

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

4 April 2001

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By authority of the Victorian Government Printer

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Wednesday, 4 April 2001

The **PRESIDENT** (Hon. B. A. Chamberlain) took the chair at 10.02 a.m. and read the prayer.

PROFESSIONAL BOXING AND MARTIAL ARTS (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

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

BUSINESS OF THE HOUSE

Sessional orders

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

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

Motion agreed to.

PETITION

Laverton North: air quality

Hon. KAYE DARVENIZA (Melbourne West) presented a petition from certain citizens of Victoria praying that the government will investigate the environmental hazard from the noxious industries in the area of Laverton North and ensure that all proper environmental and health standards are being met and work to restore clean, breathable air to the area (119 signatures)

Laid on table.

BUSINESS: TAXES

Hon. BILL FORWOOD (Templestowe) — I move:

That this house calls on the government to — (i) immediately rule out the proposed changes to land tax which will devastate Victorian small businesses; and (ii) deal with issues of sovereign risk caused by the Harvey report on *Review of State Business Taxes*.

The motion has four aspects to it — three in part (i) that deal with changes to Victoria's land tax regime, and one in part (ii). I will discuss firstly the implications of those changes and secondly demonstrate that they will

devastate small businesses throughout Victoria. I will thirdly discuss what the government should do about it, because it is a government issue. No matter how much the government tries to squirm out of the situation, it has brought it forward and I will deal with what action it proposes to take. The government should rule out the proposed land tax changes immediately. Finally, I will deal with the matter of sovereign risk, which covers other aspects of the Harvey report.

I begin by putting the debate into the context of the Labor Party's small business policy document entitled 'Taking care of small business', which is subtitled 'Encouraging a vital part of Victoria's economy'. There will never be an argument on this side of the house against the notion that small business is a vital part of Victoria's economy and that without a vibrant energetic innovative small business sector our economy and society would be worse off; nor will there be an argument on this side of the house about the employment implications of having a vigorous small business sector.

What did the Labor Party say in 1999 about small business? I will contrast its words with the reality of what it is doing to small business throughout the state. Page 2 of the policy states:

Labor will create an environment in which a vibrant, dynamic and prosperous small and medium-sized business sector can thrive.

We will give them, the support and encouragement they need to get on with the job.

...

Labor has an ethos of fairness, initiative and equality of opportunity. A Bracks Labor government will be a unashamedly pro small business.

The words 'A Bracks Labor government will be unashamedly pro small business' are a joke. The policy document also states:

A strong, active small business sector, backed by a supportive government, is the key to job and wealth creation.

I will demonstrate the lack of support the government has shown to small business since it was elected in 1999. The document goes on to say:

Labor's policy will give small business the support it needs to grow and be profitable.

We on this side of the house will demonstrate that that support has been completely non-existent since 1999.

I will finish these quotes from Labor's document to put this matter into context. The document continues:

Because of its importance in employing huge numbers of Victorians and its powerful role as an innovator in business and industry, the small and medium-sized business sector is entitled to look to the Victorian government to speak out on its behalf.

What a change that would be! Wouldn't it be nice to hear the government speak out on behalf of people in the small and medium business sector? What do they get — attack after attack, with not one word spoken on their behalf.

Labor's document goes on to say:

Labor in government will be a strong supporter of the needs and priorities of small business...

Members on this side of the chamber will demonstrate again today that that is absolute nonsense. There has never been any support from the Labor government for the needs and priorities of Victorian small businesses. I will finish with this quote:

Labor will actively advocate the cause of small business in its work with other levels of government and industry.

That is absolute nonsense, too!

What has happened? Labor mouthed the words in its policy and came out with the rhetoric. The problem with that is that a stark contrast can now be easily drawn between what was said then and what is happening now.

The Liberal Party — the state opposition — has decided it will highlight Bracks Labor's big war on small business. It produced a report that goes into some of the issues of Labor's attack, dealing in particular with Bracks Labor's proposed massive increases in land tax, which are the subject of the motion before the house.

It should be pointed out that Labor's attacks on small business and its broken promises are all the result of paybacks to its allies at Trades Hall. While I do not want to divert the debate away from the substantive issue before the house, it needs to be said that when the Labor Party gets a choice between supporting the business sector — the small, micro and medium business sector in particular — and its mates down the road, every single time it goes for the boys down at Trades Hall. For confirmation of that we need only look at Mr Bob Smith's contribution to the debate on the Fair Employment Bill when he said — I am paraphrasing accurately, I hope — that he is very proud to have the connection between Trades Hall and the Labor Party.

Hon. R. F. Smith — Absolutely.

Hon. BILL FORWOOD — Thank you. I recommend that all Victorian small businesses — I will do what I can to get this document to them all — consider *Bracks Labor's Big War on Small Business*. It details the land tax issue and another major attack on small business — the Workcover premiums. Boy, how naive can you be not to note the devastating impact that higher Workcover premiums have had around the country!

The document deals with the issue of Bracks Labor's refusal to reduce petrol excise — something that the minister seriously ducked when it was raised by our colleagues from the National Party recently. It also deals with industrial manslaughter; the Fair Employment Bill, which is also before the house; plans to give unions improper access to small business; the new proposed industrial relations tribunal; the go-slow on information technology and the go-slow on roads; and it finishes on Labor's real agenda for small business.

Forget the rhetoric of the policy — small business comes last under Labor, and never has that been better identified than by Harvey's *Review of State Business Taxes* and the changes it proposes that are before us today.

A case can be made out for cutting business taxes, and that should have happened last year. There was capacity in the state budget for a reduction in state taxes last year; however, in its wisdom — or, with hindsight, its lack of wisdom — this government decided it would have a review instead. It started out with the terms of reference, including no. 3, which was:

... to advise on the most appropriate distribution of tax cuts totalling \$200 million, announced in the 2000–01 budget, and expected to be delivered in \$100 million instalments on each of 1 July 2001 and 1 July 2003.

I will make a quiet point about how the Labor Party can use the big lie to change the debate. In its terms of reference it says that these tax cuts would be \$200 million, but if you read all its press, you see it talks about tax cuts of \$400 million. The shonky claim that the tax cuts from 2001 to 2003 will be \$400 million is the greatest double count of all time. It gets that figure by saying, 'This year we will have a cut of \$100 million, but we will count it again next year and again the year after. We will have the one \$100-million cut, but we will count it three times'. That is how the Labor Party gets to \$400 million when it brings in the second \$100-million cut in 1 July 2003 — if we ever get the cuts! Those on this side of the Parliament — and, I suspect, most Australians — remember Paul

Keating's L-A-W law tax cuts. They are easy to announce but more difficult to deliver.

The Harvey recommendations are contained in the summary report, *Review of State Business Taxes*. It is worth putting them on the record, particularly recommendation 2, which is that:

Land tax be reformed with effect from the 2001–02 financial year —

that is this year —

including :

- (i) a single, flat rate of business land tax of 2.89 per cent of unimproved capital value, with no threshold. If the government considers that this measure requires amelioration —

think about it —

this should be done by reducing the rate, not through a threshold ...

It goes on to advocate the retention of existing concessions, including the exemption for principal place of residence and primary production land; it talks about the definition of 'business land' in reference to its use for deriving income or gain; and it states that all non-exempt, non-business land is to continue to be taxed at the existing marginal rates and exemption threshold.

The end of recommendation 2 of the summary report states:

The metropolitan improvement levy be abolished no later than 1 July 2000, with Parks Victoria being funded directly from the budget and the required revenue being absorbed within the new land tax system.

That is a proposal to take the metropolitan levy away from the people in Melbourne and redistribute it via the land tax impost to people all around Victoria. The people who pay the metropolitan improvement levy in Williamstown, Albert Park or anywhere else will lose that burden. Where will it go? It will all go onto small businesses throughout metropolitan, rural and regional Victoria. A \$70-million burden is being taken away from high net worth individuals down in your areas and redistributed across all of Victoria, including rural and regional areas. The levy currently being collected will be abolished, and revenue loss absorbed within the revenue collected by the land tax on business property. It is a total redistribution and expansion from the city to the country.

What will be the effect of the Harvey proposal before us for consideration today? I quote from page 62 of the

full report of February on the effects of the proposed system I have just outlined, where it states:

With a flat rate of 2.89 per cent, revenue collected from land tax would increase from around \$475.4 million in 2000–01 to \$1.57 billion in 2001–02. This would be sufficient to fund the abolition of all business stamp duties and the metropolitan improvement levy.

I have just touched on that levy.

The proposal is that to replace the revenue from business stamp duties more than \$1 billion will be taken from small and medium-sized businesses throughout Victoria. I recommend that honourable members read pages 62, 63 and 64 of the *Review of State Business Taxes*, where the proposed change is discussed. The report states that currently there are some 130 000 land tax payers in Victoria and that the proposals would result in that figure going up to around 377 000, which would be a huge increase in the number of people paying land tax.

At page 62 the report further states:

The move to a flat rate ... would involve an increase in the land tax paid by most landowners. However, some landowners — mostly those with aggregate holdings of more than \$3.8 million — will pay less ...

What an extraordinary proposal by the government. By its own admission the government is proposing an increase in the amount of tax paid by small and medium-sized businesses throughout Victoria. More than 240 000 new land tax payers will be caught by the proposal. Who will benefit? It will be people who have more than \$3.8 million in unimproved capital value land-holdings! It is an extraordinary proposal from the people who have got into bed with those from the top end of town.

On the next page the report states:

On the other hand, landowners with small to medium property portfolios held for business or investment purposes will pay more land tax.

Further on page 63 the following appears:

Owners of large land-holdings valued above \$3.8 million will experience a fall in the average rate of land tax, and all others will pay more land tax...

At page after page the Harvey report states that more people will pay land tax.

At page 31 the summary report states:

Retailers with significant land-holdings will gain from the lower land tax rate, while small land owners may lose.

I will demonstrate the effect of the proposed changes as the opposition calls on the government to rule them out. I have three charts which, by agreement, I seek leave to incorporate in *Hansard*. I have checked with Hansard and the Leader of the Government.

Leave granted; charts as follows:

The tax grab

Land value	Current tax	Proposed tax	Change
\$50,000	nil	\$1445	-
\$100,000	\$100	\$2890	+2790%
\$150,000	\$150	\$4335	+2790%
\$200,000	\$200	\$5780	+2790%
\$250,000	\$300	\$7225	+2308%
\$1,000,000	\$6230	\$28,900	+364%
\$4,000,000	\$119,880	\$115,600	-4%
\$5,000,000	\$169,880	\$144,500	-15%

Source: Australian Property Institute

Labor’s land tax changes proposed by the Harvey report

Unimproved value of land (\$)	Current land tax paid (\$)	Proposed land tax liability (\$)	Tax increase per year (\$)
50,000	0	1,445	1,445
85,000	85	2,457	2,372
100,000	100	2,890	2,790
150,000	150	4,335	4,185
200,000	200	5,780	5,580
250,000	300	7,225	6,925
500,000	800	14,450	13,650
750,000	2,305	21,675	19,370
1,000,000	6,230	28,900	22,670
2,000,000	33,880	57,800	23,920
5,000,000	169,880	144,500	-25,380
10,000,000	419,880	289,000	-30,880

Planned flat land tax on business and investment properties

Property Value	Old Tax	Proposed Tax	Difference per annum
\$200,000	\$200	\$5780	\$5580
\$400,000	\$600	\$11,560	\$10,960
\$540,000	\$880	\$15,606	\$14,726
\$675,000	\$1555	\$19,507	\$17,952
\$1,080,000	\$7630	\$31,212	\$23,582
\$1,620,000	\$22,480	\$46,818	\$24,338
\$2,700,000	\$54,880	\$78,030	\$23,150
\$5,000,000	\$169,880	\$144,500	-\$25,380

Source: Herald Sun 2/4/2001

Hon. BILL FORWOOD — A change was needed to the heading of one of the charts. By agreement, the chart now headed ‘Labor’s land tax changes’ has had its heading changed to ‘Labor’s land tax changes proposed by the Harvey report’, which some people regard as more accurate. I will deal with that issue again later.

Hon. R. M. Hallam — Very sensitive.

Hon. BILL FORWOOD — It is very, very sensitive. I am happy to accept the change proposed by Mr Theophanous. The chart now headed ‘Labor’s land tax changes proposed by the Harvey report’ deals with land tax changes on land with an unimproved capital value of from \$50 000 to \$10 million. The columns are headed ‘Current land tax paid’, ‘Proposed land tax liability’ — —

Hon. T. C. Theophanous — On a point of order, Mr President, it is incumbent on the Deputy Leader of the Opposition to point out that the title of the chart to which he refers was agreed upon to indicate to the house that the figures contained in the chart are a product of the work of the opposition and that he takes responsibility for those figures.

Hon. BILL FORWOOD — On the point of order, Mr President, I have an agreement with the Leader of the Government that I would do exactly that, and I was in the process of doing so when Mr Theophanous prematurely jumped to his feet.

The PRESIDENT — Order! Mr Theophanous is quite right. If an honourable member seeks to incorporate in *Hansard* a document which contains figures but which does not have the source noted at the bottom, such as the Australian Bureau of Statistics, the member personally warrants that they are their figures and they stand by them. Mr Theophanous is quite correct, and the Deputy Leader of the Opposition acknowledges that.

Hon. BILL FORWOOD — I make the point very clear: I spoke to the President and the Editor of Debates, and this morning I had a conversation with the Leader of the Government in her office. I pointed out that the source of the chart headed ‘The tax grab’ was the Australian Property Institute, that the source of the chart headed ‘Planned flat land tax on business and investment properties’ was the *Herald Sun*, and that the third chart — the title of which Mr Theophanous and I have discussed — was produced in the opposition rooms and I would be taking responsibility for it.

Hon. T. C. Theophanous — You have to put it on the record in here.

Hon. BILL FORWOOD — During my conversation with the Leader of the Government, I made it very clear that I would be taking responsibility for it in the chamber today. I was pointing out the structure of the chart and was about to point out that I take responsibility for the figures in it.

The three charts are in part similar but substantially different. In the chart produced in the opposition rooms the fourth column headed 'Tax increase per year' shows the actual amount that a taxpayer would pay each year if the proposal were implemented. It can be seen that someone who owns land with an unimproved capital value of less than \$50 000 currently pays nothing, and that under the proposal, tax of \$1445 would be payable on land valued at \$50 000 each and every year from here on, yet someone at the top of end of town with land valued at \$10 million would pay \$30 000 less tax.

The chart produced by the Australian Property Institute and headed 'The tax grab' shows the proposed tax changes in dollars and percentages. Currently someone who owns land valued at \$100 000 pays land tax of \$100, and the chart shows that under the proposal the tax would be \$2890, a change of 2790 per cent according to the Australian Property Institute. I have included the chart from the *Herald Sun* because it contains different figures from the other charts. For example, it deals with a property value of \$400 000, which is not shown on the other charts. The chart shows that for a property valued at \$400 000 the old tax is \$600 and the proposed tax would be \$11 560, a difference per annum of \$10 960 — to be paid year after year. It is important that the documents detailing the proposed increases are recorded in *Hansard* and, as I said, I am happy to take responsibility for the figures in the chart that is now entitled 'Labor's land tax changes proposed by the Harvey report'.

