is important to realise there will be some social impact. All this has to be balanced against what we understand to be the reality of the legislation seeking to achieve an objective which in this case is purportedly an increase in investment and plantation for carbon credit-trading purposes. However, in reality there will be potentially a negative social impact from that further investment and we need to be conscious there will have to be an equal response to managing those issues if they develop.

I have pointed out the general concerns relating to the legislation. The opposition acknowledges that the government has attempted to initiate legislation that is significant to the extent of its political rhetoric. However, the opposition does not consider the legislation to be effectively drafted and believes it will achieve little in fact. Therefore, while the opposition cannot support the bill overtly, it will not oppose it. The government will be forced to introduce further amendments shortly to ensure that the legislation is effective because at the present time the consensus in Victoria is that the legislation provides very little.

Hon. KAYE DARVENIZA (Melbourne West) — I am pleased to support this important bill, which is supported by the opposition. The bill clearly demonstrates the Bracks government's commitment to implementing cost-efficient responses to greenhouse problems and to climate change affecting not just Victoria, but our nation and the world. Every one of us has an interest in ensuring we address the range of environmental concerns created by the problem of global warming.

I take up the issue of consultation and support for the bill raised by the Honourable Philip Davis. During the drafting of the bill an extensive consultative process has been undertaken as well as consultation with a whole range of organisations that have an interest in the bill's outcomes, including the Victorian Farmers Federation, the catchment management authority and so on. All of those peak bodies support the legislation.

By way of background — the Honourable Philip Davis has referred to it in detail — climate change is now one of the key policy issues that is faced not only by government but also by industry and the broader

community. Not a day goes by without some speculation or commentary in the media about the possible effects of climate change not only on the agricultural industry but also other industries and the community. Climate change certainly affects our daily lives. For some time there has been recognition in the scientific community that emissions of carbon dioxide from the combustion of fossil fuels have an impact on our climate. That view cannot be ignored. There has been far too much scientific evidence to support it.

The CSIRO since the early 1990s has been modelling possible implications for Victoria of greenhouse effects. Its recent study shows that the greenhouse effect has serious implications for the temperatures we experience as well as the rainfall in this state. Responding to climate change and greenhouse effects is an important challenge for not only this government but for all governments and the broader community.

In 1998 a report released by the National Greenhouse Gas Inventory reported that between 1990 and 1998 Australia's greenhouse emissions, excluding emissions from land clearing, grew by 16.9 per cent. If land clearing had been included there would have been an increase of 22.3 per cent. Victoria generates over 100 million tonnes of greenhouse gases annually, and is responsible for over 20 per cent of Australia's total emissions. Although those amounts are considerable, they represent only a small share of global greenhouse gas emissions. The Bracks government is committed to ensuring that Victoria and the government play their part in national and international efforts to reduce greenhouse gas emissions which are having a serious impact on our community. That is one reason why this important bill is before the chamber.

Hon. Philip Davis — It is not important.

Hon. KAYE DARVENIZA — It is important. It recognises that it is a problem not only in this state but also nationally and internationally. The bill is about strategic planning. It looks to the future and ensures there are processes, procedures and frameworks in place that allow us to address these important issues. The purposes of the bill are clearly outlined in clause 1:

> The main purposes of this Act are —
>
> (a) to amend the Forestry Rights Act 1996 to provide for rights to the commercial exploitation of carbon sequestered by trees …

They also provide that those who have a financial interest, such as financial institutions, are notified when any agreements may be entered into.

Part 2 of the bill refers to and provides definitions for carbon sequestration rights and other matters. An important provision of the bill is clause 6. It will insert proposed section 12, which provides for carbon rights agreements and provides a good investment environment that offers security of rights. Carbon rights agreements must be in writing and must specify the parties to the agreement, the land to which the agreement applies and the rights and duties of the parties to the agreement as well as the date or circumstances under which the agreement terminates. As I said, the agreement must be in writing and must spell out who owns the carbon rights as well as who can enter a carbon rights agreement.

While there is no ability to trade in carbon rights currently, the bill encourages people to invest in forests now. By the time those trees have grown in 8 to 10 years there should be in place national or international trading schemes. Investors will be ready and able to trade and enter into those new trading systems. The government is developing a strategy for rural Victoria in the lead-up to national and international agreements on carbon trading.

Proposed section 13, which provides for notifications to the department head, requires that people who are granted carbon sequestration rights under a carbon rights agreement must give notification within 28 days to the head of the Department of Natural Resources and Environment. This will ensure that agreements are honoured and that they are not abused. It will provide valuable information to the government which can be analysed and used in future policy development. It will also provide a better understanding of the industry.

Clause 9, which provides the forms of notification, ensures that the holders of a registered mortgage, such as a financial institution, must also know what is going on with any of the carbon agreements. The bill provides a process and requires that the institutions are notified of any carbon rights agreements that are entered into.

That briefly sums up the major elements of the bill. The bill clarifies carbon rights ownership, provides certainty for those who enter into carbon rights agreements and encourages important investment that can take place now in readiness for the future when trading will occur.

In conclusion, this bill is important because it provides the legal basis for investment in carbon rights in this state. It is an important first step towards a longer term strategy and is a strategic plan to address greenhouse issues in this state. I commend the bill to the house.

Hon. P. R. HALL (Gippsland) — I am happy to indicate the National Party's support for the Forestry Rights (Amendment) Bill. I am particularly pleased to have the opportunity to talk about this bill, because any forestry bill allows me to talk about forests, one of my favourite subjects.

The timber and forestry industry in Victoria is important to the state's economy. It is estimated that 25 000 people in Victoria are employed in forest and plantation harvesting, management and processing of products. Victoria has 3.5 million hectares of state forest, mainly eucalypt, of which around 1.2 million hectares is managed for hardwood production. To September 1999 Victoria's plantation estate exceeded 284 500 hectares — 77 per cent of that is softwood and 23 per cent is hardwood. Between 1998 and 1999 Victoria more than trebled the area in new hardwood plantations to in excess of 25 000 hectares. If the current rate of expansion in private forestry — plantations and farm forestry — continues there will be potentially 750 000 hectares of commercial trees by 2020.

For anyone wanting verification of these figures I indicate that they come from the speech notes of the Minister for Environment and Conservation for an address she gave to the Forestry and Local Government Seminar on 16 March this year.

Hon. E. G. Stoney — Dodgy figures.

Hon. P. R. HALL — I am sure no-one can dispute those figures — no-one from the government at least, although the opposition may dispute them.

That gives a bit of background to the forest industry in Victoria. As I said, it is certainly important to the economy of this state. All of that has something but not a great deal to do with the bill before us. The common thread is forestry and trees. The bill deals with a component of the product of forestry. It amends the Forestry Rights Act to create property rights for carbon sequestered by trees, which allows the ownership of carbon to be held or traded — eventually; it is not traded yet — separately from timber or the land in existing and new forest property agreements.

The current situation in Victoria is interesting. A person can own land and somebody quite independent of that person can own the forest product on that land — that is, the timber contained in the trees on that land. Furthermore, with the passage of this piece of legislation, someone else will be able to own the carbon dioxide absorbed by those trees under a carbon sequestration agreement. That is pretty good value adding — three independent entities can claim part of the product produced from the land.

Why would somebody want to own what will be called the carbon rights of trees? As has been said by other speakers, it all has to do with greenhouse. Trees absorb carbon dioxide from the atmosphere. The directions of change in response to matters such as global warming are that those who emit substances into the atmosphere as a result of burning fossil fuels will be required to undertake measures to offset those greenhouse gases. Therefore in the future there will be something called carbon trading, for which there will be requirements. Perhaps associated with the licence will be conditions requiring that those who emit certain substances into the atmosphere must take offset measures — and part of that will be ownership, under a carbon sequestration agreement, of the carbon dioxide absorption power of forests in this state.

Some industries are already preparing for this. They are taking out 'insurance policies' — I use that term figuratively by putting inverted commas around it — by investing in plantations now. For example, I am aware that some of the power generation companies in the Latrobe Valley that are using brown coal, a fossil fuel, have gone into the business of purchasing plantations for no purpose other than to prepare themselves for possible future requirements to own carbon sinks such as plantations.

As has been said by other speakers, we do not have a formal emissions trading system as yet, and this bill does not create one. When we do have a formal trading system we expect it to be national, if not international, so there will certainly be a need for this Parliament to ensure that any trading system operating in Victoria is consistent with other systems in Australia or internationally. This bill simply puts in place a structure that will assist those who wish to participate in a formal emissions trading system in the future.

As has also been said, many issues are yet to be worked through, not the least of which is how one puts a value on the carbon dioxide absorbed by a plantation or even determines what quantity of carbon dioxide is absorbed. Are there differences in the types of trees one invests in? Do different types of trees absorb carbon dioxide at different rates? And is the age of the tree important? I understand it is.

Some of the reading I have done suggests that young forests absorb a far greater quantity of carbon dioxide than old forests. Therefore if we wanted to maximise the amount of carbon dioxide being absorbed by trees we would cut them down and replant them at a much

greater rate than we do currently. They are issues that need to be worked through, and I do not think they have been resolved at this point.

The second-reading speech opens with the comment that climate change is one of the most important global environmental challenges confronting the world today. I agree with that. Climate change is important for us to consider, particularly the issue of global warming. There is a bit of debate about global warming. I do not think there is any doubt that global warming is taking place — our globe is warming — but whether it is simply a natural cycle in the evolution of this planet or whether it has to do with the impact of human habitation on the planet is debatable. I suspect that neither can be said to be the sole cause of the warming of our globe; they probably both play a part.

I think the Earth is currently going through a natural warming stage cycle, but the impact of human habitation does have an effect on the environment, so it is not irresponsible for us to take measures such as encouraging the planting of trees to address some of the climatic change that is taking place.

The second-reading speech also states that encouraging tree planting is but one measure we should look at in addressing the issue of global warming. I believe there are many other issues we should also look at — growing trees is a simple response, but it should be part of a multi-pronged response. For example, some of my colleagues in the National Party tell me that the belching of ruminating animals and the resultant emission of methane probably has just as big an impact on the amount of greenhouse gases going into the atmosphere as do the emissions from some of the burning of fossil fuel. When addressing the general issue of climate change a whole range of issues needs to be considered, not just the planting of trees.

In conclusion, I indicate that although this bill certainly does not establish carbon trading, I believe it is a significant step towards an emissions trading system. That is why the National Party is prepared to support the bill.

Hon. E. G. STONEY (Central Highlands) — I shall make a brief contribution to the Forestry Rights (Amendment) Bill. Although the Honourable Peter Hall has already quoted it, I would like to restate probably the most pivotal part of the second-reading speech:

> Climate change is one of the most important global environmental challenges confronting the world today.

It goes on to state that the greenhouse effect is a complex issue that does not lend itself to simple solutions.

One tactic to combat greenhouse gases that has been mentioned by several speakers is to encourage the planting of trees. Indeed, hundreds of thousands, if not millions, of trees have been planted in Australia over the past few years. This has certainly changed the aspect of the Australian landscape for the better and will assist in many issues besides the greenhouse effect.

As also mentioned by other speakers, the purpose of the bill is to create explicit and separate property rights for carbon sequestered in trees. This will enable ownership of carbon to be held or traded separately from the timber or the land. It is ironic that this bill will draw attention to future opportunities for carbon sequestration when it will probably do little or nothing at this stage to assist that except draw attention to it. That is because there are no programs at this stage to assist in going from this point forward. Mr Hall and Mr Philip Davis drew attention to the fact that there are no agreements on how it could happen. As Mr Davis pointed out, the bill will do nothing much except draw attention to the fact that there may be opportunities in the future.

This bill has been created as a result of the Kyoto agreement and the Kyoto protocol, which was finalised in 1997. It commits 39 developed countries to cutting greenhouse emissions by up to 5.2 per cent below 1990 level by 2012. It is interesting to note that Australia, Iceland and Norway are the only three nations that have taken part in the protocol and yet are allowed to increase their emissions. Australia's target is an 8 per cent increase.

The United States of America, Canada, New Zealand and Australia have argued strongly over some years that the protocol should not be ratified without a commitment from the developing nations that they should indeed curb their emissions as well. It is pertinent to this bill and interesting to note that the debate has flared up again in the past few months. It had gone quiet for a few years and now has flared up again quite strongly in the past few months.

I looked up the 'Reuters business briefing' and found that various articles from around the world tell the story of how the Kyoto debate is raging and the effects that will flow from that which are absolutely seminal to this bill. A headline from an article of 4 April by Lyn Allison states:

> Australia: risks of abandoning Kyoto agreement too high.

A headline from the United States of America of 3 April states:

> Room to improve on Kyoto pact.

The first line of that article states:

> 'Irresponsible', 'arrogant' and 'sabotage' are among the accusations outraged Europeans have flung at President George Bush following his contentious decision to abandon the Kyoto accord on global warming.

A further headline and article of 20 April states:

> Australia: news — newspoll backs treaty.
>
> Four out of five Australians believe the federal government should ratify the Kyoto climate treaty regardless of the United States's withdrawal from the agreement.

An article by Andrew Stock reads in part:

> The suggestion that reducing greenhouse emissions is bad for Australian industry is bunk, and needs to be dispelled.

And so it goes on. A further headline dated 16 April states:

> Australia: PM urges Bush on greenhouse rethink.

A headline dated 3 April states:

> Liberal greens see red over Kyoto.

On 3 April an alternative view was put by Alan Wood, the well-known journalist. His headline states:

> Killing Kyoto in Australia's best interests.