It is interesting to consider the effect of the proposed land tax changes on small businesses. Honourable members know it is proposed to make a massive change to the land tax regime that applies to every small business throughout the state. Whether a small business operator owns the land on which their business is situated or rents the property, in one way or another they will end up paying massive amounts. There are extraordinary stories around about the sorts of charges that people will pay for the first time. They will be caught by charges coming out of nowhere and for which they have not budgeted.

It is all very well for the Premier, when interviewed on radio yesterday by Neil Mitchell and later when

speaking in Parliament, to try to give assurances on the tax reforms his government proposes to introduce.

I refer to page 2 of today's *Age* where a subheading states:

Pressure is mounting to drop proposed land tax reform.

The article refers to groups that have opposed the changes, including the Australian Industry Group, the Business Council of Australia, the Victorian Employers Chamber of Commerce and Industry, and the Property Council of Australia. The article states that those bodies have:

... lobbied government to scrap the proposal for a flat 2.89 per cent tax for all business property.

I was intrigued at the comments of Jock Rankin, the executive director of the Property Council of Australia, who, according to the *Age* article:

... held talks with government advisers late last week urging them to rule out the flat land tax proposal.

That is a surprise.

Hon. R. M. Hallam interjected.

Hon. BILL FORWOOD — No, Mr Hallam, it certainly was not the property council's first reaction. When the report first came down I happened to run into Mr Rankin at the back door to Parliament House. He was handing out a press release dated 27 February. Its heading is 'Historic Harvey report is tax reform blueprint for the future'.

That was Mr Rankin's view then. His press release states that the report:

... was a blueprint for Victoria to lead the way in tax reform.

The committee is to be congratulated for taking a bold and visionary approach to state tax reform ...

Rather, the committee has rigorously examined the arguments put to it ... I'm pleased to say has accepted the well-reasoned and heavily researched positions advanced by the property council.

According to the committee the taxes which must go are stamp duty on commercial conveyances, and our archaic and costly regime of land tax.

...

The government should implement the review's recommendations and get rid of stamp duty on commercial conveyances and end aggregation of land tax by introducing a flat rate of land tax.

Only about a month ago Mr Rankin further said:

It is now up to the government to adopt these important reforms ...

When the opposition raised concerns about this proposal he came out and had another separate swipe at the Liberal Party over some of the things it was saying. At one stage he accused the party of being short-sighted and misleading on tax reform.

Hon. M. A. Birrell interjected.

Hon. BILL FORWOOD — Yes, he had an unfair swipe at my colleague and friend Mr Birrell. It is extraordinary that I was able to read in today's *Age* what Mr Rankin has reputedly said:

Property council executive director Jock Rankin held talks with government advisers late last week urging them to rule out the flat land tax proposal.

What has happened in the past month?

Hon. W. I. Smith — He has been talking to a few businesses.

Hon. BILL FORWOOD — Yes, perhaps a few businesses have got to him. I suspect he has visited Circus Oz and learnt how to do a backflip and twist! According to today's *Age* Mr Rankin warned:

... the business tax reform debate was being sidetracked by the issue of land tax and the government should immediately disown the idea.

That is exactly what my motion suggests the government should do. It is extraordinary that today I hold the same views as Mr Rankin. I am delighted he has seen the error of his previous ways and now believes that the government should immediately disown the idea. He is reported to have said:

Everyone is going to be distracted by something that's not going to happen —

Hon. W. I. Smith — He knows something we don't.

Hon. BILL FORWOOD — Yes, perhaps he knows something the government does not yet know; the government is yet to rule it out:

... unless the government has got a political death wish.

Obviously he is also into politics! The Labor Party can support my motion, which calls on the government to immediately rule out the proposed changes. I do not mind which government member offers the support because the opposition would be happy for it to be done. The challenge for the government is to accept

Mr Rankin's latest view and to immediately disown the idea.

The Property Council of Australia is not the only body concerned about the proposal. In a letter of 14 March to the Minister for Small Business, the National Institute of Accountants states:

... we believe that broadening out land tax as is suggested will have a negative impact on many small businesses, small investors and self-funded retirees.

A *Herald Sun* article dated 2 April is headed 'Flat tax blow to investors'. The article states:

Self-funded retirees and home renters would be the secret victims of proposed land tax changes, property experts warn.

Australian Property Institute spokesman Nicholas Anagnostou is reported to have said that:

... the tax would kill off small residential investors, raise rents and pose a massive disincentive for investment by DIY super funds.

The Australian Property Institute sees the tax as yet another attack on small business, self-funded retirees and home renters.

The Real Estate Institute of Victoria also hit the land tax proposal in a *Herald Sun* article of 31 March that states:

Property investment will become a less attractive option if a proposed land tax is introduced. Louise Clifton-Evans reports the future for residential property investors does not look healthy if a land tax ...

is introduced. The article states that Enzo Raimondo, the REIV chief executive officer, has said the tax:

... would have a detrimental effect on residential property investment in Victoria.

They are sound reasons why the government should take the opportunity presented by my motion to immediately rule out the particular proposal it has put to Victorians. The article further states:

People could leave residential investments, rents could rise for tenants and it could have an adverse effect on property values because investment properties would no longer be attractive.

The warning was echoed by leading economic forecasters BIS Shrapnel who said the property bubble had burst and would not be repeated ...

This proposal would be devastating if it is introduced; it should be ruled out today. The opposition gives the government that opportunity.

In today's *Herald Sun* there is even a federal blast at the land tax. It is reported that the federal Minister for Small Business, Ian Macfarlane, said:

... the Bracks government's proposals meant small firms would pay the same amount of land tax as some multinationals.

That is absolutely true. A flat land tax regime would lead to people at the top end of town, in Collins Street, paying the same rate of land tax as people all over Victoria — people in small country towns, in the suburbs or wherever. The example used by Mr Macfarlane was of a hotel in Traralgon that was:

... facing a land tax increase from \$213 to \$5970 ...

each year.

He states — and I agree — that:

... the changes would cripple small business.

...

Under the new system a hotel ... will pay the same rate as a multinational in Collins Street.

I have many examples. One states that this proposal:

... threatens the income of self-funded retirees by massively increasing land tax on income-generating property. For example, a self-funded retiree who owns a rental property on land worth \$150 000 currently faces a land tax bill of \$150. Under Labor's tax plan this self-funded retiree would incur a land tax liability of \$4325 each and every year.

Yesterday I had a telephone call from Ray Molloy of Ray Molloy Motors at the corner of Marshall Street and Lower Heidelberg Road, Ivanhoe. I know Ray well; my wife's car has been serviced at his garage on more than one occasion. I said to him, 'What effect would this have if it is introduced?'. His immediate response was, 'Four blokes on the dole'.

His land tax would go from \$200 to \$5000 — and he scoffed at the idea that the abolition of stamp duty would make a difference to him. All he could see was that he was going to get caught year after year with another impost. He described Mr Bracks's claim on radio yesterday — I use his words, not mine — as 'ridiculous'. Yesterday Mr Bracks tried to give an assurance on tax reform. He tried to suggest under mounting pressure that Victorian small business would be better off under the proposed business tax reforms. I was immediately reminded of the wonderful claim by Mr Hawke some years ago that no child would live in poverty. The Premier's suggestion was a similar remark.

I am wondering how it can happen. I look forward with bated breath to seeing it happen. I know that all

Victorian small businesses would be better off if today the government ruled out the proposed changes, as the motion invites it to do.

I have numerous examples of the effects of the tax on individual businesses throughout Victoria. There is the example of the owners of a bed and breakfast establishment which has an unimproved land value of \$64 000 who are currently not paying land tax. They will face an annual bill of \$1850.

Recently I was in Ararat with the Leader of the Opposition in the other place. We were on our way to the Wimmera field days and we stopped and talked to Wayne and Darren Jerram at Jerram's Auto Parts. The front page of the *Ararat Advertiser* of 8 March reported Mr Jerram as saying they would be forced to pay \$820 annually under the new proposals, plus an additional \$880 for a vacant shop next door, and that they would have to find the extra \$1700 a year they would be forced to pay year after year.

The Liberal Party has a system of communicating with people left, right and centre and asking them to communicate with it. I have some examples of faxback comments I would like to read. One fax from a respondent in Port Melbourne states:

It would be hard to conceive anything that would be more harmful or do more damage to the morale and financial resources of small businesses.

A fax from Portland states:

It's a policy dreamt up by a party divorced from reality and the economic coal face.

Another fax states:

Once again an attack on small business. Tobacco reforms, one; Fair Employment Bill, two; land tax, three.

A fax from Ferntree Gully states:

I wish politicians would work 80 hours a week average at \$4 per hour like we do to stay afloat then maybe they might think on a more rational level.

Another fax states:

We are a small family business and just started three months ago. This will definitely make it hard for us.

Yet another fax states:

We currently pay approximately \$200. If this jumped to \$10 000 it would be unfeasible to find extra \$200 per week.

A further fax states:

Landlords will pass on tax charges to tenants, both commercial and residential.

There is example after example of the extraordinary effect the tax will have on individual businesses throughout Victoria.

I have received a letter from Michael Daly, who runs the IGA supermarkets at Portland and Koroit. Recently I have had some contact with Michael on tobacco issues. I will read an extract from a letter he wrote to the Leader of the Opposition in the other place. It states:

What next? This is unbelievable, where does small business's bottom line go? Down the drain if Labor are allowed to continue in this direction.

Mr Daly's letter then suggests that the Minister for Small Business:

... is no more interested in the welfare of small business than you or I are interested in Norway's sewerage systems.

I have no idea why he chose Norway's sewerage system, but it is not a bad example. He argues, and I agree with him, that the Minister for Small Business has no interest in the welfare of small business.

Mr Daly's letter further states:

I say it is a quadruple whammy for the majority of small business, massive and still unaccounted for increases in Workcover costs, tobacco reform, 'regulations' that unfairly impact on many small businesses ...

I noted yesterday that the Minister for Health in the other place extended by six months the implementation of the regulations because of pressure put on by people like Mr Daly, who after a long battle eventually got to see the Minister for Small Business.

Mr Daly's letter then refers to the Fair Employment Bill, and states:

... now this crazy and unprecedented attack on every small business in Victoria.

The four issues Mr Daly raised were Workcover, tobacco reform, the Fair Employment Bill, and now land tax. The letter refers to the government:

... absentmindedly destroying small business ...

That is what the land tax impost would do — it would devastate Victorian small businesses.

A further aspect needs to be dealt with, and that is the issue of certainty. People are now deferring investment decisions because of the proposal. Two examples are provided by the Deputy Leader of the Opposition in the other place. One example deals with a prospective buyer of a hotel in Colac who put his plans on hold because of concerns over land tax. The failure to rule

out this impost means that people are delaying their investment decisions.

Another example involves a self-funded retiree who has saved all her life to buy an investment property in Mordialloc and now faces an agonising wait for the decision to be made. Apparently she was in tears over the prospect of having to pay an extra \$50 a week in land tax. The retiree said that the extra cost would mean the property would lose value due to reduced earning capacity. The impact the proposals have had on people just by being in the marketplace and not being ruled out cannot be underestimated.

The motion calls on the government to immediately rule out the proposal, and this can be done. It has already ruled out two proposals in the Harvey report — the fire service levy and the motor vehicle registration proposal — and there is nothing to stop it immediately ruling out the land tax proposal.

I turn to the sovereign risk issue, which is part (ii) of the motion. It goes to the issue of the \$4000 per machine levy on poker machines, which has caused an immediate reaction in the share price of Tabcorp. It is a circumstance where the decisions of the government have had an instantaneous impact in the marketplace. I know other honourable members will deal with the issue more fully in their contributions today.

In response to this motion Labor Party members will argue, firstly, that the Harvey report is an independent report and that therefore they had nothing to do with it. I suggest people who are really interested in the detail of the issue read the contribution of the Deputy Leader of the Opposition in the other place, which demonstrates how comprehensively the Labor Party has got its footprints, fingerprints, arm prints and every sort of prints all over this document. In particular I refer to the statements the chairman of the review, John Harvey, made on 3AW on 9 March, where he made it very clear that the \$4000 gaming levy was a government proposal. He was reported as saying that:

... the government was looking at this question any way. It's commissioned reports and that came to our notice as we did our work.

He went on to say:

... we took notice of the fact that this was already being looked at, said continue your examination, if there's extra revenue there can we please have it for business tax reform?

The Harvey report was brought in by the government, considered by the government and constructed by the government, and bits of it have already been ruled out by the government. Government members cannot say it

is independent. They can say it, but I do not think anyone will believe them. And that is the issue — it is an issue of believability. As the Deputy Leader of the Opposition in the other place also points out, why has the government hired Essential Media Communications to get out and promote this so-called independent report? However, government members will try to argue that it is independent.

The government will also argue that the proposed changes will not have as much impact on small business as has the implementation of the GST, which has been stressful for many small businesses, particularly with the paperwork associated with the business activity statement. However, the federal government has been listening to small business and has done something about it. If the state government is bright, it might do something about the recommendations of the Harvey report and rule them out. The opposition will look forward to that, but it believes today is the day the government should do that.

The next issue I raise is hypocrisy, which I know Mr Theophanous cannot wait to talk about. He will say that in 1997 and 1998 the then government introduced amendments to the land tax regime, so the opposition is hypocritical now in opposing the changes. Mr Theophanous will remember that debate as well as I do. I am happy to quote back some of his words to him. On 10 December 1997 Mr Theophanous is reported in *Hansard* as having said:

The original budget estimate for land tax revenue for 1997–98 was \$427 million.

Changes to this bill, if implemented, reduce the revenue estimate to \$397 million, a reduction of \$33 million.

Mr Theophanous is right — that is exactly what happened. The changes introduced by the former government flattened the land tax regime.

Hon. R. M. Hallam — Reduced the yield.

Hon. BILL FORWOOD — Yes. Not only did it do that, but it exempted the principal place of residence.

Hon. T. C. Theophanous — Are you going to selectively quote me?

Hon. BILL FORWOOD — I am happy to read your speech back into *Hansard*. This is exactly what you said. There is no doubt that the then government's changes brought more people into the tax net, which I am sure is the point that Mr Theophanous will make. Mr Theophanous will talk about an additional

77 000 people being brought into the net at a rate of between \$85 and \$200.

Hon. T. C. Theophanous — Seventy-seven thousand small businesses, that is what you did!

Hon. BILL FORWOOD — Mr Theophanous has just agreed with me. The net effect was to reduce the land tax, which Mr Theophanous has agreed with. I repeat what Mr Theophanous said on 10 December 1997 as reported in *Hansard*:

Changes to this bill will, if implemented, reduce the revenue estimate to \$394 million, a reduction of \$33 million.

That is what happened. You got it right. Contrast that with what is happening under the government — \$1.1 billion extra in land tax.

Hon. T. C. Theophanous — It is not under us. It is an independent report.

Hon. BILL FORWOOD — I have just dealt with that.

Hon. C. A. Furletti — Let him keep digging.

Hon. BILL FORWOOD — I had better move on.

Hon. T. C. Theophanous — You are casting aspersions on the authors of the report.

Hon. BILL FORWOOD — I am not going to revisit the issue of the independence of the report and the difference between the former government's land tax changes and the changes proposed by the Bracks government. I refer now to a speech made by the current Minister for Industrial Relations when she was in opposition on 19 May 1998. She is reported in *Hansard* as having said:

The changes that were made look after the big end of town.

...

... instead of assisting those in need, the tax reduction just looks after the big boys at the big end of town.

The changes proposed by the Bracks government totally skew land tax away from the big end of town to small businesses throughout Victoria.

Hon. T. C. Theophanous — On a point of order, Mr Acting President, it is incumbent on people in this place not to mislead the house. Mr Forwood just said these changes are proposed by the government. That is inaccurate and is designed to mislead the house. The changes have been proposed and are recommendations of the independent Harvey report. They are not proposals of the government. The statements by

Mr Forwood are designed to mislead the house because he is suggesting that the proposal is a government proposal. It is clearly not.

Hon. BILL FORWOOD — On the point of order, Mr Acting President, Mr Theophanous can make any debating point he likes, but he should not abuse the forms of the house. His point of order is nonsense and he knows it.

The ACTING PRESIDENT
(**Hon. R. H. Bowden**) — Order! I have listened carefully to the points made by Mr Forwood and Mr Theophanous. The nature of the debate is wide ranging so that the house can have the benefit of the views of all honourable members, so a certain degree of latitude is allowed. Mr Theophanous has raised a reasonable point of order when he says that honourable members should not mislead the house. I do not suggest that is taking place. There is no point of order on this occasion, but I suggest the inference that the government is doing something is a little wide of the mark.

Hon. BILL FORWOOD — Far be it from me to disagree with the Acting President. The government has the opportunity to rule out once and for all that it will introduce the changes proposed in the Harvey report — a report commissioned by the government, released by the government and commented on by the government. These are Labor Party proposals that are being put before the people. I challenge Mr Theophanous or other members of the government to immediately rule out the proposed land tax changes that will devastate Victoria and small businesses.

I conclude with a quote from Offbeat, an article on page 22 of the *Berwick Leader* of 21 March this year entitled 'Yes minister':

Victoria's small business minister Marsha Thomson was discussing with Berwick traders the likelihood of the government widening the land tax net and its impact on the business community when she learned our journalist was present.

The minister objected. 'It would have been nice to know you were here,' she snapped. 'But you invited us,' the journalist replied, showing his invitation on the minister's letterhead.

'We'll see about that,' Ms Thomson said, impounding the offending piece of paper. 'Well what do you want to know?'. Where she stood on open government, perhaps?

The government is hiding on this issue. It is time it stood up and ruled out the proposal because of the devastating impact it will have on small businesses.

Hon. R. M. HALLAM (Western) — I congratulate the Honourable Bill Forwood on moving the motion today both because of the timeliness of the subject and the strength of the argument he puts to support his case. Whatever might be said about the Harvey report no-one can doubt that it is topical. It has grabbed the headlines of the daily media and certainly grabbed the hearts and minds of Victorian taxpayers. Anyone unaware of that need do no more than obtain a copy of the transcript of the Premier's conversation with Neil Mitchell on radio 3AW earlier this week. They will then understand the passion of the callers, particularly those who claim to be self-funded retirees. They said that the shift in land tax meant a virtual wipe-out.

I will cover three features of the Harvey report. The first is the general brief, and I will be kind about that. However, I will handle in some detail the two criticisms raised in the Honourable Bill Forwood's motion.

Firstly, in respect of the general brief given to the Harvey small business and tax review committee, the Treasurer should be commended for establishing and providing a challenge to the committee. It was told to review the existing tax structure across the state and was given to understand that that was in the context of a repeated promise that the taxes and charges levied on Victorian businesses would fall by \$400 million over four years.

Like Mr Forwood I am bemused by the terminology employed because of the double counting that seems to take place. Leaving that to one side, National Party members generally applaud the initiative undertaken by the Treasurer, Mr Brumby. Our starting point is that it is critical that Victoria's taxes and charges be competitive. Our future economic wellbeing and the desperately needed jobs of tomorrow are dependent upon that competitiveness.

For the sake of the record — particularly to forestall the comments expected from the government — National Party members have been careful not to denigrate the qualifications, the motivation or the performance of the committee members. They are all highly respected members of the Victorian business community. We also acknowledge that there is a good mix of expertise and background across the committee and we have no argument on that score. Nor do we argue about the methodology. In fact, it is clear that individual members of the Victorian community were given an opportunity to contribute and to participate in the review. The committee produced a background document designed to assist people to become directly involved in the review and to take up that opportunity.

The National Party is also prepared to put on the record that it believes the committee members approached their challenge with gusto and some courage. This is not a superficial quick fix but a detailed in-depth synopsis of the current structure. The recommendations were made against the background of how to simplify that structure, how to reduce red tape, and how to achieve savings. It is acknowledged that Victoria should be pursuing a more competitive tax structure and that that competitiveness is critical to the state's future wellbeing.

As I said, National Party members are relaxed about the methodology and with the major thrust of the report, particularly so far as it relates to payroll tax. I have no argument with the general thrust in that context. I am happy to put on the record that I appreciate the courtesy of the Treasurer in sending honourable members an early copy of both the report and the summary.

The National Party has two fundamental criticisms. However, before I go to them, I admit that I am a bit bemused by some of the language used. I particularly refer to recommendation 3, which appears at the front of the summary document. The committee recommended that payroll tax rates be reduced and that the reductions could be funded from a number of directions. Point (iii) refers to an additional levy on super profits from electronic gaming machines, which I will come back to. I understand that the payroll tax cuts could be funded from that source. However, the committee has also included the source under point (i):

... the government's promised tax cuts of \$100 million from 1 July 2001 ...

I must have missed a chapter somewhere. That is the first time I have come across the notion that a reduction in payroll tax could be funded from a promise to reduce other taxes. We do not have the source of the reduction in taxation. I am bemused by the terminology used. I think someone dropped the ball.

I refer to the two fundamental issues that can be canvassed in the context of today's motion. The thesis postulated by the committee on land tax is very basic. It simply says that stamp duty on transactions, currently bringing in something in excess of \$1 billion a year to the Victorian Treasury, should be abolished and by and large replaced with an increased take from land tax. It is suggested that land tax should be increased from \$475 million to almost \$1.6 billion.

The argument on which the committee bases its case is that stamp duty is restricting investment, is costly to administer, complicated, unpredictable, even avoidable — and it is a relic of the past. I am not sure

that anybody would argue with that conclusion. That is exactly the same tax that would have been deleted completely from the landscape had it not been for the untimely intervention of the Democrats at a federal level in respect of a new tax system (ANTS) arrangement and the GST. The argument runs that by comparison land tax is predictable, it is less avoidable because the land cannot be shifted, it is fair in application and therefore cheaper to administer and more efficient.

That might be all well and good. We might all be enthused by that and we might all be able to support the changes in a clinical sense. The question remains as to whether the fairer nature claimed in respect of land tax justifies the trebling of the anticipated revenue flow. I am not sure if you can put that down to naivety or courage, but I suggest it is a very big call on the part of the committee.

There are two further complications with land tax. The first of those is that the current rates are sharply regressive. I will not go through it in detail, but it is understood that there is a tax-free threshold up to an unimproved capital value of \$85 000. The first rate to be applied is 0.1 per cent, but at the top end of the range — that is, to properties valued beyond \$2.7 million — the rate is 5 cents in the dollar. We are talking about a very substantial tax rate.

That structure has in turn led to the need for aggregation, a vexed concept out there in the business world. That aggregation concept was required to prevent companies structuring their holdings to capture multiples of the threshold and therefore minimising their taxes. So, there is now another tier of complication. It is a complex tax that is difficult to administer and can be demonstrated to be unfair to the extent that the tax levied on individual parcels of land that appear to all intents and purposes to be similar can be dramatically different.

Then there is the complication that underpins the land tax notion — that is, the assumption that the big corporations can afford to pay a higher tax. Therefore, the assumption runs, they should be required to pay a higher rate of tax. I for one have never subscribed to the theory of progression, because it ignores the real world in which the ultimate cost ripples down to the last man standing, either the investor or the tenant, and so the tax is effectively passed on.

A classic example in country Victoria at the moment is in respect of Vicfreight, where thousands of small lessees are paying the top rate of land tax simply because the lessor is captured by the concept of

aggregation. Many tenancies have become unviable. The bottom line is that we simply cannot isolate the effect of a particular tax to a particular taxpayer because of that rippling effect.

The committee has suggested a way around that. Its solution is that we could get rid of aggregation by doing two things the first of which is introducing a flat rate of tax. I do not think anybody in this chamber would argue against that in the context that it is offered. However, the next step of that remedy is to remove the threshold, and enormous ramifications flow from that, notwithstanding the acknowledgment that the suggestion is made on the basis that the tax would therefore be fairer in its application between taxpayers.

I make the point again that it may be okay in the clinical sense, but the dual effect of removing the tax-free threshold and then applying the assumption that the revenue flow from the tax will be tripled by applying a flat rate of 2.89 per cent in the \$1, will produce this bizarre effect on individual taxpayers. As the Honourable Bill Forwood pointed out very graphically, the effect will shift the burden from the big end of town on to the strugglers — the self-funded retirees and small business, particularly small business across country communities where the comparative land values have meant that the threshold has been a more effective shield in the past.

In its clinical approach I think the committee has missed two fundamental factors. The first is the issue of politics and the notion that where there are winners and losers the winners go home and sit very quietly and the losers come out and are very noisy. I thought the Age editorial of 1 March put it very succinctly:

... the gratitude of taxpayers relieved of a burden is usually outweighed by the resentment of those to whom it is shifted.

I think that captures it in one sentence.

As Mr Forwood pointed out, currently 130 000 Victorian taxpayers pay land tax. Just removing the threshold will add to that another 250 000 Victorian taxpayers. I know what the Labor government will say by way of defence — it does not change the fact that this proposal would see the yield from land tax tripling.

Hon. T. C. Theophanous — But it abolishes stamp duty.

Hon. R. M. HALLAM — We have 250 000 unhappy campers because of the shift in the threshold, and all those landowners with a property of less than \$3.8 million in unimproved capital value will,

in fact, be paying more tax, and some of them will be paying substantially more.

I know Mr Forwood gave a number of examples. I thought the appropriate example would be an assumed medium; and I chose \$250 000 unimproved capital value. A landowner with a property of that value would today be paying \$300 in land tax. Under the proposal currently on the government's desk that property owner would be paying \$7225 in land tax which, according to my quick calculation, is something like a 2300 per cent increase. This is my point: however fair that rule might be, I think a very big test is confronting the Labor government. It goes to the issue of the difference between the comfort of opposition and the responsibility of governments, and we are about to find out just how well Labor has made that change.

The new rate and the structure are a challenge, but I argue that the removal of the threshold is not supportable on two fundamental grounds which are quite different and which have not been canvassed by the committee at all. The first of those goes to the cost of administration, particularly that which would apply at the low end of the tax take where the cost of the administration would be disproportionately high.

There is a very powerful argument that says there should be a threshold because it makes good sense to look at the yield of the tax and compare it with the cost of collection. There is a really practical argument, which suggests that the committee got it wrong. But in my view there is an even more powerful argument, which goes to the realisation that small business is the cradle of enterprise; there is a very good argument which says an economy should be encouraging its people to get involved in small business — because we acknowledge that, after all, that is where the employment growth is to be generated.

So I do not have to raise an argument on the basis of equity, that the threshold should be there because of some notion of fairness. I can make an argument based on the clearest case of being hard nosed and an economic rationalist: here is a really good argument that says there is room for the economy to recognise the importance of a kick-start. So I think the committee got it wrong.

Hon. T. C. Theophanous — That is a reasonable position if that is what you believe.

Hon. R. M. HALLAM — The committee got it wrong, particularly on the issue of the threshold. I have no misgivings whatsoever in campaigning strenuously against the removal of the threshold, particularly in

country Victoria where the removal of the protection will be most pronounced.

Even if the committee's argument is right that land tax is fairer than stamp duty, I reckon its recommendation that the new rate be 2.89 per cent is politically suicidal. I do not think there would be a government in captivity prepared to take on this issue. I am not critical of the committee to the extent that it left the politics to the politicians. In fact, I think that is not a bad understanding from which to commence. But the recommendation of a flat rate of 2.89 per cent and no threshold is not in the real world. As Mr Forwood pointed out, the redistribution would be absolutely savage. I, for one, would not like the job of selling the new scheme, particularly to the 250 000 taxpayers who would be brought within the net.

I turn now to the proposed \$4000 surcharge on all electronic gaming machines. I cannot think of a single redeeming feature of that proposal. I am not prepared to dismiss it as an indication of naivety on the part of the committee because I think in this case it has really dropped the ball. I do not take any joy in saying that, and I do not want to speculate as to the background. I hope it is nothing more than the suggestion that the gaming industry represents easy pickings. It would be tough to go beyond that.

I shall outline my criticisms of that \$4000 levy. I must start with the irony involved. The same Labor Party now in government, which harped about the Kennett government's reliance on the gambling dollar, is now apparently not just contemplating but salivating at the prospect of picking up another \$120 million from this very same industry. Forgive me for reminding the house of the rotten double standards that are involved here. I also remind the house of the rhetoric being professed so much in relation to the concern for the problem gambler.

Let us take just 1 minute to think what a surcharge of \$4000 on each machine across the state will mean in terms of its impact on the problem gambler. It means for a start — I am sure this cannot be challenged — that the industry will have to run much harder to gain the throughput required to maintain the current rate of revenue. It means therefore that the product will be more heavily promoted. It means there will be more relocation of non-performing machines. I would like someone to explain to me how that is likely to help the problem gambler.

Honourable members should remember that the industry would be facing a situation where it got no return at all until the \$4000 was recovered not just from

profit derived from each machine but from its share of that profit from the machine. It should be remembered also that under the deal done in the early days — one-third, one-third, one-third — there was a third for the operator, a third for the venue operator and a third for the government. Here we have the insidious effect of the government claiming its one-third of the first dollar that comes through the machine by way of profit, but the operator has to wait until the 4001st dollar before it gets its share, to emerge.

Just imagine for a moment what that will do for the industry and what it means for problem gambling. This is the most insidious thing I have come across.

I turn to the description of super profits, which is the term employed by the committee. I have to ask whether these people have been on another planet. Where did this notion of super profits come from? One must remember that the recommended levy is to be directed at the three gaming operators — Tattersalls, Tabcorp and Crown — and that the yield suggested would be \$55 million a year from Tattersalls and Tabcorp and \$10 million from Crown.