A diverse range of articles is appearing around the world on the issues that flow from the Kyoto protocol. Another headline by Robert Garran published in the United States of America states:

> Greenhouse gas pact is a dead deal …

As Mr Davis, I think, quite rightly alluded to, it begs the question: is this bill a dead deal as well? Honourable members need to ask: is this bill behind the play and behind what is happening in the debate out there in the real world? Is the world really heading for an environmental disaster? Is global warming real? Is it just a glitch in the big picture of the history of the world?

Quite frankly, we do not know, although we do know all the evidence points to the fact that we should take as many steps as possible to reduce greenhouse gases. There is a side benefit for that. In fact, many of the steps we take to reduce the greenhouse effect improve the nation's health. That is a side benefit that is well worth looking at and remembering. It is most important that we undertake and support as much research as possible about the local problems in Australia.

I was encouraged to see the La Trobe University becoming involved. It has a campus at Mount Buller which I know very well. I take a personal interest in that campus, which is interested and involved in alpine issues. A publication from La Trobe University published recently and headed 'Warning from the mountains' identifies that the university will monitor the Victorian alps with a team headed by Dr Morgan and that GLORIA, which stands for the Global Observation Research Initiative in Alpine Environments — quite a mouthful — is among the first research programs to study the impact of global warming using field observations. The article reports that students from La Trobe will survey the biodiversity of species within alpine communities on the summits of Mount Feathertop and Mount Hotham and will ask questions such as: how do alpine plants cope with change? It states that in Australia we could have a complete loss of the local alpine ecosystems within 70 years.

This is serious stuff. It probably explains why the *Age* picked up this small but significant study taking place in the alps. A headline of 25 April states:

> Tree line shifts as globe warms.

The article states:

> Changing global weather patterns appear to have caused the tree line around Mount Hotham and Falls Creek to creep uphill.

It goes on to explain that research by scientists at La Trobe University has found that during the past 25 years the tree line in alpine Victoria has moved up to 40 metres. Dr John Morgan said:

> We are seeing trees growing where they have never grown before. Since 1975 something has happened that was not going on in the past.

As I said, we do not know whether this is a short-term glitch or a long-term trend. The article also identifies research in Germany in the mid-90s which shows that the number of alpine plant species has fallen. It points out that this is one of the first signs of a change in the biology in the higher areas.

I think it is agreed that the planting of trees is very important as a management tool — perhaps not only as a carbon sink but also to assist salinity, for aesthetic reasons and also for fibre.

As I said, Australia has already planted literally millions of trees, which has assisted in rectifying some

of the mistakes of our farming pioneers. They did not understand the long-term effects of their widespread clearing of the land. I believe in Victoria people were still being subsidised to clear land until the 1960s. It is just as relevant to say that the makers of some our early products, including domestic and industrial gases, did not understand the potential dangers those gases might have on our fragile environment and ionosphere. Giant steps are being taken in many areas to rectify these issues.

In conclusion, this bill is only an excursion towards encouraging carbon sequestration of trees. Despite the reality that we have a long way to go it should be supported by the house.

Hon. R. F. SMITH (Chelsea) — I support the Forestry Rights (Amendment) Bill. It is an extremely important bill not only for Victoria but also probably the world. Although it has been argued that the bill itself is not that important, the issue it deals with is extremely important. I commend the Leader of the National Party, Mr Ryan, for his contribution in which he quite clearly outlined the statistical reasons — —

Hon. Philip Davis — Mr Ryan or Mr Hall?

Hon. R. F. SMITH — Mr Hall, I stand corrected. In his contribution he outlined the importance of this issue to the rural sector economy and to the forestry industry in particular. He also referred to what some people are concerned about — the impact some of our rural animals are having on the warming of the planet.

Hon. Philip Davis — Are you talking about flatulence?

Hon. R. F. SMITH — You can say that, Mr Davis, but I could not possibly comment.

This bill is designed to encourage investment in the planting of trees for a specific reason — that is, it is believed it will create what is commonly referred to as a carbon sink; the theory being that the trees will suck in a lot of the pollutants that are currently being created.

Hon. Philip Davis — A lot of hot air?

Hon. R. F. SMITH — A lot of hot air, particularly from the other side of the house, and other pollutants that are being created by mankind around the planet. Whether that works or not remains to be seen, but we all hope it does.

The issue of global warming is of concern to all of us in one shape or form. I must admit that I am under enormous pressure from my immediate family to support that line. My daughter is a honours graduate in environmental science. She has clearly stated to me that the evidence being gathered by reputable organisations, including the CSIRO, is not to be taken lightly and must be supported.

Having said that, a number of reports, books and articles have been written on global warming over a number of years. Some are quite contradictory. Late last night or early this morning I was watching a program that referred to a book, whose title I cannot recall, written 20 years ago. It claimed that by 2000 we would all be under water, there would be no industrial world as we know it, we would have run out of food and so on. It was gloom and doom. Obviously that did not happen, but that is not to say that there is not some merit in some of the arguments being made about the impact global warming is having on the economy. No matter what the arguments are and which side one takes I suggest all honourable members would agree that we should err on the side of caution. That is certainly the line I am taking.

Honourable members have referred to the impact of this bill on the Victorian economy in the rural sector and timber industry. Some honourable members have mentioned other industries. I would like to throw into the ring the impact some of these recommendations could have on the aluminium industry. Victoria has two smelters which contribute significantly to the economy overall. There is a strong argument that they are heavy polluters, but Geelong is by no means the worst polluter in the aluminium smelting industry — it is not too bad — and Portland is probably the best in the world in terms of low emissions and its controls.

Hon. Philip Davis — Did you have members down there?

Hon. R. F. SMITH — I had many members down there.

Hon. Philip Davis — So you are an expert.

Hon. R. F. SMITH — I am on the impact of the increased height of the stacks at Portland to ensure the outfall from the by-products does not endanger the local community.

Those smelters are important contributors to the Victorian economy and consequently the Australian economy. There are also smelters in Western Australia, New South Wales and Queensland. This very important issue should be considered sensitively in both the economic and environmental areas.

The purpose of this bill is to create explicit property rights for carbon sequestered by trees. That will be accomplished by amendments to the current act. The amendments will allow ownership of carbon to be held or traded separately from the timber or the land. The Kyoto conference has been mentioned on a number of occasions by numerous speakers. At COP3 — the COP being the conference of parties and 3 being the number of conferences held on the issue — which took place in Kyoto in December 1997, there were 10 days of tough negotiations involving all the relevant countries trying to bring about what is known as the Kyoto protocol. They did just that on 11 December. Under this protocol developed countries agreed to reduce their greenhouse gas emissions by an average of 5.2 per cent of the 1990 readings and to bring that reduction into play between 2008 and 2012. That is a brief overall view of the protocol reached at that time.

Unfortunately, following his election as President of the United States of America, George Bush announced that he has concerns about that protocol. He does not believe it is in the interests of the US economy. Honourable members would agree with our Prime Minister who said that if the US does not go ahead with it, it simply will not work. One must ask whether the Prime Minister sees that as an escape route for himself or Australia. I suppose we will never know, but by the end of the year it may well be irrelevant.

The bill aims to implement the government's election policy. In 1999 the Labor Party took a policy on this issue to the people. It also supports a cabinet decision made late last year to draft this legislation.

Hon. Philip Davis — That explains it. I have been wondering what the reason is and it is just to satisfy an election commitment.

Hon. R. F. SMITH — I will satisfy Mr Davis. The consultation was the usual round of consultation the government engages in prior to introducing changes of this sort. It resulted in us talking extensively to the conservationists — —

Hon. Philip Davis — They say you got it wrong.

Hon. R. F. SMITH — Of course they would; everyone says we got it wrong. One problem we have as a government is trying to find a balance. We cannot make everyone happy all the time. However, we believe this bill has gone a long way to satisfying the major parties — that is, the conservation groups, the private forestry development and investment communities and even the banks which expressed serious concerns about the impact it would have on their registered mortgages. They made strong representations to the government, and in this bill the government has addressed the issues relating to the impact these rights have on mortgages and their value.

The amendments to the Forestry Rights Act will encourage investment in greenhouse gas mitigation programs. Specifically, carbon sequestration has been identified as having the potential to attract significant additional capital in forestry and timber-based industries.

Hon. Philip Davis — We heard that in the second-reading speech!

Hon. R. F. SMITH — Yes, and I am glad the message got through. Forestry property agreements already exist but under the current legislation owners have significant problems with the impact that carbon rights would have on their particular properties. As I said earlier, those concerns were expressed not only by owners but by banks, and they have been addressed in the bill. Currently it is not a requirement to produce a certificate of title before title is amended. As a result of this bill, it will be.

The bill provides the necessary legal basis for addressing carbon rights in Victoria. It is an important step forward in establishing a long-term strategy for that investment and addressing the greenhouse issues.

In conclusion, while global warming is in itself a contentious issue and will be for an extended period, particularly for those on the opposite side of this house, I stress that it is in my view important that we err on the side of caution. On that basis, I commend the bill to the house.

Hon. C. A. STRONG (Higinbotham) — As has been foreshadowed, the opposition's position is not to oppose the bill. That is a very appropriate position because, frankly, the bill is nothing but window-dressing. As has been highlighted by the Honourable Bob Smith, it is window-dressing as a result of a Labor Party policy commitment.

However, the issue the bill seeks to address is very important; in fact, critical. Although I am happy to say that the bill is no more than an attempt to deal with an election commitment, it tangentially goes to the enormously important issue of greenhouse.

What is greenhouse? It is where carbon dioxide, which is produced by human and industrial activities, rises and is collected in the higher strata of the atmosphere to create a blanket around the globe. That blanket serves

to insulate the globe and the various hot gases produced are less able to escape.

As the rays of the sun warm the earth, likewise that warmth is trapped by the insulating blanket, which results in the other phenomenon we call global warming. The insulating blanket of carbon dioxide traps the warmth and gradually the temperature of the whole globe rises with significant impacts that were mentioned earlier. It can melt the ice caps in the polar regions which then raises sea levels around the world.

There are many places in the world where small increases in sea level will have devastating effects. At one stage I had the pleasure of visiting the Maldives, a group of islands relatively close to Australia. Most of the islands are only about 2 to 3 feet above sea level. Any increase in sea levels means the Maldives and all the people living on them will go under water. One hopes the people will escape before that happens.

Global warming will also have a significant effect on the type of crops that can be grown, on the types of animals that can be farmed and the whole ecology of the earth. Global warming and the carbon dioxide blanket around the globe is a serious scenario. However, the point needs to be made that it is a scenario; it is simply a theory and a projection of what will happen based on all sorts of computer modelling, statistical analysis, weather patterns, flows of various hot gases and so on throughout the atmosphere.

It is fair to say that for many years now scientists have been trying to validate the theory of global warming to establish whether the theory is backed up by all the various modelling and is in fact taking place in practice. The real problem is that the changes are very slow. They are incremental in the extreme and they are overlaid by other changes that have a much shorter frequency. When you look at gatherings of statistics and the data that will back up the whole global warming scenario it is somewhat difficult to establish whether we are looking at short-term or long-term trends and therefore to gauge the extent to which global warming is taking place.

It is fair to say that there is still some controversy as to whether global warming is fact or fiction. However, for the sake of the world and the future of the human race, we cannot afford to take the risk. Just because it is not necessarily 100 per cent proven does not mean we should not act. As a form of reasonable insurance I believe it is absolutely appropriate that we should act.

The desire to act came to a head with the Kyoto protocol, which established a regime for the reduction of carbon dioxide emissions. That goes to the issue of how to reduce the amount of carbon dioxide going up into the atmosphere. Science tells us there are two ways. One way is obviously to produce less. The other way is that even if the same amounts continue to be produced, if some sort of mechanism can be devised to soak it up, as it were, before it reaches the atmosphere, it can be taken out of the atmosphere as well. There is a double whammy — you produce less and you also have a mechanism to soak up what is produced. That is the whole theory of carbon sequestration in forests and plants.

The issue is obviously extremely important to Australia. Although this is a small country and in actual terms the effect of our contribution to greenhouse or CO_2 production is very small — almost infinitesimal — nevertheless relatively our highly industrialised society produces a great deal of CO_2. If we were to halve our CO_2 emissions it would make an enormous difference to the economy of Australia but it would make hardly any difference to the total amount of carbon dioxide pumped into the atmosphere.

That is particularly true for Victoria, because one of our key industrial and natural assets is the vast brown coal deposits in the Latrobe Valley, which allow us to produce very inexpensive electricity. However, of its nature brown coal is a bad fuel in CO_2 production. Therefore potentially we have an enormous asset in brown coal to produce electricity but in using that asset we cause a great deal of damage to the atmosphere. The value of the asset is put at significant risk if Australia and Victoria sign up to the protocols. We will find ourselves producing less and less energy from brown coal and therefore that asset will be significantly depreciated.

Victoria has, however, enormous potential to reduce carbon dioxide emissions through carbon sinks because Australia, particularly Victoria in its lusher southern regions, has enormous potential to grow, market and use for economic benefit forests for carbon sequestration. As I said, that opportunity for Victoria is counterpoised against the risk that in the new, post-Kyoto environment Victoria's asset in the Latrobe Valley brown coal will not have a significant value. If we can get forest carbon sequestration going, that will offset the depreciation of that asset.

As other contributors to the debate have said, the position taken recently by the United States has put a temporary question mark over the forward process of the Kyoto protocol. I have no doubt at all that although there will be hiccups along the way progress towards developing an international agreement on reducing

greenhouse gases and carbon dioxide emissions is absolutely inevitable. Coming to international or any agreements is fraught with all sorts of trips and stumbles along the way, but I have no doubt that at the end of the day — which is not very far off — there will be some movement towards reaching such an agreement, whatever form it may take.