One must recall the reality and circumstances with which honourable members are confronted. What happens with a listed company? More than half of the shareholders in Tabcorp are Victorian mums and dads. They are now being told, particularly those who have just bought into Tabcorp, that they should not be entitled to a super profit. Their yield was about 4.5 per cent the last time I looked, but now \$120 million will be snipped, of which \$55 million can be taken out of the Tabcorp pot.

Hon. P. R. Hall — And they are upset!

Hon. R. M. HALLAM — No wonder they are upset.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — No wonder they are upset, because they will not see anything like super profits. Their investment will provide anything but a super return.

My next criticism is to pose a question and ask where the government expects this \$4000 to come from? Forget the quaint notion that the operators will not attempt to claw it back because they are as commercial as anybody. If we as members of Parliament change the rules and impose another \$4000 per machine we cannot expect them to sit back and cop it. Come on! They will cut standards in the industry to reduce costs, so we can expect not only a reduced return to the shareholders and

also over time expect to see reduced conditions for the venue operators.

This penalty will have implications through a chain of events. Community clubs will be disadvantaged, of which there is already evidence. The racing industry, a magnificent and important industry throughout Victoria, has a quarter interest in Tabcorp and it is about to be wiped partly off the map. The implications of the ripple-down effect will be massive.

That is the part we can all see, but there are three more insidious effects of the changes that I wish to talk about. The first effect, which was canvassed in passing by the Honourable Bill Forwood, is the extent to which, when pressured, the chairman of the review sought to distance himself from the \$4000 notion. I refer to the transcript of the interview Mr Harvey gave with John Burns and Ross Stevenson on 3AW on 9 March. Ross Stevenson said, among other things:

... mum and dad investors could lose as much as \$2.57 a share ...

He was trying to draw Mr Harvey on how that could be justified. Immediately the chairman ran for cover, and said:

... the government was looking at this question anyway. It's commissioned reports and that came to our notice as we did our work.

He was saying that it was already on the government's table. It is quaint for Mr Theophanous now to argue, by way of interjection, that this is not the government's report and that the government had nothing to do with it. It is clear, at least in the view of the chairman, that the issue was on the table long before he was given the brief. That is exactly what he says. He also says, for what it is worth, in terms of the impact —

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — I am happy to put it on the record that I am quoting from the transcript of interview conducted by Ross Stevenson and John Burns with John Harvey, chairman of the review committee, on 9 March on station 3AW at 7.47 a.m.

Hon. W. R. Baxter — That has just blown Mr Theophanous's defence out of the water.

Hon. T. C. Theophanous — What does it say?

Hon. R. M. HALLAM — I am just taking you through it, Mr Theophanous.

As an aside, I notice that Mr Harvey described the gaming machine issue as a sideshow — it is a \$120 million sideshow! He also said:

The EGM revenue, if there's any at all, is really at the margin, Ross.

I must have missed part of the lesson. But he goes on to say:

Well look, I repeat, we took notice of the fact that this was already being looked at ...

To answer your quizzical look, Mr Theophanous, he is speaking there of the concept of placing a surcharge of \$4000 on each of the 30 000 machines throughout Victoria.

It is clear to me that, at least in the eyes of John Harvey who chaired the review, the government was already softening the community for another snip at the gaming industry. I genuinely hope that John Harvey was not saying in that interview that he put the issue of the \$4000 surcharge in the report because he thought that is what the government wanted to hear. However, the question remains in the community: where did that concept come from and who was the architect if John Harvey clearly is denying it came from the committee?

The second criticism I make is even more important — the extent of the shift in the goal posts. It is a matter of history that the three operators — Tattersalls, Tabcorp and Crown — signed long-term contracts with the Victorian government.

Hon. T. C. Theophanous — With you.

Hon. R. M. HALLAM — For the edification of Mr Theophanous, one can say it was with the previous government. I acknowledge that the contracts were signed with the previous administration, but how many times have we heard the Bracks government promise that all existing contracts would be honoured? It is as simple as that. I can take Mr Theophanous to quote after quote where in the quest for credibility his leader has again and again confirmed that existing contracts would be honoured to the letter.

This is the first and clearest example that the government has failed the test. Worse still, it is relying on the perception that the gaming industry represents easy pickings. It is ironic, because in opposition Labor vilified the industry and its key players and alleged an unhealthy relationship with government and now seeks to profit from that vilification. It is a clear shift in the goal posts and a repudiation of the long-term contracts that were entered into in good faith. I say as a member of this house and a proud member of the National Party

that that is unforgivable. It is no defence to say that all contracts shall be honoured and then in this case, because of the identity of those directly involved, go back on your word.

Until now all the arguments I have raised could be defended, at least in part, by saying, 'Hang on, this is an independent report done at arm's length from government, so why don't you wait and see the budget and see how many of the ideas and recommendations have been picked up?'. That is a legitimate defence, except to the extent that it goes to my final criticism — that is, that the damage has already been done.

I turn to the issue of sovereign risk. My real concern is about what the Bracks government is doing and has done to our reputation as a trading state and nation.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — If you want credibility at the top end of town, Mr Theophanous, you have to take account of the sovereign risk issue.

The release of the report and the government's decision not to distance itself from the recommendations has had an enormous and immediate impact on the finance sector. I shall quote the classic example of the drop of \$2.57 in the shares of Tabcorp.

The government cannot just tear up a long-term contract with impunity. Tabcorp paid almost \$600 million for an 18-year contract which has now been torn up — ripped apart! Who is next? What is next? If the government cannot be trusted to honour a long-term contract of that importance, what does it say about Victoria's economy and community?

The bottom line is that the government's decision not to distance itself from the \$4000 gaming machine surcharge — that decision alone — wiped about 20 per cent off Tabcorp's profit expectations. It cannot in this instance say, 'We will leave this to the budget', because the damage has been done and is happening today out there in the real world.

Worse still, the government has blown Victoria's standing as a place to do business. It demonstrates that we cannot be trusted, while in the next breath it craves credibility. It wants respectability, but in its very first test it walks away from a contract of major import and demonstrates to the world that Victoria cannot be trusted.

The damage is inestimable — there can be no challenge to that. The government has created a doubt, and those who understand the extent to which the finance sector is

global will appreciate that Victoria has effectively held up a sign saying it is not worthy of trust any more because the government is simply not prepared to recognise the reality of those contracts.

If government members do not want to accept my word, I invite them to listen to what some commentators have had to say. Perhaps they will recognise the eminence of those who have raised grave questions about the issue before the chamber. What about ABN Amro? Michael Nolan is pretty well known, and he described it as 'white-collar theft'. What about UBS Warburg? It looked at the decrease of the value of the stock, estimated it to be \$2.57, and talked about the government losing credibility if it ever wanted to sell another asset. It also traced the impact of the surcharge on the racing industry.

What about the Deutsche Bank — how is that for a reference? Its eminence could not be questioned. Its spokesman asked the following question about the issue of sovereign risk:

... will overseas investors ever have confidence to invest in Australia again if governments can change the rules partway through a deal ...

What about Credit Suisse First Boston? Its description was:

Premier Bracks goes back on his word.

They are not my comments; they are comments from the most respected commentators in the finance sector.

If the Treasurer understands the issue of sovereign risk — there is a big question mark over that — and the extent to which the damage has already been inflicted, the basic question is: why did he not choose to distance the government from that component of the Harvey report?

Hon. Bill Forwood — They thought it up.

Hon. R. M. HALLAM — I hear the argument that this is an independent committee at arm's length from a government that is saying that the recommendations deserve consideration. However, that statement is set against a background in which the same Treasurer has already torpedoed two of the committee's recommendations — that is, those relating to the fire services levy and motor registration fees. The motion put by Mr Forwood should be seen in that context.

Why not do precisely the same for the gaming machine surcharge, and do it very quickly, to cauterise the damage that is already emerging in the marketplace? Not long ago we debated a bill that saw the same

government lift \$10 million from the same industry by imposing a surcharge on the same machines. That was an interesting debate. I recall saying that the only logic I could see behind the derivation of that tax was that the \$10 million it would yield was a good round figure. I also remember asking why the government stopped at \$10 million when \$20 million was a round figure, too. I even got to \$50 million, and then thought better of it. I should have gone to \$120 million, because that is effectively what is being contemplated in this bill!

We cannot wait for the budget to be brought down because of the damage to our credibility and reputation that is already happening in the marketplace. I say this as clearly as I can: if the Treasurer, the Honourable John Brumby, cannot see the impact of sovereign risk, I despair for Victoria.

I wholeheartedly support the motion. I call on the government to dispel the concerns of small business about the land tax changes. I ask the government to put those to rest today and, more importantly, to demonstrate to the world at large that the Bracks government — the Victorian government — can be trusted, that it will honour its contractual obligations, and that Victoria will remain a good place to invest.

The issue will not wait until the government brings down the next budget. It is critical that it be addressed today. I commend the motion to the house.

Hon. C. C. BROAD (Minister for Energy and Resources) — I note in commencing my remarks that essentially the same matter was debated in the lower house two weeks ago, led by the shadow Treasurer. In light of the very public discussions about the future of the shadow Treasurer, debate on essentially the same matter in the upper house some two weeks later is one way of trying to convince the public that the shadow Treasurer is supported by the opposition. It is one way — though not a very imaginative way — of trying to get that message through.

The opposition has been very vocal in the house today and in other places in calling for the ruling out of certain proposals arising from the Harvey report on business taxation while those matters are still subject to public consultation. The government always said that consultation would take place following the release of the report, which the government also said in advance it would be doing — something which would very likely not have happened under the previous Kennett government.

The opposition seems to be having some difficulty getting its lines together on the matter of consultation.

The opposition has made constant calls in this place for more and more consultation. As recently as the house's most recent sitting week the opposition was calling for consultation on marine parks. Following some nine years of consultation — traversing three governments — the opposition was calling on the government to essentially replicate the Land Conservation Council and Environment Conservation Council processes, pointing out that the consultations the government was undertaking with peak bodies were not adequate.

I point out that the argument in the debate on the motion was led by the Honourable Philip Davis. Now the Leader of the Opposition in the other place, Dr Denis Napthine, is underlining the call for more, not less, consultation. His recent remarks about the previous Kennett government and its failure to consult adequately have earned him some very public rebukes. Nevertheless, like the arguments led by the opposition consistently in this place and targeted at this government, he made essentially the same points about the need for more consultation and more listening prior to making decisions.

Now honourable members have before them this motion calling on the government to essentially cut off public consultation and just get on with making a decision. That is notwithstanding the very clear statements the government has made about releasing the report and allowing a debate to take place prior to its making decisions about it. All of that simply exposes the hypocrisy of the Liberal Party in particular in its statements about consultation. Those statements should be viewed in that light.

Members of the Liberal Party also profess in their comments on the motion to be concerned about small business. They are members of a party that has inflicted the GST and the business activity statement on small business and turned all small business operators in this state and the nation into tax collectors. The comments are being made by people who, as members of the former Kennett government, enthusiastically signed up to the GST in a set of arrangements by which for every \$1 paid by Victorians under the GST the state gets back some 83 cents.

The hypocrisy of members of the Liberal Party now professing to be concerned about and to be the saviours of small business is obvious to everyone. I very much doubt that the efforts of the Liberal Party to try to convince small business operators that it now cares about them and that its members are coming to save them will restore — —

Honourable members interjecting.

The ACTING PRESIDENT

(Hon. G. B. Ashman) — Order! The minister, without assistance.

Hon. C. C. BROAD — I very much doubt that the transparent attempts by members of the Liberal Party are likely to convince small business operators that after all the Liberal Party cares about them and that those attempts will do anything to restore its standing with small business operators or that they stand any chance of saving the Howard government at the forthcoming federal election. Anyone who spends any time listening to what members of the community — including those in small, medium and large business — have to say will know that that is the situation.

I will spend a moment examining the motion in the context of the new-found concern of honourable members opposite for small business and the former Kennett government's record on taxation. I put it to members of the opposition that they have no credibility when it comes to taxes and charges. When in government they were the high tax experts. I point out to the house that in the seven years of the former government total tax revenue increased from some \$6.2 billion to \$9.5 billion, which was an increase of more than 50 per cent and far greater than consumer price index increases over the same period.

I point out also that the former government reduced the threshold for land tax from \$200 000 to \$85 000, which forced more small businesses to pay land tax than ever before and that more than 70 000 new taxpayers were caught in the land tax net. The former Kennett government also removed land tax capping, which had been designed to mitigate the impact on taxpayers affected by a combination of increased property values and increased rates of taxation.

Under the former Kennett government those changes to land tax were actively supported by honourable members opposite and by the former Minister for Small Business, who is now in the other place. Once again, the efforts by members of the opposition to endeavour to convince small business operators that now they have great concern for the impact of taxation on small business are seen for what they are.

I refer to some of the exchanges across the chamber in earlier discussion of the motion. It is important to point out that the Harvey report is an independent report to the state government. It is the first significant review of its type since 1983. As has been stated on many occasions, it contains recommendations only and the

Victorian government is still considering its response to the report in light of responses across the board. That is why the government committed itself to releasing the report and to a process of public consultation.

Hon. R. M. Hallam interjected.

Hon. C. C. BROAD — That is something which very likely would not have happened under the previous government.

Hon. R. M. Hallam — So you are not still considering it? Only part of it is still being considered?

Hon. C. C. BROAD — The government has made it very clear that the basis on which it has ruled out two proposals in the independent report is that they were outside the terms of reference for the review. The matters in line with the terms of reference the committee was given are those on which the government committed itself to undertaking consultation — and that is exactly what it is doing.

I note the comments made earlier by the Honourable Roger Hallam on the business tax review committee. It is worth pointing out the membership of that committee. It included the then chief executive officer of the Victorian Employers Chamber of Commerce and Industry (VECCI), Nicole Feely; Professor John Freebairn; Kathleen Townsend; and of course the chair, John Harvey, a recently retired partner of Pricewaterhousecoopers.

To suggest, as representatives of the Liberal Party have endeavoured to do, that in some way the members of the review committee and their report are not independent is quite extraordinary. It is an extraordinary reflection on VECCI to suggest that it cannot participate in a government review and put forward an independent report for the government to consider. I regret that the Liberal Party has attempted to paint members of the review, who willingly gave of their time, in that way.

It is also important to place on the record the contrast between the former government's record and the general economic business environment created by the Bracks government. The opposition says it is concerned for small business, but the results of the general business environment created by the Bracks government will do far more for Victorian small business, and business in general, than any of the professed concerns from the opposition.

I particularly draw attention to the strong employment growth in Victoria which has brought down the unemployment rate to 6.3 per cent in February — the

lowest level since the middle of the 1990s. Also, in trend terms new motor vehicle registrations have increased 15 per cent on last year.

Hon. W. R. Baxter — Only because of the GST.

Hon. C. C. BROAD — I also draw attention to the recent Yellow Pages business survey showing that confidence among small and medium businesses has jumped from 32 per cent in the previous quarter to 43 per cent in the three months to February this year. That is a welcome result for the government.

The opposition has no credibility when it comes to supporting the interests of small business. The government believes the opposition's attempts to turn its standing around will be fruitless. The government is considering the Harvey report. When furnished, its response to the total report will be good news for small business. The government has said its response will be made as an important part of the state budget, not today in this place, despite the urging of the Deputy Leader of the Opposition. That response will be well received by small business.

Hon. W. I. SMITH (Silvan) — I support the motion and I call upon the government to rule out the proposed changes to land tax that will devastate the Victorian small business community. The so-called consultation process has caused confusion and uncertainty.

In her contribution to the debate the Minister for Energy and Resources failed to rule out the possibility that changes will be made to the proposed land tax. I call upon the government today, if it intends to support small business, to rule out its proposal. The changes would force at least 250 000 additional Victorians to pay land tax.

The first thing the Bracks government did when it came to office was to call a business summit. Certainly the summit had little representation from small businesses, but larger businesses were represented. One of the major messages from that summit was that to do business in Victoria, to create employment and to create job growth, taxes on businesses had to be reduced. They are regarded as an impost on employment and business growth in Victoria.

The government has not been listening because it has failed to rule out the proposed broad land tax that will devastate small business in Victoria. It is ignoring past messages of the Cain and Kirner governments and of its own Labor Party history.

In 1877 Victoria introduced the first land tax in Australia by taxing the sheep-carrying capacity of

agricultural estates. That tax was hated then, and it continues to be hated today.

I refer to an article in the *Age* of 22 July 1986 under the heading 'Cain to review "unfair burden" of land tax'. It states, in part:

The state government will review the operation of land tax in the face of evidence that it is hitting people on low and fixed incomes.

Former Premier Cain acknowledged it but did nothing about it; he may have talked about it but did not get around to doing much. In the *Herald Sun* of 22 July 1986 it was reported that Cain was keen to ease the land tax bite. He talked about introducing a change in valuations.

In 1990 the Real Estate Institute of Victoria issued an analysis of inequities and inefficiencies in Victoria's land tax system under the Cain government's tax. Its publication states, in part:

Land tax is an assumed wealth tax which acts as a major disincentive to investment in all types of property in Victoria.

It is inequitable and inefficient because:

Victoria has the highest rate of land tax ...

Victoria is the only state that imposes a surcharge on land valued over a certain amount.

Victoria is the only state that imposes an additional 20 per cent surcharge on land which is owned by absentees.

Four years later, when a report was issued, Premier Cain had still done nothing about changing the land tax situation.

A former Treasurer, Tony Sheehan, introduced a double-barrel land tax slug in July 1992. An article in the *Herald Sun* of 30 July 1992 states, in part:

Many recession-struck city and suburban businesses will be hit twice in six months with land tax bills because of a change in state government policy.

Businesses were slugged once in June with the bill for the 1992 land tax and will be hit again as early as January with the bill for 1993.

...

If the business is late, it will have to pay 20 per cent interest, calculated daily.

The Cain and Kirner governments did not learn what impact would result through hitting business with taxes, but Victorians knew and had their say at the 1992 election. Yet today the government continues to review taxes and to consult — it has not discounted its introduction — on the introduction of a flat land tax.

In 1992 the Kennett government overhauled land tax charges when it came to office. It evened out charges in the middle and gave small businesses some respite from the taxes. It reduced the tax for three years, then capped and froze land taxes. The flat land tax proposed by the Harvey committee will devastate small business and small investors.

I refer to comments made by independent business analysts about what a flat land tax would do to Victoria. An article in the property business section of the *Age* of 28 March last carried a headline 'Tax plan threatens small firms'. The article states:

Many small retail businesses could go broke if the state government adopts proposed land tax increases of up to 2790 per cent, according to the Australian Property Institute.

Estimates of the new land tax scales provided by the institute reveal a landowner now paying \$200 a year on land valued at \$200 000 would pay \$5780 under the proposed regime.

I refer to an article in the *Herald Sun* of 2 April under the headline 'Flat tax blow to small investors'. It states:

Self-funded retirees and home renters would be the secret victims of the proposed changes, property experts warn.

Australian Property Institute spokesman Nicholas Anagnostou said retirees relying on income from investment properties would be some of the biggest losers under recommendations by a state government task force that has been reviewing business taxes.

The *Australian Financial Review* of 30 March under the heading, 'Land assessments a "greedy tax grab"' states:

Melbourne property owners are up in arms about the latest round of land tax assessments, as properties are incurring increases of up to 600 per cent. The Property Council of Australia accused the Victorian government of making a greedy tax grab at the direct cost of tenants, shopkeepers and small superannuation funds.

The Australian Property Institute reviewed the proposed changes to the land tax regime in the Harvey report, which supposedly comes into effect on 1 July. It states that the big losers are expected to be commercial and retail tenants, residential investors and tenants, owners and/or tenants of land rich and/or cash poor property, self-funded retirees, do-it-yourself super funds with property interests and owners of commercially zoned vacant land. The winners are expected to be the large institutional property funds and owners of large property holdings with combined site values of more than \$3 800 000.

I turn to the changes that will take place. Today an unimproved land value of \$50 000 has no current land tax, but under the proposed changes a tax liability of

\$1445 will come into place. In my electorate of Silvan a butcher shop worth \$200 000, which currently pays \$200 in land tax, would pay \$5780 in land tax. The value of land of \$1 million unimproved, which today has a land tax of \$6230, would go up to \$28 900. However, the big winner is the landowner of a property worth \$10 million, who currently pays \$419 880. The land tax would drop down to \$289 000. The question must be asked: how committed to Victorian business is the Bracks government? The government has held a tax summit but it is still not listening. It is still causing uncertainty in Victoria and still frightening businesses with its so-called consultation process.

When one considers the record of the Bracks government with Workcover, the Fair Employment Bill, its imposts on employment and jobs, the lack of reduction in petrol excise and now the proposed land tax, one notes that not much has changed from the days of the Cain-Kirner governments.

Hon. T. C. Theophanous interjected.

Hon. W. I. SMITH — It is the Growing Victoria Together summit, yes. I turn to examples from country towns and the impact the tax will have on them. The owner of a fish and chip shop in Ballarat at the top end of Sturt Street with a land value of \$41 500 would now be forced to pay \$1199.35. The owner of a major supermarket in the Ballarat central business district in Peel Street South with a land value of \$1.238 million currently pays a tax bill of \$11 975. Labor's tax plan would see the land tax bill rise to \$35 778. I call on the two upper house members representing Ballarat, the Honourables John McQuilten and Dianne Hadden, to reject this flat land tax and protect businesses in Ballarat.

I turn to Ripon where an owner of a large retail clothing store in Ararat valued at \$132 500 currently faces a land tax bill of \$132.50 per annum. Under the Treasurer's proposed land tax scheme, the owner of the store would face an annual land tax bill of \$3829.25.

Do government members think these people are not scared of this tax? An owner of a small takeaway outlet in Ararat on unimproved land valued at \$48 000 currently pays no land tax. However, under the Treasurer's new land tax regime the land tax bill would go up to \$1387 each and every year. I could provide example after example. There is no doubt that the small business community is looking at the Bracks government with grave fear and great concern.

The Australian Property Institute also put out a review of the proposed new land tax regime, and one issue it

raises is that it believes the Harvey committee missed an important point in that the removal of the threshold would mean not only that the majority of residential investors will have to pay more for land tax for the first time, they will now face land tax bills they were not anticipating and had not budgeted for. They will have to pass the costs on to someone. There will be greater effects from bringing in this flat land tax than has already been considered.

As the Honourable Bill Forwood said, the *Age* newspaper today states:

Bracks gives assurance on tax reforms.

We have not heard the government say it is not going to bring in the reforms. It is saying it is looking at them but the pressure is mounting to drop the proposed land reforms. The article states:

The Victorian government yesterday moved to assure small businesses they would be better off under proposed business tax reforms, as Labor came under pressure to abandon proposals for a new flat land tax.

Now is a good chance. I call on the government to do that today, to rule out the proposed changes to the land tax, which will devastate Victoria, devastate small business and stop further investment. I call on the government now to not implement the tax and to give an assurance to the house that it will reject the new flat land tax.

Hon. T. C. THEOPHANOUS (Jika Jika) — It is hard to know what to say about the opposition's motion, except to say that it is a desperate measure from a desperate opposition that is seeking to in some way deflect the fact that it is so racked with internal division that it has no direction and no capacity to focus.

The entire opposition argument is based on a lie and on a set of misleading statements. That was brought to the attention of the house by the fact that Mr Forwood, who put the case on behalf of the opposition, repeatedly refused to say what was the truth, and that is that the report is an independent report that has come to government. It is not a government report. Mr Forwood knows it is not a government report so he decided that he would come into the chamber and build a straw man. Having built the straw man he used it to attack the government.

I give credit to Mr Hallam, who had the decency to be honest enough to say it was a proper proposal on the desk of the government, and that it was a proposal by a group of people who he described as having integrity — something the Honourable Bill Forwood

was not prepared to do. Mr Hallam attempted to put together a set of proposals for the government. I thought when the Leader of the Opposition in the other place got up the courage to say that life under the Kennett government was not all that pleasant — —

Hon. Bill Forwood — He did not say that at all; you know he did not say that.

Hon. T. C. THEOPHANOUS — I would certainly define lack of consultation with people in the Liberal Party, let alone the broader community, as being an unpleasant environment. I am sure it was unpleasant for Mr Forwood when he was not consulted on the changes to the Auditor-General and that by the time he found out about them they were a fait accompli. I thought when the Leader of the Opposition in the other place got up the courage to recognise the mistakes of the previous government that perhaps we would see a constructive approach by opposition members.

It is important to debate the independent Harvey report. That is why it has been produced. It would have been better if the Deputy Leader of the Opposition had made a more substantial contribution to this important debate instead of attempting to build straw men, as he unfortunately did. The opposition has not put up any proposals — nothing at all. It simply criticises the government and attempts to suggest that everything contained in the Harvey report is somehow government policy, when it knows it is not government policy but is currently being considered by the government. In effect, the motion is built on a lie — that the report is a government report when it is an independent report.

At least the Honourable Roger Hallam brought some integrity to the debate when he applauded the initiative of the Treasurer in setting up the review. Mr Hallam indicated his support for the integrity of the committee involved in the review and said that the National Party believes it was a well-balanced committee. At least he had the decency to put that on the record. He also stated that he supported the methodology adopted by the committee and the consultative process. That demonstrates a level of maturity which has not been shown by the Liberal Party. Mr Hallam also put the view that the committee got it wrong. That is a reasonable and honest position to take. He did not take the view that this was government policy when it clearly is not. He did not go around scaremongering in the community on the basis of what he said is a report compiled by a committee of people who are regarded highly in the community.

Sometimes first responses show the honest position people have on these things. The National Party

spokesperson on Treasury matters, the Honourable Roger Hallam, commented on the Harvey report in a media release headed 'Business tax review welcome — Gaming a worry'. It states:

National Party shadow Treasurer, Roger Hallam, has urged the Labor government to adopt the general thrust of the Review of State Business Taxes released today.

...

Mr Hallam welcomed the major recommendations of the review, saying that it recognised that uncompetitive business taxes created a barrier to employment.

I know Mr Hallam was concerned about his initial press release because later on the same day he sought to withdraw those words when he issued a further press release. What would an ordinary person understand by the words 'welcomed the major recommendations of the review'? Is Mr Hallam suggesting that the recommendation about the changes to land taxes is not a major recommendation? It is clear that not only is it a major recommendation, but that in some respects it is the central recommendation. The report refers to a redistribution of more than \$1 billion, so it is beyond the belief of most people that someone should welcome the major recommendations of the review but then pretend that those words were not meant to cover land tax.

The same press release by Mr Hallam further states:

Labor has committed itself to business tax cuts over the next few budgets, and it could do worse than implement many of the recommendations in this report.

Mr Hallam has not addressed the fact that he welcomed the major recommendations or the issue of his suggesting that the recommendation on land taxes is not a major recommendation of the report, which stretches the imagination beyond belief. Perhaps Mr Hallam did not read the report properly and decided later the same day to put out another press release in which he moved away from his earlier comment about the government implementing the recommendations in the report. I do not know whether that is what happened, but I make the point that the initial reaction tells more about the true situation than subsequent reactions. I suspect Mr Hallam was leaned on by a few people in the opposition when he made his initial comments and was forced to quickly change his position and that of the National Party to accommodate his colleagues.

It is important to put these things into perspective. The Kennett government was the highest taxing government in Victorian history. When it was elected it increased taxes, not just in one area but in a variety of areas. Within a short time Victoria became the highest taxing

state in the commonwealth. That was the legacy of the Kennett government, and it took a Labor government to deliver tax cuts. The \$400 million in tax cuts flagged by the Treasurer are the first substantial tax cuts since the Kennett government was elected and increased taxes. They are the tax cuts that the Kennett government could not deliver. Tax cuts for Victorian businesses will be delivered by a Labor government. Whether the opposition likes it or not there is a \$400 million tax cut on the way.

Hon. Bill Forwood — That is a lie.

Hon. T. C. THEOPHANOUS — You can put it in any way you want, but if it is added up over — —

Hon. Bill Forwood — If I add it up to 10 years I will get to \$1500 million; if I add it up to 30 years I will get to \$3 billion.

Hon. T. C. THEOPHANOUS — That is a very good point. Since it is a recurrent reduction in tax cuts — —

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — Mr Hallam, when you were in government you said that an amount of money was being delivered in a particular program which would amount to X over a period of years. That has been a standard way of recording both cuts in taxes and additional spending by government. You did it as much as everybody else did. It can be identified as a \$100 million per annum increase into \$200 million per annum.

Hon. Bill Forwood — You can have a tax cut once; you cannot have it every year.

Hon. T. C. THEOPHANOUS — The effect is ongoing. Is that too difficult for you to understand, Mr Forwood? You might not like it, but it will amount to a \$200 million saving every single year. Your example can be used and added up for 10 years if you wish. It amounts to a very significant saving for business in this state. When in government you did not reduce taxes, but increased taxes to just about everybody, whether we are talking about householders with the \$100 levy on houses, or gaming increases. The Kennett government made Victoria the highest taxing state in the commonwealth. It did only three things in government: it taxed Victorians, sold off the assets, and cut services. The Kennett government will be remembered for those three things as much as for the things it did not do such as engage in consultation — talking to the community and involving the community in the debate about how the state was to be run.

I refer to some reactions to the report because it is important to put it into context. The report was an attempt by the government to debate the best way forward in restructuring Victoria's taxation regime. The review committee came up with a plan which included: reducing the number of business taxes from 20 to 3; reducing barriers to property investment; making stamp duty irrelevant to business decisions; lowering payroll tax; and raising more land tax by the proposed scheme.