One of the unresolved issues in carbon sequestration in trees is that although there is absolutely no question that as plants grow they take carbon dioxide out of the air — —

Hon. Philip Davis — Are you going to try to define the term? The minister failed to do so.

Hon. C. A. STRONG — It is simply the collection.

Hon. Philip Davis — Is it defined in law somewhere?

Hon. C. A. STRONG — I do not know whether it is defined in law, but sequestration is a well-used term, basically meaning to collect together at one point.

The point I was driving towards — which is another fascinating outstanding issue relevant for Victoria, let alone the rest of the world — is that when the all the carbon dioxide is taken up into the tree and the tree has stopped growing, as trees do not last forever, what happens to the carbon in the tree? When the tree falls over, rots, burns or whatever — —

Hon. E. G. Stoney — Make it into paper.

Hon. C. A. STRONG — Indeed it might be made into paper. Then that carbon is released into the atmosphere. Carbon sequestration has been put forward as one of the solutions to greenhouse. Honourable members need to bear in mind that there is a large — and I understand growing — body of opinion suggesting that it is not a solution. It merely defers the release of carbon because when the trees have stopped absorbing, that carbon is released into the atmosphere as they decay or whatever.

The bill is a bit of window-dressing because currently no mechanisms exist for dealing with the carbon credits issue that give forests some value. The bill allows nothing that cannot be done between contracting parties. The bill provides that a person can own land and can plant trees on that land and somebody else can own the trees and those trees have another value by virtue of the fact that they have carbon in them. There is no reason why a contract cannot provide for that right now. In many places around the world that is happening, with industries buying pine forests and various plantations in anticipation of carbon trading being introduced. There is no reason why things envisaged by the bill cannot happen — they are happening now.

In conclusion, I refer to why I think the bill is nonsense. The second-reading speech states, in part:

> An emission trading system is not imminent and the commonwealth government has recently followed Victoria's lead in accepting that emissions trading in Australia should not precede implementation of international emissions trading.

The systems of ownership and so on have been established but there is no trading. The Victorian government is pressing the commonwealth government to go slow on the issue. The second-reading speech further states:

> Introduction of this bill does not presage early action on emissions trading.

In a further attempt to reinforce the window-dressing the second-reading speech states:

> … this legislation would need to be replaced or augmented with nationally consistent legislation to support the trading scheme and its attendant carbon accounting practices.

The speech admits nothing is happening. It says that when it looks as though something is about to happen the legislation would need to be replaced. That demonstrates that although the issue identified is real and important, it appears the bill is nothing more than window-dressing to allow the government to say it has delivered on its election promise.

Motion agreed to.

Read second time.

Third reading

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

> That this bill be now read a third time.

I thank all honourable members for their contributions to the debate on this important bill to create exquisite and separate property rights for carbon sequestered, absorbed or collected in trees and to provide the legal basis for investment in carbon rights in Victoria as an important step towards addressing greenhouse issues in this state.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

ENVIRONMENT PROTECTION (LIVEABLE NEIGHBOURHOODS) BILL

Second reading

Debate resumed from 3 April; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. ANDREA COOTE (Monash) — I have pleasure in speaking about the Environment Protection (Liveable Neighbourhoods) Bill. The Liberal Party will not oppose the bill, but that is not to say it does not have significant concerns about it.

I shall outline what is included in the bill. Part 1 sets out the purpose of the bill. Part 2 clarifies that the Environment Protection Authority can develop a full range of economic measures, including a mix of policy tools such as tradeable discharge and offset measures. Part 3 deals with neighbourhood environment improvement plans, known as NEIPs. That is the contentious part of the bill, and I will elaborate on those provisions later.

Part 4 deals with improvements to recognise the growing trend for producing corporate environmental reports. The loophole that now allows an environmental auditor to issue a certificate or statement of environmental audit without completing an environmental report will be closed. Most people will be happy that the loophole will be closed. Part 5 deals with general amendments. The minister's second-reading speech states:

> The Bracks government is committed to developing strategies to deliver safe, liveable and sustainable environments. The government is also committed to ensuring that local needs and the view of local communities are fully heard and properly heeded in efforts to protect and enhance the Victorian environment.

The Bracks government came to power on a platform of transparency of government and consultation. It made a great deal of that aspect. However, many cracks are appearing in the transparency of the government and in the portfolio of the Minister for Conservation and Environment in the other place.

The minister talks about dealing with the community and taking the community's interests to heart through consultation, but I remind the house of what the minister has been doing with the issue involving the Wombat State Forest and the Otways. An article in the *Herald Sun* of 21 April under the heading 'Holding firm in forest battle' deals with a controversy that has been raging in the Otways. The article states:

> Environmentalists from Otway Ranges Environment Network —

known as OREN —

> argue Ciancio is a crucial buffer needed to protect the threatened rainforest.

In her second-reading speech the minister has pushed the importance of consultation, but according to the article OREN claims that:

> … the government's approach that 'managed harvesting' and attempts to maintain the health of forests is a farce.

It does not end there, because the minister seems to have stepped on the toes of friends of the Labor Party — that is, the Construction, Forestry, Mining and Energy Union. The *Herald Sun* article further states:

> Caught in the middle of the debate are the loggers, who see Ciancio as wood to be harvested, giving them their weekly wage.
>
> Their union, CFMEU, claims the workers are being held hostage and are bearing the economic burden of the forest dispute.

Hon. G. D. Romanes — On a point of order, Mr Acting President, the bill deals with matters of protection relating to the Environment Protection Authority. To date the Honourable Andrea Coote has spoken mainly about the minister and forest issues. Will you bring the honourable member back to the bill?

Hon. Philip Davis — On the point of order, Mr Acting President, normally latitude is allowed for the lead speaker in debates such as this. Given the nature of the second-reading speech there is sufficient scope for the honourable member to set the scene for a detailed submission.

The ACTING PRESIDENT (Hon. E. G. Stoney) — Order! Mrs Coote is the lead speaker and is developing her argument. There is no point of order.

Hon. ANDREA COOTE — In case Ms Romanes missed the point, I reiterate that the second-reading speech refers to consultation, and I repeat what the minister said in that speech:

> The government is also committed to ensuring that local needs and the view of local communities are fully heard and properly heeded in efforts to protect and enhance the Victorian environment.

I was about to explain how the minister did not consult on the Otways controversy. In fact, in a letter to the honourable member for Doncaster in another place, David Hodge from the Housing Industry Association states:

> The Housing Industry Association is very interested in the liveable neighbourhoods bill that is before the Parliament, and I have been trying to get a briefing from the minister or the EPA to no avail.

Again there was no consultation. The Master Builders Association also had significant problems.

Hon. G. D. Romanes — On a point of order, Mr Acting President, the honourable member is quoting from a document and it would help the house if she gave the source of the quotation.

Hon. Philip Davis — On the point of order, Mr Acting President, no doubt the debate will be extended because of the number of points of order called by Ms Romanes. As the lead speaker for the opposition, Mrs Coote has the opportunity to make her contribution as she sees fit. The rules of debate do not require her to give the source of information as requested in the point of order raised by the honourable member. It is up to Mrs Coote whether she gives the reference of that letter; it is not up to other members to insist on her providing it.

The ACTING PRESIDENT (Hon. E. G. Stoney) — Order! the honourable member is entitled to quote from documents. She may or may not make the source of the documents available to the house — it is at the discretion of the honourable member.

Hon. ANDREA COOTE — I am happy to inform the house that the email was sent by Mr David Hodge to the shadow minister, the honourable member for Doncaster in the other place, on 21 November last year.

I attended a meeting of the Master Builders Association in November last year and I am relaying the significant concerns its members expressed to me. They were confused about the role of local government; they were concerned about gridlock; they thought the bill was vague and confusing; and they could not determine what the bill was attempting to achieve.

I approached several peak organisations about the bill after the second-reading speech was given in the other place on 22 November last year. I received surprising responses. I reiterate that in the second-reading speech the minister talks about consultation, but she had little consultation with peak organisations about this bill. I again refer to correspondence from David Hodge of the Housing Industry Association, who wrote to me on 22 February. He states:

> This lack of consultation has resulted in a proposal to introduce another layer of land use planning control that does not integrate well into the Victoria planning provisions.
>
> HIA's main concerns are the lack of consultation on the bill, the issue that the overall objectives of the bill appear to be reasonable, however, in a worst-case scenario it could be used by anti-development groups to stop reasonable development proposals.

I thank the peak organisations with whom I spoke because they were extremely helpful and were happy to debate their concerns. In particular I thank the Housing Industry Association, the Master Builders Association and the City of Stonnington.

A contentious part of the bill involves the neighbourhood environment improvement plans or NEIPs. I spoke with the City of Stonnington to ask what consultation it had had with the minister and how it felt about the bill. I was surprised to receive a letter dated 1 February from Hadley Sides, the chief executive officer of the council, telling me that he had forwarded a copy of a report on the council's concerns to both the minister and me so we would both be aware of those concerns. The report sets out a complete list of the council's concerns, particularly about the neighbourhood environment improvement plans. The report states:

> The minister is of the view that local government (local communities and the state) needs a new tool to help them address local environmental issues in a more useful and cost-effective way. This view appears to assume that tools currently in operation are less useful and less cost effective than the NEIP model proposed. Where is the evidence/analysis to support this assumption?

It goes on to refer to the council's concerns about cost. It is not just the City of Stonnington that is concerned about costs; other peak organisations are also concerned. The report further states:

> Clearly there is likely to be some not insignificant council resources involved in preparing NEIPs — although at this stage it is difficult to accurately define resource implications (see advisory committee comments later in this report — a clearer picture of resource implications should be known upon the completion of the committee's designated tasks).

The council also wants to know the ramifications and penalties for non-compliance with the EPA-endorsed NEIP. There is no clarification of that point.

In a letter dated 22 February sent to both the shadow minister, the honourable member for Doncaster in another place, and me, Mr Rob Spence, the chief executive officer of the Municipal Association of

Victoria, states that the association's preferred position is:

> That part 3 of the bill, the neighbourhood environment improvement plans, be held over for substantial review and amendment, particularly to consider the consistency with other legislation such as the Local Government Act. Such a process could involve careful consideration of local government concerns about the bill and allow principles for resource allocation, scope, timing and review mechanisms to be built into the bill rather than into subsidiary guidelines.

The letter further states:

> The MAV is very concerned that the core elements of the content, process, resource implications, timing and scope of the proposed NEIPs are to be determined by subsidiary guidelines.

Those statements were made after the minister made her second-reading speech in the other place.

The Environment Liaison Office is made up of a group of organisations including the Australian Conservation Foundation, Friends of the Earth, Environment Victoria, the Victorian National Parks Association and the Wilderness Society Victoria. In its report on the spring sittings of Parliament from 15 August to 29 November last year it states:

> The ELO group considers the initiative for neighbourhood environment improvement plans to be an elaborate and time-consuming way to achieve improved environmental outcomes, especially when additional resources for community input do not appear to be part of the initiative.

As I said earlier, the minister made her second-reading speech in November last year and both the shadow minister and I contacted peak organisations to whom I have referred to discuss these important issues. The Housing Industry Association was pleased that we brought these issues to its attention. In a letter dated 22 February David Hodge, the association's planning and environment assistant director, states:

> Thank you for convening the meeting with Victor Perton, Robert Clark and yourself to discuss HIA's concerns with the Environment Protection (Liveable Neighbourhoods) Bill.

The Liberal Party undertook consultation because it was concerned about what was going on, unlike the minister and her department. The peak organisations were surprised about that lack of consultation. I do not believe the bill would be drafted in the way it is if it were not for the excellent efforts of the shadow minister, the honourable member for Doncaster in the other place.

I will conclude with a quotation that encapsulates the feelings of not only the Liberal Party but other members of the community about the Minister for Environment and Conservation. The *Sunday Age* of 29 April in its letters section states under the heading 'Thank you, Joan':

> Thank you, Joan Kirner (Your say, 22/4) for honouring Minister Sherryl Garbutt's contribution to women's affairs. Now all the Premier needs to do is find a minister for conservation. It would be in Victoria's interests to do so.

Hon. G. D. ROMANES (Melbourne) — I am pleased to speak on the Environment Protection (Liveable Neighbourhoods) Bill, which amends the Environment Protection Act 1970 to include principles of environment protection, to provide for neighbourhood environment improvement plans, to make provision for environmental audits and to improve the operation of the act. The bill inserts a statement of purpose into the original act and sets out principles of environment protection to underpin the legislative framework that will be the basis for ecological sustainable development in our community.

The bill introduces 10 principles of environment protection which range over a number of areas. Clause 3, which inserts proposed section 1B, enshrines the principle of effective integration of economic, social and environmental considerations in decision making. That refers to triple bottom-line processes and accounting and attitudes to decision making.

Proposed section 1D incorporates the principle of intergenerational equity so that we are mindful in our decision making and actions at this time in history to ensure that the environment is conserved for future generations.

Proposed section 1H, which provides for the principle of product stewardship, states:

> Producers and uses of goods and services have a shared responsibility with Government to manage the environmental impacts throughout the life cycle of the goods and services, including the ultimate disposal of any wastes.