The Harvey report recommendation is about raising more land tax from those who can afford it. It is generally about simplifying Victoria's tax system. We may agree or disagree with the committee, but it has generated an important debate about how to go forward. There are aspects of the report that we would all disagree and agree with.

Hon. Bill Forwood — Well, rule them out.

Hon. T. C. THEOPHANOUS — The final response of the government to what is a very complex report will be contained in the state budget.

Hon. Bill Forwood — Show some leadership.

Hon. T. C. THEOPHANOUS — Mr Forwood, a useful addition to the debate would be your plan and your response to the proposals.

I refer to some reactions that were reported in the *Age* of 28 February. They include:

The report paves the way for a significant improvement in the competitive position of Victorian business.

That was said by Neil Coulson from the Victorian Employers Chamber of Commerce and Industry. Jock Rankin, executive director of the Property Council of Australia, is reported as saying:

This review has put Victoria once more at the cutting edge of financial reform.

Hon. R. M. Hallam — He has stepped back a bit, though.

Hon. W. I. Smith — He made some different comments today.

Hon. T. C. THEOPHANOUS — Obviously there have been a number of reactions. You have stepped back a bit too, Mr Hallam.

Hon. R. M. Hallam — I have not.

Hon. T. C. THEOPHANOUS — Based on your press releases you have stepped back.

Hon. R. M. Hallam — That is your view.

Hon. T. C. THEOPHANOUS — There have been a range of responses to the report. People are concerned about land tax, but they are also concerned about other issues in the report. Mr Hallam mentioned Tabcorp, and I will refer to sovereign risk and Tabcorp shortly. If the opposition simply takes an independent report and suggests that somehow it is government policy and is a government report, there cannot possibly be an informed debate, because that will only create a disincentive for governments to set up independent reports and receive recommendations that may or may not be accepted. Not just this government but previous governments have commissioned independent reports and have not accepted the recommendations in those reports. It is nothing unusual.

Once a report of this size and complexity is on the table, the government does not have to immediately come out and put its view. It is about consultation with the community, forming an opinion, and then implementing that opinion. That is how the government has decided to respond. However, the government has made some general comments, such as that small business will not be disadvantaged in the government's response. It is not about ruling things in and out.

Hon. R. M. Hallam — Why aren't they reassured?

Hon. T. C. THEOPHANOUS — That reassurance has been given to small business. It has been put clearly by the government that small business will not be disadvantaged as a result of tax reform in Victoria. This is very much a straw man operation by the opposition.

In commenting on the issue of sovereign risk, I point out that Mr Hallam made quite a lot of the \$4000 levy. I must say I was a bit disappointed with Tabcorp and Tattersalls, because in their initial response to the proposal they said that if such a levy were imposed on each machine they would stop donating to charitable organisations. That was a pretty irresponsible response to try to put pressure on the government regarding its response to the Harvey report.

Mr Hallam was par for the course on this issue. He has always defended the gaming industry in this state vigorously, and his response today was no different from past responses. He made a ludicrous point that a levy of \$4000 on each gaming machine would lead to an increase in gambling. I do not think that is the view of Tattersalls and Tabcorp. They believe it would lead to a decline. Mr Hallam suggested the levy would somehow lead to an increase in gambling, and more gambling by more problem gamblers. What a tenuous

bow to try to draw! That argument is nonsense, and Mr Hallam knows it is.

I am not saying the government has made any decision on this matter, but let us put the argument in a sensible way. There is a fairly strong argument for the reverse position — that perhaps people might not want to involve themselves in gaming machine use because they might think their returns are not adequate and not enough is coming back to them. The opposite result could occur.

Hon. R. M. Hallam — Are you suggesting that the return to players should be changed? Are you suggesting the yield to the players should be changed?

Hon. T. C. THEOPHANOUS — I am not suggesting anything.

Hon. R. M. Hallam — That is the effect of what you are postulating.

Hon. T. C. THEOPHANOUS — I am saying the perception of people out there is not that the \$4000 levy on each machine would change their habits in a positive way to gamble, as Mr Hallam has suggested. The perceptions are very different from that, indeed. The truth of the matter is that you can interpret this in a number of ways, but I do not think there is an issue of sovereign risk.

Hon. Bill Forwood — That means you do not know what sovereign risk is.

Hon. T. C. THEOPHANOUS — Mr Forwood can make stupid statements, but if he wants to have a sensible debate he should not do so.

Hon. Bill Forwood — No, I am just speaking the truth.

Hon. T. C. THEOPHANOUS — I do not think this is an issue of sovereign risk precisely because every company that is out there doing business in this state is subject to certain risks.

Hon. R. M. Hallam — Oh?

Hon. T. C. THEOPHANOUS — They are — for example, it could be the case hypothetically that tomorrow the Melbourne City Council would decide to double the rates paid by Crown Casino. That would be a sovereign risk.

Hon. R. M. Hallam — No, it is not.

Hon. T. C. THEOPHANOUS — It is a possibility.

Hon. R. M. Hallam — It is a possibility, but it is not a sovereign risk.

Hon. T. C. THEOPHANOUS — It is a risk that may or may not be factored into what companies do.

Hon. R. M. Hallam — That is an annual contract. You should understand the difference is that these people have long-term contracts that you are breaking.

Hon. T. C. THEOPHANOUS — Governments change taxation and the level of taxation from time to time. I think there are at least two legal views on this.

Hon. R. M. Hallam — You are advocating the tearing up of the rule book. That's what you are doing.

Hon. T. C. THEOPHANOUS — I do not think that is the case at all. The rules are about the proportions of revenue from these machines that go to government and the operators, and so forth.

Hon. R. M. Hallam — They have contracts.

Hon. T. C. THEOPHANOUS — The rules are not about the general taxation powers of government.

Hon. R. M. Hallam — This is not about general taxation rights, this is about taxing machines that are the subjects of long-term contracts.

Hon. T. C. THEOPHANOUS — I am suggesting there are two legal opinions possible on this matter, and I do not know which of those it is. The point is that whichever it is, this is simply a proposal by an independent review. It has been examined — —

Hon. R. M. Hallam — You don't care about the impact that has already emerged?

Hon. T. C. THEOPHANOUS — It was an independent review to find out, for instance, whether Mr Hallam's argument is correct. Part of the process is examining closely the legal and financial implications of the review. That is what Mr Hallam and his colleagues would expect the government to do, and that is precisely what it will do. The government will examine the financial and legal implications of all the recommendations of the review and come up with a considered approach.

In conclusion, I shall make a couple of important points on this matter. If the opposition were concerned about small business it would do two things. The first would be to let its federal counterparts know the devastating impact the GST is having on small business.

I refer to the Yellow Pages small business survey, a key finding of which was the universal frustration and cost imposed by the GST. It found that 45 per cent of small businesses surveyed indicated that federal government policies worked against them. It also found that of the seven most important reasons cited for criticism of the federal government's policies, five were directly related to the GST, including the business activity statement. Members of the Victorian opposition should be howling from the rooftops to their federal counterparts that the GST is having a devastating affect on small business in Victoria.

Despite the fact that the GST has imposed so many negative impacts on the Australian economy, under this government the Victorian economy is holding up better than that of any other state. It is a fact that the latest Australian Bureau of Statistics employment figures show that Victoria's employment has risen by 91 200, or 4.1 per cent in seasonal terms. Victoria has the strongest rate of jobs growth of any state and is leading the Australian economy. Victorian merchandise exports grew by 25 per cent to a record high of \$19.3 billion in the 12 months to February 2001. Victorian retail trade turnover rose 2 per cent in February in seasonally adjusted terms. Retail trade is now 7.8 per cent above its level a year earlier. In building and construction the Victorian economy has stood up better than in other states.

Some weeks ago the international credit rating agency, Standard and Poor's, confirmed Victoria's AAA credit rating. That is what is happening in the Victorian economy. The government will not compromise that by creating a situation where small business will become less competitive. The government will look carefully at the financial implications of the review, carry out the financial modelling, examine the legal issues raised, including the sovereign risk issue, and make a response that is appropriate. It will be delivered in good time and to the benefit of small business in this state.

Hon. R. H. BOWDEN (South Eastern) — I support the motion. Having read the committee's report carefully, I found that several aspects concern me. I shall concentrate on the land tax issue, which, should the measures be adopted by the government, has the potential to damage Victoria's economy.

The committee has come up with a wide-band, shotgun approach on land tax. It may be philosophically appealing to several government members, but they have to balance their commitment to that philosophy with practical politics.

I am concerned at several levels about the recommendations contained in the independent report because it is an exercise in classic economic theory. It does not take into account human reactions, the protection of assets in small business and the incentive to save, which we are trying to instil in our community.

If adopted, small business and small investors could believe they are subject to an attack that is driven by a particular philosophy. I am also concerned for the wellbeing of hundreds of thousands of owners of shares in superannuation funds because those funds in diversifying their portfolios have invested in properties and residential properties which, by definition, will incur maximum increases in land tax which would apply if the government adopts the independent report.

As the nation developed in the 1800s there was concern over several decades about the huge land-holdings being acquired by relatively few people compared with the population at that time. Several legislative measures were put in place, including the inequity of the distribution of land assets. We all remember when death duties were abolished in the early 1970s by the Queensland government which saw the flight of capital from other states to Queensland.

There will be a flight of private investment capital from this state to other states by small business and residential investors should the government adopt the land tax recommendations. That is a regrettable attack on the savings capability of Victorian citizens who want to invest in this state. This measure is based on the economic ability to pay. When I look at the 3000 per cent increase and the elimination of the threshold I am concerned about the ability to pay.

In the 1980s the Labor government of the day aggregated property for land tax purposes which had a negative effect for some time. Small investors require certainty. Should the government adopt the land tax proposal, much of that certainty will be undermined. Land is described as immovable, be it a factory or a parcel of land. The rules have suddenly changed for small investors after decades of a high degree of predictability.

Now there will be no certainty that the 2.89 per cent recommended by the independent committee will stay at that rate. Small investors and the small business sector are important and must be encouraged. The land tax proposal does not encourage savings or investment in small business or in assets by small investors. The creation of jobs and the establishment and the financing of accommodation for many who do not own their

accommodation is often driven by the small investors and small business investors.

I refer to an article in the *Herald Sun* of 2 April under the heading, 'Flat tax blow to small investors'. A property valued today at \$200 000 would attract \$200 in land tax under the existing regime. However, under the proposal the tax would be \$5780, an instant difference on an annual basis of \$5580. It is not unusual for small investors to pay \$400 000 for a property. The current tax of \$600 will rise to \$11 560, a difference on an annual basis of \$10 960. Contrast that with a \$5 million property with tax under the existing taxation regime of \$169 880. Under the proposal that would fall to \$144 500, a net saving to the property owner of \$25 380. For the first time, by eliminating the exemption, it brings in hundreds of thousands of additional taxpayers who will have massive increases on their existing taxation responsibilities. The article states that:

Self-funded retirees and home renters would be the secret victims.

Inevitably there would be an increase in the rates and the level of rents that are required to be paid.

To summarise a Liberal briefing note of April this year:

All small business owners, wherever they are located, would be forced to pay the same rate of land tax as large multinational corporations situated in the CBD.

The land tax impost would also hit lessees whenever tax is passed on by landlords.

These measures will increase the number of people and businesses liable for land tax from 140 000 to nearly 400 000.

All income-generating property under \$3.8 million in value will see an increase in land tax.

That is not in the interests of encouraging savings or encouraging Victorian small business. It will encourage the flight of private capital to other Australian states.

Any measure that increases the costs of small business is not in the interests of the economy of Victoria. As I said earlier, the introduction of a flat rate land tax of 2.89 per cent would represent a massive increase in the costs of small business, in particular for accommodation rental properties. A property worth \$200 000, which is not a high value, would today have a land tax liability of \$200; under the new system it will be \$5780!

The business community and private investors are seeking assurances from the government that it will think very carefully indeed about the ramifications of the proposal. The proposal has the ability to cause

elderly people in the community a great deal of concern. Self-funded retirees are extremely concerned that not only have they lost a substantial percentage of their income as a result of the fall in interest rates over recent years, but suddenly they face an impost of thousands of dollars in land tax. The addition of increased land tax to their schedule of obligations would cause them hardship of a high order.

The report recognises the importance of farm families. It is pleasing that the government recognises the value and importance of the enormous contribution that farming makes to our economy. The agricultural sector could not afford the proposed levels of land tax foreshadowed in the report. If the proposal were to be reconsidered and applied to agricultural pursuits, it would be an enormous psychological attack on the rural and regional areas of this great state.

It is envisaged that family farms will not be required to pay the increased land tax; however, given the sovereign risk arguments we have heard today, farm families should not sleep easy because most things can be reconsidered if the sovereign risk scenario takes place.

The protection of private assets is extremely important to Victoria's economy. If this proposal goes ahead, the present land tax revenue of \$475 million will increase to \$1.57 billion in 2002. That massive increase of just over \$1000 million will come from the private capital sector of this state. It is not sensible to take money from people's savings. The tax will come not from government but from many small asset-holders. The government needs to think long and hard about the proposal and show restraint.

I caution the government not to pick up the land tax proposal, as it is not in the state's interests. It is antisocial in its impact and will diminish the private capital asset stock of the state.

I will draw a parallel from nature and describe the proposal in this way: it is as attractive as a cane toad and has all the redeeming features of a cane toad, but, like an 8-metre saltwater crocodile, it will be a swift, silent killer of both small business and investors. The government should immediately rule it out.

Motion agreed to.

Sitting suspended 12.55 p.m. until 2.04 p.m.

QUESTIONS WITHOUT NOTICE

Land tax: small business

Hon. M. A. BIRRELL (East Yarra) — I ask the Minister for Small Business: is it a fact that the government is consulting small business on options for paying the proposed new higher land tax? If so, does this not prove that the government not only supports the imposition of the new tax on small business but it is now actively investigating ways for small business to pay the higher bill?

Hon. M. R. THOMSON (Minister for Small Business) — I have made it clear that the government has been consulting with business, including small business, on the Harvey report. The government has done so in the belief that the best way to ensure that the government's tax cuts have the best effect on business is to ensure that the government consults and understands the effects of anything it may propose.

I have said it before and I will say it again: the Harvey report contains recommendations to the government that the government is considering. The government has consulted widely on those recommendations. The government has no intention of making the same mistake as the federal government has made by not consulting with business on tax matters.

I repeat: the government is pleased that it has taken the opportunity to consult. It will continue that process on a number of issues. I reiterate what was said in the other house by the Treasurer: it will be a package that will be of benefit to small business.

Industrial relations: parental leave

Hon. D. G. HADDEN (Ballarat) — I refer the Minister for Industrial Relations to the commonwealth government's support for unpaid parental leave for long-term casual employees under federal awards and I ask: will casual employees in Victoria — —

Honourable members interjecting.

The PRESIDENT — Order! We have hardly started and we cannot hear the questions being asked.

Honourable members interjecting.

The PRESIDENT — Order! I do not need instruction. I ask members of the opposition to settle down and allow Ms Hadden to ask her question.