That principle reminds me of the Sydney Olympic Games experience. Honourable members would be aware that the preparation and implementation of the Olympic experience produced excellent environmental performance and a wonderful legacy in terms of the environment in this country, in particular about waste, recycling, energy savings in buildings and sports facilities and in the use of public transport. Some 90 per cent of people who attended Olympic Games events used more environmentally efficient public transport.

However, proposed section 1H, relating to the principle of product stewardship, reminds me that the actual performance in relation to products was poor and there

were poor ecological sustainable outcomes in that aspect of the Sydney Olympic experience.

Criticism has been expressed in the other place about the inclusion of these principles in the purposes clause of the bill as a motherhood statement. It is important to lift the bar to improve environmental performance. The setting of objectives and clear directions has a role to play in the outcomes, and that is precisely what happened with the Sydney Olympic experience — the environmental objectives and directions that were inserted into its act by the New South Wales Parliament provided for the planning and preparation for the Olympics and a number of principles and ideals that were ultimately met in Sydney.

I believe there is widespread community support for improved environmental performance. Honourable members who contributed to another debate earlier today cited news poll surveys of 6 to 8 April indicating that 80 per cent of Australians believe Australia should ratify the Kyoto protocol, although the United States of America will not involve itself. Australia, one of the biggest polluters, shares 1 per cent of the pollutants in the world per person of greenhouse gases despite having less than 0.3 per cent of the world's population. The news poll revealing the intention of Australians about the Kyoto protocol highlights the fact that there is a strong sense of responsibility among the majority of people in this country about environmental issues. If the principles enshrined in the bill can serve to drive and pervade everything we do in government, which in turn influences business and the general community, then this part of the bill will become a powerful force for environment improvements and protection.

Clause 6 of the bill provides that orders may be made for the Environment Protection Authority to develop economic measures as economic incentives to avoid or minimise harm to the environment or any portion or segment of the environment by particular activity. We know the EPA has some tools to use in its work to protect the environment, such as licences, works approvals, notices and various mechanisms to achieve the objectives on behalf of the community. But this clause, with the criteria and conditions attached, makes it possible for other economic measures such as tradeable emissions permit schemes and environmental offsets to also be used as a means of achieving cost-effective environmental protection or regulation.

The key area that is encapsulated in the title of the bill relates to clauses 8 to 11 which allow for neighbourhood environment improvement plans. There is a precedent for these plans, which are the industry environment improvement plans already in place in Victoria. Of the 55 industrial site improvement plans, 53 have been developed voluntarily between the parties affected by them. The environment improvement plans that already exist in industry provide a precedent and a model for what the bill is seeking to put in place more generally throughout the community.

The EPA received correspondence from Boral on 4 December 2000, which indicated that allowing for neighbourhood plans was the natural next step in Victoria after the success of the industrial site environment improvement plans.

The correspondence acknowledges that the extension of the concept of environment improvement plans into the general community and into neighbourhoods is a further step forward. Neighbourhood environment improvement plans can be developed as a result of a directed proposal by the EPA or a voluntary proposal. They will deal with the complex and cumulative effects on the environment of large industry and commercial activity, motor vehicles and appliances such as lawn motors and wood heaters, the range of which can affect the land, air pollution, noise, water quality and so on.

The neighbourhood environment improvement plans will become statutory tools with great potential to tackle important environment issues in a particular area and will help parties come together to establish community priorities on environmental issues.

From an experience I had as a councillor on the Moreland City Council with problems in the Leo Street, Fawkner, area I can see that neighbourhood environment improvement plans will be a very useful tool in helping to resolve some of the difficulties that arise in some communities.

In the Leo Street, Fawkner, area there was a longstanding problem involving a polluting industry that was close to residences. It took nearly four years for the EPA, the local Moreland City Council, business and residents to resolve some of those issues. I believe a resolution has only just been reached. The source of the pollutants has been established and a long investigation has determined that there is no technology to adequately deal with the problem on site. In that case the only solution was to move the industry to another site within the municipality.

I am sure that if the improvement plans had been in place they would have been a way forward; instead, convoluted dealings took place over a number of years to work out whose responsibility it was to resolve the longstanding problems.

As the previous speaker said, there are issues of resources and the commitment of time by the parties, including local governments, and a need to ensure that when the neighbourhood environment improvement plans are in place there is ongoing monitoring and implementation of them.

I have no doubt that neighbourhood environment improvement plans will stretch the resources of the community outreach program of EPA offices and the resources of local government. However, I understand from the local government people to whom I have spoken that there is an opinion out there that if this process provides greater certainty in the interface of responsibilities between the council and the EPA, neighbourhood environment improvement plans will be welcomed by local government and the EPA. That is because these very issues have been the subject of demarcation disputes between local government and the EPA over many years.

In front of me is a long list of the various meetings and contacts the minister has had with the Municipal Association of Victoria, the Victorian Local Governance Association, the Environment Liaison Office, the Victorian Employers Chamber of Commerce and Industry and the Housing Industry Association over a long period from August 2000 right up to February 2001. It is an extensive list of consultation and contacts between all those parties and the government. I will leave it to my colleague to speak in more detail about the consultations the minister and her office had with various key parties.

Hon. Andrea Coote — On this bill?

Hon. G. D. ROMANES — On this bill. But as I have said, my colleague will expand on that further.

Clauses 12 to 14 provide for important improvements in the area of environmental audits and will improve the effectiveness of the audits of contaminated land and industrial facilities. They include an improved notification of the audits and results to the responsible authority and the EPA and the immediate reporting to the EPA of any discovery of imminent environmental hazards, and a provision for the notification of audits and results and statements of conditions to prospective occupiers of particular sites. Other general amendments overall serve to improve the operations of the act.

This is an important bill. I believe it reflects the community's desire to put in place further mechanisms to enhance the protection of our environment for the wellbeing of communities and for future generations. I commend the bill to the house.

Hon. P. R. HALL (Gippsland) — I am pleased to indicate that the National Party will not oppose this bill. It agrees with the comment in the second-reading speech:

> … that people are becoming increasingly aware of the importance of their environment to their quality of life.

I spoke about the environment issue some weeks ago in this house during debate on a notice of motion. I spoke about country people and their concern for their environment. I maintain that country people, probably more so than anybody else, are concerned about their environment. Fishermen in country Victoria care for the marine environment and are also concerned about ensuring resource sustainability. The issue of resource sustainability is also shared by timber workers. Our farmers understand the importance of their soil and sustainable production. People in regional towns rely on producers and users of natural resources.

In the country we know about water conservation and issues such as pollution. We know about waste treatment and we know about the importance of maintaining habitat for native flora and fauna. It is part of everyday life for country Victorians, and we welcome the rest of the population catching up in some respects to what people in country Victoria understand. The National Party does not oppose this bill, but I welcome the opportunity to speak on aspects of it.

As has been said, the bill can be divided into four main areas. The first inserts the purpose and principles of environment protection into the act; the second allows the Environment Protection Authority to develop economic measures, such as tradeable emission schemes or environmental offsets; the third provides for the establishment of neighbourhood environment improvement plans; and the fourth allows the EPA to appoint environment auditors and sets out a framework for environment audit reports.

I shall make some brief comments on each area, but I shall pay particular attention to the first, which concerns the insertion into the Environment Protection Act of a purpose and statement of principles of environment protection. Some of those principles of environment protection are of particular interest to me and my colleagues in the National Party.

A couple of them were mentioned by the Honourable Glenyys Romanes. The first one she mentioned, which is the first one I want to talk about, is the principle of integration of economic, social and environmental considerations. It refers to the effective integration of economic, social and environmental considerations in the decision-making processes.

The Honourable Glenyys Romanes described that as the triple bottom line. The National Party would agree with that. Decisions should take into account an economic impact, a social impact and an environmental impact. But our experience has been that politics often gets in the way of good decision making and the appropriate balance is not always achieved. The balance is often influenced by political considerations rather than by economic, social and environmental considerations.

The National Party is not convinced that the experience has been that economic and social impacts in particular have been given due consideration. I need only refer to some recent reports by the Environment Conservation Council where the lack of an economic and social impact drew scathing criticisms from all sorts of groups — environmental as well other groups — particularly the lack of rigour associated with an economic and social impact.

One of the other principles in the bill is called the precautionary principle. In part that states:

> … lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.

I hope that is not going to be used as an excuse for a lack of rigour in scientific investigation. If we are to make decisions, they must be based on sound judgments. There have been reports and studies completed in this state in recent years where I do not believe sufficient scientific investigation has been made in respect to those matters.

I again refer to the recent marine park report produced by the Environment Conservation Council where there was little scientific research put into aspects of that particular report. Another principle, called the principle of intergenerational equity, states:

> The present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

I do not altogether disagree with that particular statement, but when one considers it we need to take into account that our environment changes. The environment in Victoria today is not the same as it was 100 years ago, and not purely I would say because of the habitation of that land by humans. Our forests and ecology have changed.

In the previous debate today honourable members referred to global warming and its impact. Some comments were made that that is a natural cycle that is taking place. Let us not be fooled by the fact that we think what we have today should be preserved in its exact form. It can never be preserved in its exact form. A. W. Howitt, for example, in his 1890 publication *The Eucalypts of Gippsland*, spoke about the forests of Gippsland being open, grassy forests where there were large habitat trees and room for the bullock drays to bring goods down from New South Wales when Victoria was first settled. I would say that the forests in Gippsland are vastly different today from what they were 100 years ago. Probably if you were measuring their environmental values, they are nowhere near as good as they were 100 years ago because we have failed to manage them in a natural manner. They are vastly different. Our environment changes. Let us not be fooled by saying that what we have today needs to be maintained perfectly as it is today for future generations.

I move to another provision called the principle of improved valuation, pricing and incentive mechanisms. It says that environmental factors should be included in the valuation of assets and services. Valuing environmental factors is certainly going to be a challenge for the auditors in this state. It goes on to say that users of goods and services should pay the prices based on the full cycle costs of providing the goods and services, including costs relating to the use of natural resources and the ultimate disposal of waste. Perhaps we should ensure that the people of Melbourne pay full value for the water that they take from some of the Gippsland rivers and streams. Perhaps we should be taking into account the cost that the government has now undertaken towards improving the Gippsland Lakes as part of the cost of harvesting and redirecting water to Melbourne. It is not just a simple matter of paying for the storage and transportation of that water; we should be paying for the environmental impact that it has had on other parts of the state from which that water was harvested. If we look at that principle and apply it literally, that is what we should be doing.

It is the same thing with the provision like the principle of shared responsibility, which states:

> Protection of the environment is a responsibility shared by all levels of Government and industry, businesses, communities and the people of Victoria.

What happens when we come to the protection of native vegetation on private land around the state? If it is perhaps deemed that for the good of the community we need to preserve that native vegetation on private land, that is the responsibility for all of our community, as it says in that principle, and we should pay those private land-holders for the preservation of that native vegetation. Again, when we have these principles that we are agreeing to put into the Environment Protection

Act, if we are fair dinkum about looking after our environment and if we are fair dinkum about the whole of the community paying for environmental improvements, when it comes to issues like preserving native vegetation on private land, if it is deemed that that is required by the community, the community should pay for it.

They are important issues that we are going to face as they come to our attention from time to time. In the National Party we say, 'Fine'. Although we might argue about some of the principles that have been imposed there, now that they are there they will become the yardstick for the test on a whole range of environmental issues. We will certainly watch and use them with a great deal of interest and ensure that our community, our people in country Victoria, are protected.

I turn to some of the economic measures that have been mentioned. The economic measures put in the bill are described on page 3 of the second-reading speech where the minister states:

> An 'economic measure' is a tool which seeks to achieve an environment protection aim by harnessing market forces.

It was difficult to try to understand exactly what that meant. Further down it helps me by saying:

> The act already allows EPA to use economic measures such as financial assurances, landfill levies and licence fees.

So that is what we mean by economic measures — licence fees and the like. The second-reading speech also states:

> Part 2 of the bill simply clarifies that EPA can develop the full range of economic measures such as tradeable discharge permits and offset measures.

For an explanation of 'tradeable discharge permits' I refer the house to page 9 of the bill where it is fairly well spelt out. Importantly, with this legislation economic measures will be developed by regulation. There will be impact statements and opportunities for people to make comments about them. Again, I am not entirely sure of all of the different economic measures that have been envisaged by the government and the EPA. Nevertheless, my comfort is that they will be developed by regulation, and therefore there will be ample opportunity for discussion about those before they are implemented.

The Honourable Andrea Coote has spoken fairly extensively about the third area of the bill — neighbourhood environment improvement plans — so I will limit my comments to say that they are very much like the industrial site environment improvement plans that have been in existence for around 10 years in this state, where industry has been either voluntarily or compulsorily required to enter into those plans. Of the 55 that currently exist in Victoria — the vast majority — 53 had voluntary industrial site environment improvement plans. I note that there are many of those in my electorate in Gippsland — organisations like Australian Paper at the Maryvale paper mill at Traralgon West; Loy Yang Power, just south of Traralgon; Edison Mission Energy, just south of Traralgon; Yallourn Energy; the Central Gippsland Region Water Authority; Bonlac Foods at Darnum; and the Jeeralang gas turbine station in Morwell owned by AES Transpower Holdings — and all have industrial site environment improvement plans.

We in the National Party are describing neighbourhood environment improvement plans as almost bringing the concept of Landcare to the city, the regional towns and the metropolitan area. Landcare has been around for many years. Landcare comprises groups of like-minded people who come together to resolve common environmental issues in their areas. It might be a pest animal, weeds or salinity issue. When an environmental issue arises Landcare groups, people with a common interest, get together to try to resolve it. The concept of neighbourhood environment improvement plans involves people living in regional cities, towns and metropolitan area coming together to resolve their local environmental problems.

The National Party can understand the concept because it has worked so well with Landcare. The challenge in making neighbourhood environment improvement plans work successfully is to get community involvement and hence community ownership. Landcare has worked so well because in the order of 60 per cent of land-holders in any one region are involved in Landcare programs. Neighbourhood Watch works best when a bunch of the community is directly involved. Neighbourhood environment improvement plans will work best if the community is involved and they have community support.

The last part of the bill deals with environmental audits. These have also been around for some time and are a common process undertaken when former industrial land is rehabilitated and used for other purposes. There is an increasing trend towards environmental reporting by the corporate sector. A large number of major industries submit annual environmental reports. Part 4 of the bill deals with environmental auditing but time prevents me from going into that aspect in great detail other than to say it is a trend that is working well. This bill pursues the concept and develops a framework for a process of further environmental auditing. There are a

number of further minor amendments to the act but they are not controversial.

In conclusion, the National Party maintains its very keen interest in environmental matters. There are many challenges ahead in dealing with issues associated with the environment. National Party members recognise that and will continue their personal involvement in addressing those issues. We welcome the fact that this bill recognises that programs like Landcare, which has operated well in country Victoria, will now be brought to the city with neighbourhood environment improvement plans. The National Party welcomes that broadening of interest in our environment. Members of the National Party will watch developments on this bill with interest, particularly how some of the environmental issues are measured against the new principles of environment protection inserted in the act, and National Party members will speak on environmental matters when they are relevant to our constituencies. The National Party does not oppose the bill and will participate in future environmental debates.

Hon. A. P. OLEXANDER (Silvan) — I shall make a brief contribution to the debate on this bill on behalf of the Liberal opposition. I acknowledge the excellent contribution made by the lead Liberal speaker, the Honourable Andrea Coote. She introduced our arguments in a professional and factual way. I also compliment the Leader of the National Party for his thoughtful contribution.

Hon. Kaye Darveniza — What about the government?

Hon. A. P. OLEXANDER — I will get to that shortly. I have to contrast the contributions from this side of the chamber and the National Party with that of the Honourable Glenyys Romanes, who took us on one of the most convoluted journeys around environmental issues that I have been on for a very long time. I can legitimately describe her contribution to this debate only as fatuous.

As my colleague the Honourable Andrea Coote pointed out, the opposition does not intend to oppose this bill — for some very important reasons. The bill contains audit provisions and economic measures related to environmental impacts and minimising environmental degradation. We feel those provisions are viable, valuable and needed. We on this side of the chamber support those measures. However, this bill has a huge number of problems and I intend to point them out and let the government know that at least somebody is thinking about the impact of this legislation.

As is usual with a bill that comes under the control of Minister Garbutt, it has a huge number of empty platitudes, and they were reflected accurately in the speech of the Honourable Glenyys Romanes. The bill makes a large number of motherhood statements. Those things were given to us as feelgood statements, vague and fluffy — —

Hon. G. D. Romanes interjected.

Hon. A. P. OLEXANDER — The Liberal opposition has a slightly different viewpoint and I am putting it to you now, Ms Romanes. Those motherhood statements have not been backed up in the content of this bill with practical mechanisms for achieving what the government says it wants to achieve. The bill contains many contradictions regarding neighbourhoods, and I will discuss them during my presentation.

The bill is complex and convoluted because the so-called environment improvement measures that have been placed in the bill — the most controversial were pointed out by the Honourable Andrea Coote — have not been properly thought through or, importantly, coordinated with other areas of government and other ministries that are working on policy in the very same areas either impacting on neighbourhoods or creating new neighbourhoods. I will also deal with that in my presentation.

The bill has three major purposes. Firstly, it allows the Environment Protection Authority to use economic measures to improve environmental outcomes, and those measures are supported fairly strongly by the opposition. Secondly, it introduces the neighbourhood improvement plan system, which the opposition feels has inherent problems. Thirdly, as the Honourable Peter Hall pointed out, the bill also introduces a range of environmental audit tightening provisions, which the opposition also supports.

A lot of terms sprang out of the second-reading speech of the minister in the other place — terms like quality of life, livability, safety and sustainability and community control, which is an important concept, and health. All these things are brought together in the first part of the second-reading speech as leading to something called environmental quality. Not many people would dispute that these objectives are worthy, but there is a dispute as to whether the government's mechanical approach in putting this bill together has achieved most or any of those objectives.

The second-reading speech is also interesting because it concentrates largely on provisions in the bill that seek

to make further statements about objectives without really going into the detail of how they will be achieved. The bill has been amended in one part to make exactly those types of objective and purpose statements. I would have thought the government could have done more than just restate objectives from a policy document issued before the last state election. The government should have done more with this bill.

One of the problems the opposition has concerns the appalling nature of the consultations that took place. That has been alluded to at length by my colleague the Honourable Andrea Coote. The government hangs its hat on the fact that it consults widely and broadly with community groups. It is positioning itself in the public's mind as a consultative government, a government that talks, listens and responds. In the event that this bill went through a consultation process it was a very poor one at best and non-existent at worse.

Very many groups in the community feel aggrieved because they have not been properly consulted. Had the government been serious about consultation it could have referred the matter to a parliamentary committee or to the Environment Conservation Council, but it chose not to do so. We know the Environment Conservation Council would at least have run a thorough public consultation process — something the government simply could not manage.

It is also a fact, as alluded to by my colleague the Honourable Andrea Coote, that the Municipal Association of Victoria had something like two days to consider its response to specific provisions in the bill. It was clear to the association when it was consulted, just 48 hours before it would have to give a response, that the bill had been drafted by parliamentary counsel, had already gone through cabinet and was ready to go into Parliament. It felt very much that the consultation it was asked to undertake with the government was a farce.

The Housing Industry Association similarly had a short time frame in which to respond to specific provisions. It would be a mistake for the government to think those organisations have not communicated this to the opposition in detailed terms — a big mistake.

These last-minute consultations obviously had many groups talking with the opposition about amendments to the bill, serious amendments dealing with issues that affected them. They were talking to us about those matters until the day before the bill was due to be introduced into Parliament, when they were contacted by the EPA, a meeting was organised and they were finally consulted on the specific amendments. Most of those amendments were incorporated into the bill.

Asking people to consult on important amendments one day before a bill is due to be introduced into the other place, and then probably only because the opposition was ready to do it in the first place, does not in my view constitute consultation. It constitutes a reactive response in a policy context and a reactive response to what the opposition parties were doing.

The gymnastics of the government do not end there, but because of time limits I will have to leave it, save to say that the government and Minister Garbutt have not managed the consultation process at all well. We were told by the Municipal Association of Victoria, the Housing Industry Association and a large number of other affected groups that that is the case. I believe it is unwise for members of the government to contradict that.

Many of the groups and organisations who are talking to the opposition about environmental issues are legitimately asking: who is the environment minister in Victoria? We know who has the title of environment minister — Sherryl Garbutt in the other place — but people are asking who the environment minister is, because so many Bracks government ministers are making forays into environmental policy, particularly with regard to neighbourhoods, all having impacts on planning and approvals processes. People are understandably confused and perplexed by the regimes that are being presented to them.

I will address some of the issues, products of the Bracks government policy, that will have an impact on neighbourhoods. The Bracks government is responsible for a policy to ban landfill for toxic and hazardous waste in Victoria. That policy was released by the then shadow minister, Sherryl Garbutt, before the last election, unilaterally and without consultation. As a result of that we now have under the Minister for Major Projects and Tourism a committee looking around Victoria for sites for new above-ground toxic waste sites — 'No landfill anymore, so we will put the poisonous and hazardous wastes above ground. We don't know how we are going to do that, but we are already looking for the sites. We don't know which sites or which neighbourhoods'. That is not conducive to environmental protection.

Hon. W. I. Smith — It is in Camberwell.

Hon. A. P. OLEXANDER — I am sure the residents of Camberwell will be very interested to hear that their neighbourhood is a prime site for consideration.

But that is the problem. In effect, the Bracks government is building toxic waste sites on stilts — above ground, in drums and whatever. They will be sited around the metropolitan area — we do not know in which neighbourhoods — and might also be sited in rural or regional Victoria. It is likely that many of the those toxic waste sites will be in rural or regional Victoria.

If the government believes the opposition and the people of Victoria are going to swallow the line that it cares about green neighbourhoods in the context of that policy it is sadly mistaken. That is a disastrous policy, particularly given that the technology for above-ground storage has not been established. It is not safely established anywhere the world, and Victoria is going to do it! Before testing the environmental impact, before the technology has been selected, we have a policy of siting above-ground toxic waste dumps all around the state — not something that is conducive to good neighbourhoods.

I refer to the 'Locating of hazardous waste facilities' section of the Hazardous Waste Consultative Committee report of April 2000. Recommendation 8.6, which was accepted by Minister Garbutt, states:

> That for any future hazardous waste facility, a system of concentric buffers be adopted and protected by a planning overlay:
>
> > a core in which no land use other than a compatible waste facility will be permitted and which must be owned and controlled by the facility operator;
> >
> > an inner zone within which there will be no sensitive uses permitted; and
> >
> > an outer zone which offers relevant levels of protection to sensitive land uses and which may limit other land uses or development.

The very next recommendation tells us something about the magnitude of those zones. Recommendation 8.7 states that a core in which no land use other than a compatible hazardous waste facility will be permitted will be 500 metres. It mentions a distance of from 500 metres to 2 kilometres for the inner zone, and for the outer zone it mentions a buffer zone of between 2 and 5 kilometres. Think about the size of that. These things are going to be enormous, and that is acknowledged by the director of the EPA, Brian Robinson, who said the proposed above-ground containers would be similar to giant warehouses. I quote from an article entitled 'Toxic dump sites search' in the *Sunday Herald Sun* of 25 February:

> Dr Robinson said the proposed containers would be similar to giant warehouses and would require a large work force and tight security.
>
> He said there would have to be strict fire controls because flammable material would be stored.
>
> A previous report into Victoria's toxic dump capacities recommended long and short-term containers or repositories be built with buffer zones.

It is clear that the Bracks government is moving in that direction, but it will not consult with communities about where it will site these things. Members of the government will not talk about those issues because they would rather produce brochures and mouth platitudes about how environmentally friendly everyone's neighbourhood is going to be. Well, that is absolutely false.

If there are not ministers like Minister Pandazopoulos threatening the environmental viability of neighbourhoods around the state, there are ministers like Minister Thwaites, who has also taken it upon himself to play a game with neighbourhoods. He is creating a new green suburb in the north of Melbourne — a whole new suburb. I quote from his media release of 26 April:

> The project will create a new suburb at Epping North for 8000 households, ultimately accommodating 25 000 people …
>
> …
>
> The Epping North development will be a model of environmentally friendly design, including:
>
> > energy efficiency
> >
> > reusing and recycling water
> >
> > reducing waste
> >
> > reducing car dependence.
>
> The development will be designed so people can walk through it rather than relying on a car.

They are laudable objectives, but Mr Thwaites is not the Minister for Environment and Conservation. People are understandably confused about who is the minister responsible for the environment. The media release states also:

> Mr Thwaites said it will be the largest project undertaken by the ULC and is to be undertaken progressively over a 15-year period. ULC expenditure will be in excess of $300 million and the project will have an end value of approximately $1.8 billion.

It is very interesting that Minister Thwaites is building new green suburbs and Minister Garbutt is issuing public relations statements about better environmental outcomes in neighbourhoods, while Minister Pandazopoulos is running around trying to site and establish dangerous, untested and untried toxic waste dumps around Victoria and in our suburbs.

Honourable members interjecting.

Hon. A. P. OLEXANDER — I am addressing the bill from the perspective that the Minister for Environment and Conservation seems not to have a comprehensive approach to solutions to environmental problems in our state. She seems incapable of integrating her approaches with planning, major projects and environmental agencies. All the programs and agencies have separate regimes for environmental impacts. They have not been integrated effectively or efficiently. Each of the three ministers is moving in a different direction. That is confusing those who have to deal in the private and local government sectors with the planning matters revolving around the important issues I have raised.

The government does not seem to appreciate that. It seems to believe that overlapping one level of bureaucracy over another and yet another is an efficient way to run public policy in this state. The Liberal opposition does not believe that. Notwithstanding its significant concerns with the bill, the opposition does not oppose it.

Hon. KAYE DARVENIZA (Melbourne West) — It gives me great pleasure to support the very important Environment Protection (Liveable Neighbourhoods) Bill, which is not opposed by the opposition. The Bracks government came to office on a platform of empowering the community and involving it in making decisions that affect daily life and the shape of neighbourhoods. Prior to the last election the Labor Party made a commitment to the electorate that local views would be listened to and regard would be given to the needs of local communities in environmental protection as well as a whole range of other issues. The bill is really about empowering and involving the community in decisions that will directly affect it.

Honourable members interjecting.

Hon. KAYE DARVENIZA — I am getting to the consultation process. Stay with me and we'll get there!

The government wants safe and liveable neighbourhoods in Victoria for our communities and for them to have a say in their neighbourhoods. Once again we see the government delivering by introducing the Environment Protection (Liveable Neighbourhoods) Bill.

Members of the opposition addressed consultation. They got a bit excited about it in the other house and in here. It does not take much to excite them these days, particularly after dinner. And as the night moves on, they get more and more excited. Extensive consultation was undertaken during the development of the bill.

Hon. Bill Forwood — I have a guarantee that you will not speak for 15 minutes.