Hon. D. G. HADDEN — I refer the Minister for Industrial Relations to the commonwealth

government's support for unpaid parental leave for long-term casual employees under federal awards and I ask: will casual employees in Victoria be granted similar rights in the Howard government's planned changes to Victoria-specific parts of its Workplace Relations Act?

Hon. M. M. GOULD (Minister for Industrial Relations) — The Bracks government welcomes the announcement by the federal minister for workplace relations, Tony Abbott, that the Howard government supports the introduction into federal awards of the provision giving regular long-term casuals access to unpaid parental leave.

Honourable members should be aware that long-term casuals in Queensland and New South Wales are already covered by provisions containing such an entitlement. Unfortunately, Victorian employees are yet again disadvantaged when compared with those in other states. Thanks to the actions of the opposition Liberal and National parties, they are unlikely to have such protections. Once again, the hypocritical federal minister has gone into the Australian Industrial Relations Commission and supported the claim of the Australian Council of Trade Unions that long-term casuals should be entitled to unpaid parental leave. But are Victorian workers entitled to have it? No!

Once again there is the hypocritical situation where regular, long-term casual workers in Victoria who are covered by federal awards will be able to take the leave but those who are not will not get it. Mr Abbott is hypocritical, as is the Liberal opposition. Once again Victorians will be isolated because of the heartless opposition and because the minister who still has his training wheels on, Mr Tony Abbott, does not acknowledge that Victorian workers will be disadvantaged.

Land tax: small business

Hon. D. McL. DAVIS (East Yarra) — My question for the Minister for Small Business relates to the Harvey report on land tax for small business. Is the minister aware that the honourable member for Burwood in another place, Bob Stensholt, has distributed a government tax survey? Does she support the option canvassed in the survey of allowing small business to pay the land tax by instalments?

Hon. M. R. THOMSON (Minister for Small Business) — I am unaware of the survey that may have been sent out by the honourable member for Burwood.

Honourable members interjecting.

Hon. T. C. Theophanous — Our backbenchers don't have to clear everything like yours did under Kennett.

The PRESIDENT — Order! I am trying to hear the minister's answer, Mr Theophanous.

Hon. G. R. Craige (to Hon. T. C. Theophanous) — And you're not one of them!

The PRESIDENT — Order! The minister will continue, without assistance from anybody.

Hon. M. R. THOMSON — The government has not finalised its position in relation to the Harvey recommendations. It has sought broad consultation and is considering the outcomes of those discussions. I reiterate: unlike you, when you were in government — —

Hon. M. M. Gould interjected.

The PRESIDENT — Order! The house has two ministers speaking at once. I would like to hear one — that is, the Minister for Small Business. I ask the Minister for Industrial Relations to refrain.

Hon. M. R. THOMSON — Look at the record of the opposition on land tax! It reduced the threshold of \$200 000 to \$85 000. The Honourable Mark Birrell was part of that decision-making process. Where was the consultation with small business and business generally when it introduced that tax? I reiterate: the government has consulted broadly and will take the results of its consultations into consideration. It will deliver a package that will be good for small business.

Hon. D. McL. Davis — On a point of order, Mr President, I do not believe the question I asked about the government's instalment option has been addressed by the minister. Does the minister support it?

The PRESIDENT — Order! I understand the minister was asked if she was aware of a survey being circulated by the honourable member for Burwood that canvassed the prospect of paying land tax by instalments. The minister's response was that she was not aware of such a newsletter or survey. That is a reasonable response to the question.

GST: fishing licence agencies

Hon. E. C. CARBINES (Geelong) — Will the Minister for Energy and Resources inform the house what impact the introduction of the GST has had on agents who sell recreational fishing licences across Victoria, such as fishing shops, petrol stations and

caravan parks? What action has the government taken to alleviate problems associated with the onerous administration involved with the GST?

The PRESIDENT — Order! There were really two questions there.

Hon. C. C. BROAD (Minister for Energy and Resources) — I thank the honourable member for her concern about this issue, which is important to rural Victoria, with some 900 agencies across the state now selling recreational fishing licences (RFLs). For some agents the 6 per cent commission they receive on the sale of licences is a significant source of additional income.

The additional paperwork caused by the introduction of the GST has been of considerable concern to agents across Victoria because of the way their monthly returns to the Department of Natural Resources and Environment have been affected. The particular concerns expressed by the agents relate to the volume of the paperwork and the errors in their returns caused by the increased complexity because of the GST. That has already resulted in approximately 30 of the 900 agencies declaring they are no longer willing to tackle the timely and costly tasks involved with GST compliance.

In response to the concerns of the 900 agencies across the state, I am pleased to inform the house that a revised system has been established to assist agencies to simplify the payment of commissions and to provide recreational fishing licence returns.

I was interested to receive correspondence from the Leader of the Opposition in the other place indicating that he also shared the concerns about the operation of RFL returns, the payment of agency commissions and the unduly complicated nature of the GST. However, the interest of the opposition in the administration of the GST for Victorians and small business is a little late. The vast majority of agencies who sell RFLs support the new administrative systems that improve the operation of the GST. That is in marked contrast to the distinct lack of support that Victorians have shown for the GST, the federal government and the state opposition.

Petrol: prices

Hon. P. R. HALL (Gippsland) — In response to my question of 22 March the Minister for Consumer Affairs told the house she could not say why petrol was 10 cents a litre cheaper in Queensland than it was in Victoria. The answer is that the Queensland government gives back 10 cents per litre to retailers of

fuel in that state from the tax collected by the federal government for the Queensland government. The federal government also collects that tax for the Victorian government.

Would the minister support a position of the Victorian government returning some of that tax collected on petrol to retailers so that the consumers of petrol in Victoria could have cheaper petrol?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — I have answered this question. Today's answer will be the third time it has been answered! The opposition would be well aware from arrangements made by the previous government for the GST that the Victorian government will not break even until 2007–08. The government has already gone through the situation of the grants commission — —

Honourable members interjecting.

The PRESIDENT — Order! The conversations between the National Party and government back benches should cease so the minister may conclude her answer.

Hon. M. R. THOMSON — There has been a lot of time taken and newspaper space filled talking about grants commission arrangements that see Victorian taxpayers subsidising Queensland's taxpayers. The government has sought to renegotiate those arrangements for the benefit of Victorians. Perhaps the opposition would like to join with the government in that call!

Information technology: e-commerce

Hon. KAYE DARVENIZA (Melbourne West) — As this is National Youth Week, will the Minister for Consumer Affairs say how her department is ensuring young people are aware of the possible risks when using e-commerce?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — The use of e-commerce is vital to the future development of the Victorian economy, and the government advocates the responsible use of it. This is National Youth Week. Young people are utilising e-commerce — they are taking it up and transacting online.

However, young people need to be aware of the pitfalls of using e-commerce. Consumer and Business Affairs Victoria produced a postcard that alerts people to the consumer affairs web site, which contains information on what they need to look out for when undertaking transactions on the Net. The postcard is being

distributed to cafes, universities, technical and further education institutes and schools. The government has also produced an online survival kit, which contains the postcard and *Stuff*, our youth magazine.

Hon. B. N. Atkinson — How do you get *Stuff*?

Honourable members interjecting.

The PRESIDENT — Order! I think I will pay that one and allow the minister to complete her answer.

Hon. M. R. THOMSON — The digital generation is seeing a role reversal. Young people are teaching the teachers, and young people are instructing their parents about how to shop online. It is vital that they get that information so that they make themselves aware of and avoid some of the pitfalls of transacting online.

Petrol: substitution

Hon. BILL FORWOOD (Templestowe) — I refer the Minister for Consumer Affairs to M and C Petroleum at Hoppers Crossing. In question time yesterday the minister said with regard to the sale of diesel fuel with a low flashpoint that:

... it was decided to lock the tanks after a second testing.

Is it not true that the period between the first and second testings was more than three weeks, that for all but one day of that period diesel was on sale and that the fuel offered for sale was both dangerous to people and damaging to vehicles?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — As I said yesterday with regard to the incident at the Hoppers Crossing service station, a first test was done and an undertaking was given by the proprietor that he would clear out his tanks. To the department's knowledge he attempted to clear out the tanks. However, the results from the second testing revealed that the fuel was still at risk and as soon as the government obtained that information it locked the tanks.

Youth Rights at Work campaign

Hon. S. M. NGUYEN (Melbourne West) — In light of Youth Week, will the Minister for Industrial Relations outline for the house her involvement in the Bracks government's Youth Rights at Work campaign? What reaction has there been to the issues raised?

Hon. M. M. GOULD (Minister for Industrial Relations) — I thank the honourable member for his question, because I know he has a keen interest in the youth of Victoria. Last month I was pleased to launch

the Youth Rights at Work campaign with the Minister for Youth Affairs.

An Honourable Member — We loved the T-shirts.

Hon. M. M. GOULD — They were good T-shirts, and they were not made in sweatshops!

Hon. R. A. Best — Are you sure?

Hon. M. M. GOULD — Absolutely. The campaign included radio advertisements, cinema advertising, ads in street media and in Internet cafes. The government established a web site with links to the federal department, Workcover and the Australian Council of Trade Unions, to name some. The campaign was centred on the need to get information out to young people at places where they work and congregate to receive the message that they can get information about their workplaces. The campaign was held at a time when young people were starting back at work, getting part-time jobs and starting university.

The Youth Rights at Work campaign was necessary because surveys constantly show that young people do not understand their rights and responsibilities in the workplace. Even when they do find out their rights, they do not know where to go to get them enforced.

Obviously the government's capacity to assist young people is limited by the lack of a proper system. The campaign generated a great deal of interest from the public. I talked on radio stations such as JJJ, 3AW and the ABC. On each occasion the talkback switchboards lit up with calls from young people and parents who had concerns about children working in places and being ripped off. One caller rang up the Jon Faine program to say that her daughter had been ripped off by a telemarketing company. Her daughter had worked for more than 60 hours but had received no payment. This situation occurs regularly in Victoria because there is no system of protection. Her daughter is owed approximately \$1000 and has not received any assistance from the federal Wageline service.

Another caller rang up with concerns about his daughter not being paid overtime when working past 10.30 p.m. in a fast food chain. His daughter was constantly being reclassified as either full time, part time or casual. The difficulty for the government is that there is a huge demand for information but because of the policies of the former Kennett government in washing its hands of industrial relations issues and referring powers to the commonwealth — —

Hon. R. A. Best interjected.

Hon. M. M. GOULD — That is fair and equitable for all people. The federal Wageline continues to be inadequate and leaves young Victorians in the lurch. They have nowhere to go when they are getting ripped off by employers. Young people are losing out because of what the opposition is doing and what the federal government is not prepared to do.

The government has acknowledged there is concern and has set up the web site and a telephone number which young people can ring to obtain at least some basic information.

Electricity: Yallourn dispute

Hon. PHILIP DAVIS (Gippsland) — In response to my question on 14 November last year, the Minister for Energy and Resources refused to deny the claim by Luke Van der Meulen that the government had promised support for the Construction, Forestry, Mining and Energy Union action against Yallourn Energy, which caused the statewide blackouts. On Gippsland FM radio on 3 February this year Mr Van der Meulen repeated his claim that agreement was reached on 2 November that the government would do all in its power to make sure writs would not be issued against individuals in the union. Will the minister confirm the claim?

The PRESIDENT — Order! That was on radio?

Hon. PHILIP DAVIS — Yes.

Hon. C. C. BROAD (Minister for Energy and Resources) — I am not aware of the claim referred to by the honourable member; the issue is going back some time. Clearly I keep a watching brief on these industrial matters, but they are matters in which I am not directly involved. A large number of ongoing legal actions that I am not involved in have not been resolved. Regarding the securing of the state's electricity supplies, about which I am vitally concerned, I have outlined during the past two weeks of parliamentary sittings the increased investment in ensuring — —

Hon. Philip Davis — On a point of order, Mr President, my question was specific. The minister will note that on 14 November last year I raised the same issue. As I said, Mr Van der Meulen, according to the radio transcript, asserted that an agreement was reached with the government that it would do all in its power to make sure writs would not be issued against individuals in the union.

This is the second time I have raised this issue in the house. The minister failed to respond to it on the first

occasion and I ask you, Mr President, to request her to respond to the issue now.

The PRESIDENT — Order! On the point of order, the question is specific in some ways and the minister had prior notice last November, but that is a fair while back. The minister has addressed the question, but she may not have responded in a way the honourable member would wish. I am not in a position to use a thumbscrew to get further information from the minister.

Polo: world championships

Hon. G. D. ROMANES (Melbourne) — My question is directed to the Minister for Sport and Recreation. In light of the fact that Victoria is the sporting and events state, will the minister outline how Victoria's fantastic sporting assets have assisted in the gaining of yet another major event for this state?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — Honourable members may not be aware that this week the 2001 World Polo Championships are taking place at the National Equestrian Centre at Werribee. These championships were acquired for the state by the Melbourne Major Events Company Ltd. Although there are many more registered polo players in the northern states, Victoria won the right to stage the championships because of its fantastic sporting facilities.

The excellent facilities at the National Equestrian Centre at Werribee are often not appreciated. The centre is set on 73 acres between the Werribee mansion and the open range zoo. Teams from Argentina, India, Brazil, England, Italy, the United States, Canada and Australia are contesting the championships. The competition is tough, but Australia won its first match against Italy and drew its second match against Canada. One more win will secure Australia a place in the semifinals on Friday.

It is estimated that the championships will have an economic impact of \$3 million on the Victorian economy. Members opposite will appreciate that people in the polo community enjoy themselves and will enjoy taking in the sights of Victoria as well as of Melbourne. It is a great opportunity for the state to assist with the marketing of Victoria and to promote tourism through the international television coverage.

Members of the opposition will appreciate that to put a polo event together requires a large number of horses. In the qualifying round some 700 horses were used and another 270 will be used before the championships are decided on Sunday.

Since the qualifying rounds commenced 14 of the 22 teams have been eliminated, bringing the eight finalists together in Melbourne at Werribee Park. Not only does Victoria have excellent facilities, but these events have a tremendous economic impact on the state, increasing the economic impact on sports across the state and helping to grow this important sector.

PARLIAMENTARY PRECINCTS BILL

Second reading

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

That this bill be now read a second time.

Honourable members will be aware that in the Parliament, the Presiding Officers of both houses of Parliament hold ultimate authority over, and responsibility for the security of the Parliament. This is one of the privileges of Parliament, namely the ability of Parliament to secure itself against outside interference. In this way, Parliament is the only place of its kind in which the Presiding Officers have exclusive jurisdiction. The police are subject to the authority of the Presiding Officers and they cannot perform any duty within the Parliament without the Presiding Officers' prior consent. This parliamentary privilege is a longstanding principle; however its nature and extent remain obscure.

When the Scrutiny of Acts and Regulations Committee reviewed the Unlawful Assemblies and Processions Act 1958, the committee received a submission from the Presiding Officers recommending that specific legislation which clarified the area of the parliamentary precincts and the authority of the Victorian Parliament to provide for the security of that area was needed. The committee accepted that submission and recommended the enactment of parliamentary precincts legislation.