Hon. KAYE DARVENIZA — I guarantee I will not speak for 15 minutes, although I might have if Mr Forwood had been in here taking control of his members when they were delivering their speeches!

As I said, extensive consultation was undertaken during the development of the bill. The government consulted with companies, industry peak bodies, environment groups and local government associations. Contrary to what has been put by the opposition on the consultation process particularly with bodies such as the Municipal Association of Victoria, a number of meetings took place with the MAV during the drafting of the bill. As has been already been alluded to, a number of the MAV recommendations are included in the bill.

Regardless of what those on the other side have said about the lack of support for the bill, I shall list some of the bodies that support the bill. They were involved in consultation in the drafting of the bill and have come out in support of the government for introducing the bill. Your good mates in the Victorian Employers Chamber of Commerce and Industry like it; they are glad the government has introduced the bill. The Australian Industry Group, the Australian Environment Network, the Victorian Local Governance Association, the Environment Liaison Office — the umbrella organisation — the Victorian National Parks Association, the Australian Conservation Foundation, the Wilderness Society Victoria and Friends of the Earth all support it.

As I said, a whole range of organisations have been involved in extensive consultation on the drafting of the bill and they support the proposed legislation. Issues and concerns they have raised during that consultative process have been listened to and considered by the government and are included in the provisions of the bill.

I refer to a number of parts of the bill. Clause 1 sets out the purpose of the bill, which is:

> … to amend the Environment Protection Act 1970 —
>
> (a) to include principles of environment protection;
>
> (b) to give the authority the power to develop economic measures such as tradeable emissions systems;
>
> (c) to provide for neighbourhood environment improvement plans;

(d) to make new provisions for environmental audits;

(e) to improve the operation of the act.

As I said in my introduction, the main thrust of the bill is really about empowering communities to be actively involved in the identification and resolution of environmental problems in their neighbourhoods.

In my electorate of Melbourne West we have shown our resolve. Mr Olexander went on about the process the government is going through and how it is dealing with toxic waste. What about the action the opposition took when in government? It took unilateral action to put a toxic dump in Werribee — in the middle of one of Victoria's largest growth corridors and among market gardens that provide a range of products for Victoria. That is what the opposition, when in government, wanted to do. Did it stop? Not on your life! It announced, 'That is where it will be placed'. My constituents in Werribee, of whom I am proud, took up the fight.

Hon. M. A. Birrell interjected.

Hon. KAYE DARVENIZA — Too right she did, Mr Birrell. She did a sterling job in activating the community, which was opposed to having a toxic dump in the middle of Werribee. Where was your consultation and environmental planning, Mr Birrell? Where was your involvement with the community? It was non-existent! You would have put a toxic dump there; that is what you would have done!

The DEPUTY PRESIDENT — Order! Through the Chair.

Hon. KAYE DARVENIZA — The former government proposed to put it in the middle of market gardens. What stopped you? It could not be that you came to your senses, because I doubt you will ever come to your senses as you sit on the opposition benches — and you will sit there for a long time! You did not listen to or consult the community. You do not learn. What stopped the toxic dump? Members of the community became involved. They said, 'We will not have it, and we will not tolerate it'. That is not what they wanted, and in the end it was not what they got. They stood up, and they will stand up again. The dump was not placed in the middle of Werribee.

The western suburbs have a range of issues concerning the environment. On almost a daily basis we are confronted with those issues. The communities will use the legislation; they will be included and listened to. Plans will be made for what my constituents want. The western suburbs have chemical plants and tanneries that can be very smelly. I have presented a petition to the house from my constituents on that very subject. The legislation will strengthen my electorate's position and the ability of my constituents and all Victorians to participate in the planning and development of how best to address environmental issues.

Part 2 of the bill deals with principles of environment protection and other relevant principles. A review conducted by independent consultants recommended that principles and objectives be included in the bill. Part 2 introduces purposes and principles consistent with what I believe are community expectations and how we can continue to provide a safe and healthy environment for Victorians.

The inclusion of the principles will ensure that Victoria has the most far-reaching and sustainable principles of any Australian jurisdiction. They will become guiding principles to ensure that the Environment Protection Authority (EPA) adopts an integrated environmental, social and economic approach to the administration of environment protection.

Clause 6 deals with economic measures. The bill clarifies the EPA's power to use economic instruments. It will enable the EPA to apply a full range of measures to protect the environment, including tradeable emissions schemes that are being applied to environmental problems elsewhere in the world.

I have already dealt with part 3 of the bill, which covers environment improvement plans. That part of the bill will actively involve and empower the local community. The best solution to problems is to be found locally. The people who are being impacted on by the problems are often in the best position to find the best and quickest solutions — and solutions that are agreeable to the majority of the community.

The bill introduces neighbourhood environment improvement plans (NEIPs) that provide for a practical and cooperative approach to local communities becoming involved in identifying the problems and finding strategies for dealing with them. The plans will bring together a range of people in the community: government agencies, businesses, households and community groups, that can work together on the problems and improve the quality of the environment, be it air quality, noise, or local water problems — a whole range of issues with which the community deals all the time. That part of the bill is about involving and empowering the community.

The environmental audit provisions in part 4 are a response to the significance of environmental auditing

systems to land development in Victoria. Other honourable members have spoken in detail about this part, which introduces a number of specific requirements about environmental audits. It will ensure, as my colleague from the National Party said, that there is continuing success in environmental auditing and guarantees that the public will continue to have confidence in the auditing system.

I refer honourable members to part 5. The Honourable Peter Hall spoke in considerable detail about this part, so I will deal with it quickly. Part 5 refers to a number of general amendments to the Environment Protection Act that will remove anomalies and improve the administration of the act. The amendments clarify the scope of the act.

The neighbourhood environment improvement plans are an excellent way to ensure communities are involved in finding solutions to environmental problems. Problems exist in almost every suburb and region throughout Victoria and need to be addressed because of the concerns they cause to the community and their impact on the quality of life of individual communities. I fully support the bill, which recognises people's right to actively participate in their community, which is what the government wants.

Hon. K. M. Smith — Participate in what?

Hon. KAYE DARVENIZA — The bill will give people the opportunity to be involved in identifying the issues and concerns of their communities and, more importantly, to find solutions to the problems.

Hon. K. M. Smith — Your mob have never been interested in the community.

Hon. KAYE DARVENIZA — Of course we have; and that is why the Liberal Party is on the opposition benches.

I fully support the bill because it recognises people's right to be actively involved and to participate in decisions concerning their communities. I commend the bill to the house.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank all honourable members for their contributions to the debate on a bill that introduces a number of key reforms to the Environment Protection Act, including the building of a set of objectives in the form of sustained building principles and the introduction of neighbourhood environment improvement plans.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

FOOD (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

Read first time on motion of Hon. M. M. GOULD (Minister for Industrial Relations).

METROPOLITAN AMBULANCE SERVICE ROYAL COMMISSION

Interim report

Hon. M. M. GOULD (Minister for Industrial Relations) presented, by command of Governor, volume 1 of report of May 2001.

Laid on table.

ADJOURNMENT

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

That the house do now adjourn.

Drugs: methadone program

Hon. W. I. SMITH (Silvan) — I raise for the attention of the Minister for Industrial Relations, as the representative in this house of the Minister for Health, the concerns of a constituent who is a father whose daughter is a drug addict. The person acknowledges that I cannot change anything, but he believes it is important that the suffering and the issues drug addicts face should be exposed.

I will briefly go through his story and explain where he is coming from. His daughter has been on heroin for some time. Her mother died when she was very young, and the family has fallen to pieces. The daughter has

been on methadone for eight years and wants to get off, but cannot. It is an incredibly sad story. The family have broken down completely, and their lives are a mess. Unfortunately, Victoria does not have any rehabilitation units for drug addicts who are on methadone. New South Wales and Queensland have beds, and it is not uncommon for addicts to move interstate to undertake rehabilitation in those states.

The parent is an academic. He is an intelligent man, and he has done considerable research. He believes methadone is more addictive than heroin and is harder to get off because it is a synthetic drug. A lot of health practitioners in Victoria believe that methadone is easy to get off; that all you do if you are on a program is go to the doctor and he will reduce the amount of methadone you are receiving until you can get off it. I am told that is not the case. I recently visited the Jesuit drug centre for youth on an unrelated matter and spoke to some counsellors who are very experienced in the field, who told me that their experience is similar to that of the father I have referred to. They believe methadone does more damage to the body than heroin because it is chemically manufactured. It is more addictive and more difficult to get off, and Victoria does not have any rehabilitation beds.

The government says it is committed to helping solve the growing drugs problem that is decimating young kids. Is the government examining this issue regarding methadone, and will it look at providing rehabilitation beds for methadone addicts?

Bushfires: refuge review

Hon. P. R. HALL (Gippsland) — The matter I raise for the attention of the Minister for Energy and Resources, who is the representative in this place of the Minister for Local Government, concerns fire refuges throughout Victoria. It may seem an odd issue to raise for the attention of the Minister for Local Government, but a review was instigated by the Shire of Yarra Ranges in 1997 and a working party was established to look at refuges throughout the state. Membership of the review included representatives of local government, the Country Fire Authority, the Victoria Police, the State Emergency Service and the Department of Justice.

The review has been ongoing for some years and no conclusion has been reached. This is of great concern to my constituents at Bemm River in East Gippsland, whom I visited recently and who pointed out that the status of fire refuges is uncertain. They are concerned because there is only one way into Bemm River — from the Princes Highway East — and if there is a fire a nominated point of assembly for people will be needed if a fire is blocking access to the township.

I ask the minister to use his best endeavours to expedite the review so that the uncertainty about with fire refuges is removed.

Public transport: rural Victoria

Hon. D. G. HADDEN (Ballarat) — I raise with the Minister for Energy and Resources, who represents the Minister for Transport in the other place, the matter of public transport for Avoca residents. A weekly V/Line bus service operates from Maryborough, which is 26 kilometres from Avoca. It arrives at Avoca at 9.30 a.m. and at Ballarat at approximately 10.30 a.m. each Friday. The bus returns to Maryborough via Avoca in the afternoon. Many senior citizens and residents of Avoca travel to Ballarat on a weekly basis for health and associated appointments, shopping trips and visiting friends. In contrast, there is a daily bus service, which runs from Maryborough via Clunes to Ballarat.

On behalf of the residents of Avoca, will the minister investigate the possibility of increasing the weekly bus service between Avoca and Ballarat on a trial basis similar to the new return service initiative by Wannon Roadways to link western and central Victoria which operates between Bendigo and Ballarat via Maldon, Newstead and Creswick?

Disability services: text messaging

Hon. J. W. G. ROSS (Higinbotham) — I direct a matter to the Minister for Sport and Recreation for the attention of the Minister for Police and Emergency Services in the other place. Members may have seen in yesterday's IT section of the *Age* that the public is having a love affair with mobile phone text messaging services, known as SMS, and this is proving to be a goldmine for some telcos. People with disabilities such as hearing and speech impairment are especially attracted to the services.

My question relates to a profoundly deaf constituent who attempted to access the emergency 000 number using the SMS on her mobile telephone and was unable to do so. This was distressing to my constituent in an emergency situation. I understand that for fixed telephone landlines and public payphones a system known as TTY enables people with disabilities to access the 000 number and that suitable decoding devices are available.

Given the increasing popularity of mobile phone SMS, I would be grateful if the Minister for Police and

Emergency Services could look at the practicability of installing SMS decoding devices at the emergency services under his control. This would ensure that hearing and speech-impaired people could contact the police, ambulance and fire brigade using the SMS on the mobile telephones.

Given that nearly everyone in the community can contact the 000 emergency number using a mobile telephone, I believe it is unacceptable for hearing and speech-impaired people not to have similar access when the technology to do so is available.

Foot-and-mouth disease

Hon. W. R. BAXTER (North Eastern) — I direct a matter to the Minister for Energy and Resources for the attention of the Minister for Agriculture in another place and seek some assurance that the Victorian government and the minister's department in particular are prepared as well as they could be to deal with an outbreak of foot-and-mouth disease if we are ever unfortunate enough to have such an outbreak in the state.

I acknowledge that the primary responsibility for keeping foot-and-mouth disease out of Australia rests with the commonwealth department and with the Australian Quarantine and Inspection Service. I believe AQIS is doing a good job, as has been my recent experience at the airport, in ensuring that every precaution is taken. Nevertheless, with the number of people travelling these days and the fact that the system does to a large extent rely on the honesty of travellers, it is not beyond the bounds of possibility that we might unfortunately have an outbreak at some time in the future. I am seeking some assurance that the state is prepared to deal with such an outbreak, bearing in mind that if it did occur control would fall largely on state departments.

Last week I was in the United Kingdom and had a good look at the way the current outbreak of foot-and-mouth disease is being dealt with there. I must say that I was surprised by the apparent ill preparedness of the responsible departments and the Ministry of Agriculture, Forests and Fisheries to deal with the outbreak, despite the fact that they had had previous outbreaks, the most recent in 1967. One would have thought they would have everything in readiness and have a plan in place that could move quickly to deal with the outbreak.

It struck me that the department was lacking direction and was sending confused signals to farmers and others and was poorly organised to deal with the circumstances with which it was confronted. I know some government veterinarians from Australia also went to the United Kingdom. They will have a tremendous knowledge bank for the department here from what they have experienced and learnt in the United Kingdom.

I seek an assurance from the minister that the Department of Natural Resources and Environment, particularly the agricultural section, has a plan of attack in the bottom drawer that could be quickly launched into action in the unfortunate event that the state experienced an outbreak of foot-and-mouth disease.

Toxic waste: disposal

Hon. A. P. OLEXANDER (Silvan) — I raise a matter with the Minister for Sport and Recreation for the attention of the Minister for Major Projects and Tourism in the other place. Will the minister rule out the possibility of an above-ground toxic waste dump of the type planned by the Bracks government being built in the municipalities of Yarra Ranges, Maroondah and Knox?

Crime: victims assistance program

Hon. E. J. POWELL (North Eastern) — I raise an issue with the Minister for Small Business, who represents the Attorney-General in the other place. I have received a letter from the Hume region victims assistance program, known as VAP, advising me that the Department of Justice has recently announced a review of government-funded services to victims of crime. The review is to be completed by mid-2001.

The organisation does not have any concern about the review and is happy to be of help, but it is concerned about interim funding. The Hume region VAP has four workers servicing five locations. The main offices are at Wangaratta and Shepparton and the outreach centres are in Wodonga, Bright and Myrtleford. The support covers information about other support agencies and legal, court and police processes. The program offers practical support and advocacy, and the main assistance given is counselling to victims of crime.

The Hume region VAP informed me that since the significant cutbacks to the victims counselling scheme by the Victims Referral and Assistance Service (VRAS) as a result of the review it is unable to service the needs of the community with counselling. This has increased the burden on the counselling services of other rural agencies that have long waiting lists. Some victims of crime are waiting about a month to be seen, which is inappropriate.

The Hume region VAP and I have written to the Attorney-General but as yet have not received a response. That letter, written on 6 April, states:

> Since the inception of VAP in mid-1998, we have assisted over 2000 clients …
>
> We have been aware for some time that VRAS has been 'tightening eligibility criteria' for the victims counselling scheme due to increasing demands on the service.
>
> It has become evident, however, as our staff have attempted to obtain counselling, that few clients are being allowed access to the scheme. At first it was mainly victims of family violence and sexual assault that were being knocked back but now it appears that victims of all crime are ineligible.
>
> The lack of communication from VRAS regarding the situation with the victims counselling scheme has been frustrating and distressing for all involved. We did have a meeting with Judith Dixon scheduled for 22 March, however this was cancelled by VRAS at short notice and all our attempts to reschedule have been unsuccessful.

As this matter is urgent for victims of crime, not only in the Hume region but throughout Victoria, is the Attorney-General aware that there are victims of violent crime who are unable to access counselling services in country Victoria that had previously been provided through the Victims Referral Assistance Service, and now that he is aware of that, can he advise whether victims will receive counselling and support, given the waiting lists in other rural agencies during the interim process?

Preschools: funding

Hon. M. T. LUCKINS (Waverley) — I raise for the attention of the Minister for Small Business, who represents the Minister for Community Services in the other place, a matter relating to preschool funding.

I recently conducted a survey of 24 preschools in Waverley Province and found that they collectively need $215 000 for capital works and around $80 000 for new equipment, including computers, outdoor play equipment and toys. The previous government committed to providing every preschool in Victoria with computers and appropriate software programs to lessen the administrative burden on voluntary committees of management.

The Labor government has contracted two consultants to review preschool funding and administrative management. The first, Bill Pimm, apparently went off on stress leave and failed to report, and the second is yet to report. I suggest to the minister that surely she has enough expertise in her department to conduct the reviews herself in house without additional cost to taxpayers. She could do what I have done — that is, consult with and listen to kindergartens.

I call on the government to act quickly to ensure that the educative outcomes of three and four-year-olds are not compromised by the lack of action on behalf of the government. Urgent funding is required for basic maintenance, capital works and equipment.

An article in the *Waverley Gazette* of 1 May, which has run this issue, states:

> The state government did not respond to the Gazette's requests for information about funding.
>
> Glen Waverley South Preschool committee of management president Debbie Coleman said that when the state government announced last year that it would consult preschools on their needs, the school was positive about possible outcomes.
>
> 'But we haven't seen any results', Mrs Coleman said.

Examples of preschools in need in my electorate include: Appletree Hill in Glen Waverley, which requires $25 000 for a kitchen upgrade, shadecloth for the play area and painting; Brentwood in Glen Waverley, which requires new carpet, curtains and painting; and Mount Waverley, which has applied for a grant from the government to extend office space. It has raised $15 000 towards this and the total cost is $85 000. It has been waiting well over a year for a response from the government. The list goes on.

I call on the Minister for Community Services to provide assurances to kindergartens in Waverley Province and across the state that their needs will not be ignored in the upcoming state budget.

Water: rural infrastructure

Hon. B. W. BISHOP (North Western) — I raise an issue for the attention of the Minister for Energy and Resources, who is the representative in this house of the Minister for Environment and Conservation. The other day I was pleased to attend the opening of a new water filtration plant at Birchip. I note that another plant will open at Ouyen next week. These water filtration plants will deliver world-class water to the towns. Although they and other sewerage and waste water projects were the innovation of the previous government, I am pleased to see the Labor government supporting them.

The provision of world-class water and waste water sewerage systems to country towns is absolutely essential in drawing to them businesses, skilled tradespeople, medical practitioners and nurses to stop the declining populations and rebuild them in a sustainable way for the future.

There is now a need for the next part of the project in country Victoria — that is, the completion of the waste water sewerage system into towns such as Hopetoun and Ouyen, which the Honourable Ron Best and I represent. Those projects would have been completed if they had not experienced opposition by a minority of people who held them up for a long time. Can the minister assure me that these and other waste water sewerage projects are still in the program; and, if they are, when will they begin?

Eastern Freeway: Greensborough link

Hon. C. A. FURLETTI (Templestowe) — I refer the Minister for Energy and Resources, who is the representative in this place of the Minister for Transport, to an article in the *Heidelberger* of 3 April. The article quotes the honourable member for Ivanhoe in another place as urging the state government to build a tunnel linking Greensborough Road in the north of the electorate to the Eastern Freeway and passing under Viewbank, Bulleen and the Yarra River, to alleviate traffic problems in that area.

An Honourable Member — It would be the longest tunnel in the Southern Hemisphere!

Hon. C. A. FURLETTI — It could well be. The Public Transport Users Association has called Mr Langdon's suggestion 'a ridiculous proposal' and is quoted as saying that it would cost about $3 billion to build the 9-kilometre tunnel advocated by the local member. On 17 April in the same newspaper Mr Langdon announced the establishment of yet another advisory committee and ruled out the above-ground freeway in the area by saying:

> No freeway will go through Viewbank or the Yarra River while I am a member of the Bracks government.

That will be a short time! The cavalier approach to the traffic problems in the area by the honourable member for Ivanhoe is, on the one hand, creating grave concerns among the many residents and conservation and environment groups that can foresee the adverse impact; on the other hand, it is raising expectations among those who are currently suffering from heavy traffic congestion in the area.

I ask the minister to disclose the government's proposal for relieving the traffic problems in the subject areas by either dismissing the comments of the honourable member for Ivanhoe as a fantasy, or alternatively, by declaring its support for the Banyule tunnel and indicating when the estimated $3 billion would be available to begin construction.

Bendigo Livestock Exchange

Hon. R. A. BEST (North Western) — I raise an issue with the Minister for Energy and Resources, who is the representative in this place of the Minister for State and Regional Development. The issue relates to the Bendigo Livestock Exchange at Huntly. The previous government provided $5 million towards the establishment of the facility.

Hon. R. M. Hallam — It is a great facility.

Hon. R. A. BEST — It is a great facility, Mr Hallam. The livestock centre was moved to a location that resolved a whole range of environmental issues that were being experienced by its being located in the centre of Bendigo. The City of Greater Bendigo is committed to making the livestock exchange the no. 1 selling centre in Victoria. It has ensured that all the issues for its consideration relating to the improvement of the centre are speedily and readily resolved. It is also determined to ensure the facilities at the centre are the best in the state.

In May 2000 the council applied to the Regional Development Infrastructure Fund for $200 000 as a government contribution to match the $200 000 it proposed to put in itself to provide covering for the cattle selling area. This was a very worthwhile proposal, particularly as it would have enhanced the conditions at the livestock exchange centre and ensured conditions at the cattle selling area were improved.

Unfortunately, in November last year, the government advised the council that its submission to the Regional Infrastructure Development Fund had been rejected. I find that extraordinary given that this proposal would have enhanced the infrastructure of a major regional centre. Will the government reconsider this most important proposal for the Bendigo economy? It is an excellent example of a project that should be funded under the Regional Infrastructure Development Fund, and I urge the minister responsible to reconsider.

M1 protesters

Hon. P. A. KATSAMBANIS (Monash) — I raise with the Minister for Small Business a matter for the attention of the Attorney-General in another place concerning the rights of Victorians to go about their ordinary daily lives without fear, threat or intimidation. My concern relates specifically to the issues arising from yesterday's so-called M1 May Day protest. Before and after the protest I was contacted through my electorate office by many people who said that from the information provided to them in the media and

following their liaison with the police force they were forced to either close their businesses or not attend their offices in the western part of the Melbourne central business district because of the outlandish and inflammatory comments made by the so-called M1 protesters in the lead-up to the event.

No-one in this place, including me, would deny Victorians the right to assemble and to protest, but equally Victorians find it appalling that ordinary citizens going about their daily lives are forced away from their offices, businesses or homes because of fear for their safety and the lack of protection at law for law-abiding Victorians from the intimidatory and disruptive actions of a small vocal minority. The people who have contacted me have made it clear they were advised that the police had no power to stop these so-called protesters from denying people access to their businesses, offices or homes.

I call on the Attorney-General to immediately address this problem, not by denying anyone the right to protest, but by enacting legislation that is simple enough — in the Crimes Act or some other legislation — to ensure that Victorians are able to go about their ordinary, daily lives and enjoy life in this city without disruption, threat or intimidation from vocal minorities.

Game parks: licences

Hon. R. M. HALLAM (Western) — I seek from the Minister for Energy and Resources, in her capacity as the minister representing the Minister for Environment and Conservation in another place, clarification of a government policy regarding the operation of game parks — that is, parks where game birds or animals are bred and released to be hunted by private fee-paying patrons. There are several such parks in Victoria.

I make the point that you, Mr President, and I have one of those parks being developed in our electorate by a constituent who would be well known to both of us. The concept is quite responsible. It is subject to the strictest of conditions in respect of operation. The operators across the state have banded together and are now preparing a code of practice. I know that these game parks offer additional investment in country Victoria. They are generating additional jobs and attracting additional tourism dollars. I am reminded that in New Zealand the concept of a game park is a very important component of the tourist industry.

I also make the point that the operation of these game parks is consistent with the report of the Environment and Natural Resources Committee entitled *Utilisation of Victorian Native Flora and Fauna* , and that they are currently operating under licences issued by the Department of Natural Resources and Environment (DNRE). My problem is that the Animal Welfare Advisory Committee reports that the Minister for Agriculture, who is responsible for the Prevention of Cruelty to Animals Act, has formally advised that he supports in principle the banning of all such game parks.

On behalf of the game park operators, who have proceeded with their ventures on the basis that they hold DNRE licences for their operation, I ask whether those licensees can expect continuity of approval beyond the term of their annual licence — in other words, they would like to know whether they can expect the carpet to be pulled out from under them.

Moorooduc–Sages road intersection: safety

Hon. K. M. SMITH (South Eastern) — I address a concern I have to the Minister for Sport and Recreation for the attention of the Minister for Transport. It concerns a major road intersection in Baxter at the corner of Moorooduc Road and Sages Road.

Hon. M. M. Gould — On a point of clarification, Mr President, I think the Honourable Ken Smith directed the matter to the Minister for Sport and Recreation when it should have been directed to the Minister for Energy and Resources.

Hon. K. M. SMITH — You can relax. That is the first time you have been given a handball for a long time.

The matter concerns what I consider to be a dangerous intersection in Baxter at the corner of Moorooduc Road and Sages Road. The intersection is important and a large amount of traffic travels down Sages Road, which is also known as the Baxter–Tooradin Road and is a major east–west road running from Baxter to Tooradin. The intersection with the Moorooduc Highway has only a single entry lane for cars merging onto the highway. There is a requirement for a slip lane to allow traffic to merge in safety.

Everybody has seen the propaganda signs that have been going up about black spot funding at intersections across Victoria. Not only should this intersection have a sign put up, it should also have works carried out so that drivers on the Mornington Peninsula who wish to access the South Gippsland Highway or the Western Port Highway will be in a position to do so in greater safety than at present.

Arnott's Biscuits: plant closure

Hon. D. McL. DAVIS (East Yarra) — I raise an issue with the Minister for Industrial Relations in her capacity as the representative of the Premier. It concerns the announcement today by the Arnott's company that it will close its manufacturing site in Huntingdale Road, Burwood — in the Burwood electorate, no less — which will cost 600 jobs for Victoria and many in the eastern suburbs of Melbourne. It will have a significant impact. What plans does the government have to provide outplacement or training services for the staff who lose their jobs, particularly the 600 employees at the plant, many of whom have been employed there for many years and will need significant retraining, notwithstanding the fact that they have been a loyal and effective work force? The plant has been in operation for a number of years. What opportunities will the government offer these people? In particular, will it provide free job seeking assistance and advice for the displaced employees?

M1 protesters

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I raise a serious matter with the Leader of the Government, who represents the Premier. It concerns an article that appeared on the front page of the *Herald Sun* under the headline '$2 million waste. Shops shut, buildings defaced, no charges'. The article states:

> Businesses have been left with a $2 million bill after May Day protests caused widespread disruption in Melbourne yesterday.
>
> Protesters spray-painted slogans on city buildings and defaced monuments. No arrests or charges had been made by last night.

It further states:

> The *Herald Sun* saw police stand by as:
>
> > A McDonald's in Collins Street was covered in paint …
> >
> > A sculpture outside the AMP building in William Street was covered with chalk and spray paint.
> >
> > Slogans were scrawled on the Shell sculpture outside Shell's headquarters.

And so on. The editorial in today's *Herald Sun* states in part:

> Victorians will be angry that despite a heavy and costly police presence, yesterday's protesters were left free to deny many Melburnians their right to go to work and to cost business millions of dollars.

Many honourable members will be aware that the motto of the Victoria Police is 'Uphold the right'. Therefore I was somewhat disturbed to hear in the lead-up to the protests the police spokesman on this matter, Commander Leigh Gassner say that the police approach to this protest would be to facilitate the right of protesters to express their message. That would be completely at odds with the police motto of upholding the right. Anecdotal evidence suggests that Victorian police were instructed to go soft on protesters who were breaking the law. I suggest, Mr President, that comments made by the Premier in relation to last year's S11 protests would leave nothing to suggest that that would not be the case.

I seek an explanation from the Premier as to why Victorian police failed to act against the blatant vandalism that occurred yesterday and why they failed to uphold their oath of protecting life and property. I ask him to investigate the conduct of the police minister and the chief commissioner that led to the failure of Victoria Police to enforce the law.

Honourable members interjecting.

The PRESIDENT — Order! I did not hear the last 10 seconds.

Hon. G. K. RICH-PHILLIPS — My final sentence was that I ask the Premier to investigate the conduct of the police minister and the chief commissioner to discover what led to the failure of the Victoria Police to enforce the law.

Banks: closures

Hon. B. C. BOARDMAN (Chelsea) — I refer the Minister for Consumer Affairs to the foreshadowed closures in Chelsea Province of the Commonwealth Bank branch in Heatherhill Road, Frankston, and the National Australia Bank branch in Nepean Highway, Chelsea. I have met with regional managers of the Commonwealth Bank to discuss the closure and to seek some reassurances about the allocation of services. I have also contacted former colleagues at the National Australia Bank, of which I was an employee for some time before coming to Parliament, including the group manager of customer services, to register my protest and to seek some assurances about the closure, because it will leave National Australia Bank customers from Mordialloc to Frankston without a branch at which they can do business. Today I have also written to the federal Minister for Financial Services and Regulations, Joe Hockey, bringing the issue to his attention.

However, my efforts are in stark contrast to the efforts of my colleague in Chelsea Province, the Honourable Bob Smith, because Bob Smith's reaction to this important issue, which will have a devastating effect on

many of his and my constituents in Chelsea Province — —

Honourable members interjecting.

The PRESIDENT — Order! The honourable member will get a chance to respond to the question.

Hon. B. C. BOARDMAN — I am so happy that the Honourable Bob Smith is lauding his so-called public meeting about which he issued a press release today. His sole response to this issue is to call a public meeting on 15 May. He is inviting down Senator Stephen Conroy, the federal Labor financial regulations spokesman. In his dissertation to the house tonight Mr Smith failed to mention that this public meeting coincides with a meeting of the Frankston and Mount Eliza branch of the ALP. I thought that was extraordinary. Imagine all those genuinely interested members of the community going to the branch meeting and having membership application forms thrust under their noses and being told, 'The only way we can guarantee that your bank branch will remain open is if you join the ALP'. That is his response.

Honourable members interjecting.

The PRESIDENT — Order! The adjournment debate is a time to raise matters for state government administration. There have been questions about bank closures before. I ask the honourable member to address that issue when addressing the minister.

Hon. B. C. BOARDMAN — The question I am about to ask is very much within the competency of the state government. I ask the minister — I guarantee I will listen carefully to her answer — whether Mr Smith has raised this matter with her, seeking her representation to the National Australia Bank, or is this so-called public meeting that he is organising nothing more than a political stunt?

Fishing: Yarra River

Hon. PHILIP DAVIS (Gippsland) — I refer the Minister for Energy and Resources specifically to a publication issued in April this year by Parks Victoria entitled *Lower Yarra River Future Directions Plan and Recreational Guidelines*. I refer to the introduction, which states:

> This plan provides a framework which will enable the competing demands of all users of the river to be safely balanced while maintaining the river's environmental values.

It blurbs on a bit and gets to the point:

> The plan divides the river into a series of zones with the following recommendations in relation to fishing:

It specifically states in relation to the port zone designated as the area from Port Phillip Bay to the Bolte Bridge that:

> … access for recreational fishing that occurs in the river mouth on Hobsons Bay needs to be conducted with an awareness of the port-related shipping traffic through this part of the river. Land-based fishing from the banks of the river is an important part of the overall character of the zone.
>
> However, fishing from boats within this zone will not be permitted due to safety issues arising from potential conflicts with larger shipping vessels.
>
> Overall guidelines for the port zone include:
>
> > Exclude boat-based recreational fishing to ensure safe navigation of shipping lanes.
> >
> > Recreational fishing: bank only.

Great alarm and anxiety have been caused to recreational anglers by the publishing of this report. The matter is within the competence of the minister, as both minister responsible for fisheries and Minister for Ports. The representatives of recreational fishermen make the following points:

> In the area from Port Phillip Bay to Bolte Bridge, although anchoring in shipping lanes is not permitted there is some activity which VRFish believes could take place:
>
> 1. There are many places adjacent to the banks of the river where it is possible to secure the boat by either an anchor on the bank, or by placing poles fore and aft of the boat and mooring it parallel to the bank, enabling fishing to take place in deeper water towards the shipping channel.
>
> 2. In the area opposite the General Motors building there are a number of old pier pylons to which craft can be moored, enabling fishing around the former pier structure or into deeper water towards the shipping channel.
>
> 3. Many boats are being launched from a new ramp …

It is adjacent to the Newport power station. They further say:

> As boats travel upstream at about walking pace there is scope to troll for fish such as salmon and trevally.

It is clear that recreational anglers believe there are opportunities available to fishermen which ought to be maintained. Does the minister support fishermen or Parks Victoria in this matter?

Skate parks: Port Phillip

Hon. ANDREA COOTE (Monash) — I was interested yesterday to hear the Minister for Sport and

Recreation respond on skateboards to the Honourable Sang Nguyen and today to see the *Skate Facility Guide* presented by the minister. The minister has spoken about the fact that skating is good for young people because it encourages them to be involved in a healthy recreation and encourages leadership in the community.

In June last year I asked the minister a question about a skate ramp in the City of Port Phillip. The matter had been brought to the minister's attention by the City of Port Phillip, given that the city has drug-related problems and a lot of young people who need healthy and supportive recreation time.

At the time the minister said that he had given funding to Colac and Latrobe, and I am pleased to see skate facilities in country areas. However, the City of Port Phillip did not receive any grants, as the minister may recall. The minister said that they should go through the normal grant process. The City of Port Phillip did go through the normal grant process and reapplied for funding. Indeed the mayor, Cr Julian Hill, stated:

> We are seeking dollar-for-dollar funding from Sport and Recreation Victoria under the regional facilities categories but we don't know if we have been successful with our grant.

I ask the minister whether he will be extending financial assistance to the City of Port Phillip for this excellent and much-needed skate park facility? If so, when?

M1 protesters

Hon. BILL FORWOOD (Templestowe) — I raise an issue with the Minister for Small Business. It concerns the M1 events of yesterday. In particular I wish to raise with her the comments of Tim Piper, the chief executive officer of the Australian Retailers Association, who was quoted in today's paper talking about the $2 million in losses experienced by retailers and saying:

> There will be outlets which will never recover the money, particularly food stores.

He also made the point that city turnover was down by about 70 per cent because of businesses closing their doors and shoppers staying clear of the central business district. Does the minister condone the behaviour of people who cause losses like this to her constituents — small businesses? Does she share Tim Piper's concerns for small businesses?

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — The Honourable Wendy Smith raised for referral to the Minister for Health a matter concerning a child of one of her constituent's who is a drug addict and has been on methadone for some time. I will refer that to the minister and ask that he respond in the usual manner.

The Honourable David Davis raised a matter for the Premier concerning the closure of Arnott's and asked specific questions about retraining. That question is more appropriately directed to the Minister for Post Compulsory Education, Training and Employment, and I will ask her to respond on whether the government will be able to assist those people in some way.

The Honourable Gordon Rich-Phillips raised a matter for the Premier. I will ask the Premier to reply, but I wish him luck with an answer.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Peter Hall asked the Minister for Local Government to expedite a review to alleviate uncertainty in relation to fire refuges. I will refer that matter to the minister.

The Honourable Dianne Hadden asked the Minister for Transport to investigate increasing a weekly bus service between Avoca and Ballarat, possibly on a trial basis. I will refer that matter to the minister.

The Honourable Bill Baxter sought an assurance from the Minister for Agriculture that the Department of Natural Resources and Environment has a plan to deal with an outbreak of foot-and-mouth disease should such a disastrous event occur. I will refer that matter to the minister.

The Honourable Barry Bishop sought confirmation from the Minister for Environment and Conservation that certain waste water projects are still under development. He also sought information on the estimated completion dates for those projects. I will refer that matter to the minister.

The Honourable Carlo Furletti asked that the Minister for Transport address certain transport issues in Ivanhoe. I will refer those matters to the minister.

The Honourable Ron Best asked the Minister for State and Regional Development to reconsider allocating funding from the Regional Infrastructure Development Fund for the livestock exchange proposal. I will refer that matter to the minister.

The Honourable Roger Hallam asked that the Minister for Environment and Conservation provide assurances regarding the continuity of permits for private game park operators. I will refer that matter to the minister.

The Honourable Ken Smith raised an issue in relation to the Baxter–Tooradin Road, and I will refer that matter to the Minister for Transport.

The Honourable Philip Davis raised matters to do with the lower Yarra River and fishing and boating. It is important to advise the house that anyone who has used the Yarra River would know it is a very confined transit corridor that serves not only as a major waterway entrance and exit for the port of Melbourne but is also used for a range of other activities. Recent studies have forecast a threefold increase in shipping traffic over the next 10 years, with similar growth forecast for recreational vessels and non-shipping commercial vessels including taxis and tourist ferries.

The government does not want to see fishers or recreational boaters being tangled up with commercial shipping in the port of Melbourne between the Bolte Bridge and the entrance to the port. That is why the whole-of-river approach has been adopted by the Department of Infrastructure, the Marine Board of Victoria and Parks Victoria in seeking to come up with arrangements that will accommodate all users in a safe fashion. The government will continue to take that approach in establishing arrangements that safely accommodate as many users as possible.

Hon. M. R. THOMSON (Minister for Small Business) — The Honourable Jeanette Powell raised for the Attorney-General a matter relating to the Hume region victims assistance program and the capacity for that service to provide counselling for victims of crime. Although the service is aware of the review being conducted at present, it seeks from the Attorney-General an answer to the question of access and availability to people from that region — where they can access it and how. I will pass that on to the Attorney-General for a direct response.

The Honourable Maree Luckins raised a matter for the Minister for Community Services regarding kindergarten funding for capital works and equipment. I will pass that on to the minister for her direct response.

The Honourable Peter Katsambanis raised for the Attorney-General a matter concerning people having rights to go about their own business. I will raise that with the Attorney-General for him to respond directly.

The Honourable Cameron Boardman raised the matter of bank closures. If anyone was politically grandstanding, it was the Honourable Cameron Boardman on that issue. It is good that he has raised the matter of bank closures with the appropriate federal minister. It has been an issue for a long time and it is pleasing to see that someone has finally decided to raise it with the appropriate minister, who has been less than forthcoming in doing something about banking issues generally.

I congratulate the Honourable Bob Smith for organising a meeting that will involve the community getting active in relation to bank closures. The Honourable Cameron Boardman might suggest to the Honourable Joe Hockey that he might like to adopt the ALP's policy on banking.

Hon. B. C. Boardman — On a point of order, Mr President, under the adjournment guidelines of November 1975 members are entitled to pose a query. The query I posed with the minister was whether my colleague, the Honourable Bob Smith, has raised the issue of these branch closures with her, seeking that she make representations to the National Australia Bank. I do not think that has been satisfactorily answered.

The PRESIDENT — Order! The guidelines also say that the minister's response disposes of the matter. There are different rules for questions without notice.

Hon. M. R. THOMSON — The Honourable Bill Forwood raised a matter in relation to M1 and losses to business. No-one on this side of the house condones violence, nor do they condone damage to property, but we certainly defend the right to protest and demonstrate.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I will refer the matter raised by the Honourable John Ross regarding the SMS system and the 000 emergency number to the Minister for Police and Emergency Services in the other place.

I will refer the matter raised by the Honourable Andrew Olexander regarding contaminated waste sites in the Yarra Ranges, Maroondah and Knox areas to the Minister for Major Projects and Tourism in the other place.

In relation to the matter raised by the Honourable Andrea Coote regarding skating and a potential skate ramp in the city of Port Phillip, as I have mentioned previously, I have met with the mayor, Cr Julian Hill, and with Cr Dick Gross, who strongly advocated for their application to the community facilities fund for a skating facility and for accessing potential funds through Sport and Recreation Victoria for that facility.

The endorsement of that proposal has also been strongly advocated by the local member in the other place, the Honourable John Thwaites. Those applications are now being assessed by the department,

and I expect the recommendations will be brought to me shortly. The successful projects will be announced, I hope, early in June.

Motion agreed to.

House adjourned 12.11 a.m. (Thursday).