This bill implements each of the objectives of the legislation recommended by the committee. The existing parliamentary privilege will be modified only to the extent that this bill gives additional powers to the police and protective services officers.

The area of the parliamentary precincts is specified with more precision, removing former doubts concerning the Spring Street boundary. The incorporation of the Surveyor-General's plan into this bill clarifies that the precincts commence at the first step adjoining the footpath at Spring Street. The bill also provides for additional premises used by the Parliament to be added

to the area of the parliamentary precincts by order of the Governor in Council.

The bill enhances the ability of the Presiding Officers to secure the Parliament by giving them clear responsibility for the control and management of the parliamentary precincts. The Presiding Officers can grant leases or give licences to enter parts of the precincts and make arrangements for entry into the precincts for works to be performed. These powers do not interfere with the role of the House Committee to manage the refreshment rooms within the Parliament and supervise maintenance works.

The Presiding Officers and senior parliamentary officers, such as the Usher of the Black Rod, the Serjeant-at-arms and the Clerks of both houses are granted specific powers to secure the Parliament. More importantly, these powers are also granted to police and protective services officers and are exercisable without the Presiding Officers' prior consent. The crucial power is the ability to direct persons to leave or not enter the parliamentary precincts. Persons who do not comply with these directions can be forcibly removed or arrested. Offences are prescribed for failing to comply with a direction from an authorised officer to leave or not enter the precincts.

In addition to the granting of specific powers to the police the bill also enables the Presiding Officers to enter a memorandum of understanding with the Chief Commissioner of Police. This memorandum can contain an agreement as to the manner of exercise of any powers granted to the police or protective services officers or give them additional powers by agreement. Any powers granted by this bill to the police or parliamentary officers remain subject to the overall supervision of the Presiding Officers.

The powers of the Presiding Officers to grant leases or licences or make arrangements for entry into the precincts for works to be performed cannot be delegated. Otherwise the powers of the Presiding Officers under this bill may be delegated to senior parliamentary officers, save for their overall supervision of the precincts.

Finally, the bill repeals the restrictions on assemblies around Parliament House imposed by the Unlawful Assemblies and Processions Act 1958. A prohibition on groups which assemble around the Parliament to protest or raise awareness of public issues is completely inconsistent with a democratic society.

I am sure that all members will support the clarification of the powers of police and parliamentary officers in

this bill to secure the Parliament without impairing Parliament's inherent privileges to protect itself from outside interference. Additionally, I am sure that all members will agree that the repeal of outdated and undemocratic restrictions on the right to protest is long overdue.

I commend this bill to the house.

Debate adjourned on motion of Hon. M. T. LUCKINS (Waverley).

Debate adjourned until later this day.

STATUTE LAW AMENDMENT (AUTHORISED DEPOSIT-TAKING INSTITUTIONS) BILL

Second reading

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

That this bill be now read a second time.

This bill continues the government's commitment to national competition policy and competitive neutrality. The purpose of this bill is to remove existing legislative barriers preventing non-bank financial institutions from providing banking services to regulated bodies which include schools, hospitals and arts centres.

On 1 July 1999, state and territory legislation transferred regulatory responsibility for credit unions to the commonwealth. In accordance with this regulatory transfer, the Australian Prudential Regulation Authority assumed responsibility for the supervision of bank and non-bank financial institutions. All financial institutions operating within APRA's supervisory framework are referred to as authorised deposit-taking institutions (ADIs).

As part of the regulatory transfer, all jurisdictions were expected to amend their legislation to remove barriers currently preventing non-bank ADIs, which include building societies and credit unions, from providing banking services.

In Victoria, a number of legislative references to 'bank' remain which restrict non-bank ADIs from providing banking services to regulated bodies. For example, the Geelong Performing Arts Centre Trust Act 1980 currently prevents credit unions from providing banking services to the Geelong Performing Arts Centre.

This bill proposes to replace current legislative references to 'bank' with the term 'authorised deposit-taking institution', thus removing the existing barriers preventing non-bank financial institutions from providing banking services to regulated bodies.

The Department of Treasury and Finance has established a whole-of-government contract for the provision of banking services with the Bank of Melbourne (BOM). This contract already enables regulated bodies to achieve cost efficiencies without the need to engage in the time-consuming tender process, but is not mandatory for non-budget sector entities. The BOM contract forms the benchmark to measure alternative providers of banking services. The benefit from an alternate contract with a non-bank ADI should meet or exceed those available from the existing BOM contract.

The proposed amendments will increase competition, improve services and enable regulated bodies to have a choice of banking service providers, especially in regional and rural areas affected by bank closures.

I commend the bill to the house.

Debate adjourned on motion of Hon. D. McL. DAVIS (East Yarra).

Debate adjourned until next day.

ELECTRICITY INDUSTRY ACTS (FURTHER AMENDMENT) BILL

Second reading

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

That this bill be now read a second time.

The bill is designed to further a number of the government's objectives relating to the electricity supply industry. These include clarification of Vencorp's role in relation to electricity demand management, clarification of the operation of the cross-ownership restrictions as they apply to new electricity generation facilities and to make provision for a deemed contract between electricity distribution companies and the retail customers to whom they distribute electricity.

The bill represents a further step in accordance with this government's energy policy. In particular, it facilitates the development of new generation facilities in Victoria (thus helping ensure that there continues to be an adequate supply of electricity for Victoria now and in

the future), and it allows for the development and implementation of demand-side management schemes consistent with the national electricity market.

Demand-side management is an important part of any sensible energy policy as a means whereby, with the proper incentives in place, demand for electricity can adjust in response to price signals. It thus complements strategies for ensuring that there is sufficient supply of electricity.

Part 1 of the bill deals with preliminary matters. It states the purpose of the bill and provides for its commencement.

Part 2 contains amendments to the Electricity Industry Act 2000.

Clause 5 contains provisions dealing with the relationship between distribution companies and retail customers. As members of this house will recollect, full retail competition in electricity is being introduced in Victoria. With that competition, all domestic and small business customers will be able to choose the retailer from whom they purchase electricity. When a customer chooses to be supplied by a new retailer, the new retailer will sell the customer electricity. However, the customer will continue to be supplied with electricity over wires owned by the distribution company in that customer's local area. In those circumstances, there is usually no longer a direct contractual relationship between the customer and the distribution company. This has the potential to cause difficulties both for the customer (in ensuring that the distribution company fulfils its obligations to that customer) and for the distribution company (in ensuring that the customer fulfils its obligations to the company).

The bill meets this difficulty. It provides for a deemed contract to apply between the distribution company and the customer. The particular benefit of this is that the distribution company is directly responsible to the customer for important matters such as service quality and reliability. Equally, the distribution company can require the customer to act consistently with the proper performance of the distribution system.

The terms and conditions of the deemed contract will be regulated by the Office of the Regulator-General. It is anticipated that the terms will substantially apply the existing Electricity Distribution Code, which the office has developed in consultation with industry and consumer groups. The code was published earlier this year and it is predicated on both customers and distribution companies having to comply with its provisions.

The bill will allow distribution companies and individual customers to vary the terms of the deemed contract, subject to any requirements in the distributor's licence. This provides the Office of the Regulator-General with the control necessary to maintain protection for smaller customers while allowing more flexibility for larger customers to vary the terms on which they will accept distribution services to suit their commercial needs. The bill further provides that the deemed contract provisions do not affect any contract in existence between a distribution company and a retail customer before the commencement of this bill.

As I said at the start of this speech, the bill modifies the cross-ownership provisions as they apply to the development of new generation facilities. This is done by clause 9. Currently, the Electricity Industry Act 2000 contains a broad rule prohibiting a generation company from holding certain interests in another generation company. Under a strict application of the rules, a licensed generator is thus precluded from obtaining another licence to establish a new generation facility. This is not consistent with the government's objective of encouraging the development of new generation capacity in the state. The bill therefore contains a provision that has the effect of excluding new generation facilities from the operation of the cross-ownership provisions. It is to be noted that similar provisions appeared in the Electricity Industry Act 1993 but they did not adequately address what is now required for the Victorian market and as such were not re-enacted at the time of passage of the Electricity Industry Act 2000.

The provisions contained in the bill will enable Vencorp to play a more active role in facilitating demand management. This is done by clause 10. The Electricity Industry Act 2000 currently provides for Vencorp to play a role in load shedding in response to electricity supply shortages. Under the existing provisions contained in part 4 of the act, Vencorp works with the National Electricity Marketing Management Company (Nemmco) for the purposes of the national electricity code when there is a threat or likely threat to supply in Victoria. The bill complements these provisions by providing that Vencorp may facilitate arrangements relating to electricity demand management and can enter into agreements and arrangements relating to electricity demand management.

Pursuant to these provisions, Vencorp might undertake assessments of and encourage market participants to enter into contracts to provide demand side responses. It would play a facilitation, or 'market maker' role in

order to reduce the transaction costs that would otherwise be incurred if retailers undertook this role. It is anticipated that Vencorp's role would help develop the demand-side management market. Pursuant to these amendments, it is not envisaged that Vencorp would itself participate in the market for demand-side responses by contracting with retailers or customers. The exercise of these powers is subject to the approval of the minister.

The bill further provides that Vencorp may recover costs associated with this function (and its load shedding function) subject to approval by the Office of the Regulator-General and in accordance with an order in council setting out the basis for cost recovery. The costs of this role would not be recouped until full retail competition has commenced.

In addition to the above provisions, this part of the bill contains various miscellaneous provisions. Thus, clause 3 allows for termination of the obligations of a supplier of last resort in circumstances where that obligation is no longer necessary and allows for variation of the terms and conditions of the contract deemed to be in place between a customer and a supplier of last resort. There is also clause 4, clarifying that customers who obtain their electricity fraudulently or illegally are not deemed to have entered into a contract with an electricity licensee under sections 39 and 40 of the Electricity Industry Act 2000. And clause 6 allows orders in council to be made to regulate the metering installations to be used for full retail competition and for settling the national electricity market, the aim being to ensure that those installations are suitable to produce data of the quality required.

Part 3 of the bill contains two miscellaneous amendments to the Electricity Safety Act 1998. Currently, the Electricity Safety Act 1998 requires an electricity supplier to provide a bushfire mitigation plan in relation to the electric lines and electrical installations that it owns or operates. The section does not extend to overhead private electric lines. The bill provides that bushfire mitigation plans must also be produced by the supplier for overhead private electric lines in its area of supply. Secondly, the Electricity Safety Act 1998 currently requires a network operator to submit separate safety management schemes for certain work but does not provide for the administrative convenience of combining schemes. The bill allows for that.

I commend the bill to the house.

Debate adjourned on motion of Hon. PHILIP DAVIS (Gippsland).

Debate adjourned until next day.

PROFESSIONAL BOXING AND MARTIAL ARTS (AMENDMENT) BILL

Second reading

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

That this bill be now read a second time.

The Professional Boxing and Martial Arts (Amendment) Bill amends the Professional Boxing and Martial Arts Act 1985, primarily as a consequence of the recommendations of a national competition policy review of the act and attendant regulations in August 1999.

These amendments meet the government's obligation under the national competition principles agreement to implement national competition policy (NCP) review-related legislative reforms by the end of 2000 as well as enabling minor consequential amendments to be made.

The current act was the result of the amalgamation of the Professional Boxing Control Act 1985 and Martial Arts Control Act 1986 in 1996, which brought all professional contests in the fields of boxing and martial arts under the control of one board.

The primary purposes of the act are to protect the health and safety of contestants in professional contests, which typically take the form of boxing or kickboxing.

The term 'martial art' is generally regarded as covering a range of activities, including 'non-contact' activities that are not professional for the purposes of the act. Consequently, it is opportune in this bill to more accurately reflect the intent of the act by changing the title of the act to the Professional Boxing and Combat Sports Act 1985 and replaces all references to 'martial arts' in the act with references to 'combat sports'.

The term 'combat sport' includes kickboxing and any other emerging full-contact contests that are conducted for commercial gain and more accurately reflects the intent of the act.

Under the current act a person who competes in both professional boxing and professional martial arts contests must hold separate licences for each category. This bill will enable persons competing in both categories to hold only one licence and consequently pay only one licence fee. This will result in savings to contestants and will allow the Professional Boxing and

Combat Sports Board to effectively monitor the history of professional contestants by having a complete record of contestants on one file.

The bill empowers the minister, upon receipt of advice from the Professional Boxing and Combat Sports Board, to exempt any suitably recognised amateur association from the provisions of the act that relate to events held under its control to which the public is admitted on the payment of a fee for admission. The board has the expertise to provide advice to the minister on whether an amateur association is suitably recognised to conduct a contest and that the rules under which such contests are conducted are adequate for the protection of contestant safety. The transitional provisions of the bill protect the status of the Victorian Amateur Boxing Association and Amateur Boxing Australia as recognised amateur associations for the purposes of the act.

The bill sets out how the minister must recognise an amateur association for it to be exempt from the provisions of the act and as such provides a public record of that recognition to ensure uniformity and transparency of the approval process.

The Professional Boxing and Combat Sports Board is a quasi-judicial statutory body that warrants protection by statutory indemnity as it is vulnerable to legal action given that its licensing and penalty decisions can directly affect the livelihood of individuals. In addition, third-party actions are possible in the event of injury or death.

This bill provides the board with that statutory immunity, when acting in good faith, in respect of any legal action arising from administering, registering, licensing and penalty decisions.

The Professional Boxing and Martial Arts (Amendment) Bill reinforces and supports sport and recreation's contribution to Victoria's social development and economic prosperity by providing an effective and efficient regulatory structure for the professional boxing and combat sports industry.

I commend this bill to the house.

Debate adjourned for Hon. I. J. COVER (Geelong) on motion of Hon. Bill Forwood.

Debate adjourned until next day.

FAIR EMPLOYMENT BILL*Second reading*

**Debate resumed from 3 April; motion of
Hon. M. M. GOULD (Minister for Industrial Relations).**

Hon. W. I. SMITH (Silvan) — I am pleased to enter the debate on the Fair Employment Bill, because this is the first piece of legislation honourable members have seen that clearly differentiates between Labor and Liberal philosophy. This bill is anti-business. It would increase employment costs. It would have an impact on employment and on small business by pushing small businesses to the wall and ensuring they shed jobs. It would ensure that the costs of employment escalated, and as a result that businesses not only reduced the number of people they took on but also shed jobs.

The operator of a Ballarat business I visited recently put it very succinctly. Having seen the bill, the owner of the business said, 'If this bill comes in I will shed jobs and then move interstate'. The impact on larger companies in Victoria will be a reduction in investment. Companies that already have their headquarters in this state will look to move over the boarder and elsewhere because of the impact of business costs here; larger companies looking to set up in Melbourne will look elsewhere.

The industrial situation the bill introduces will reduce investment in Victoria. Not only will it reduce jobs by increasing employment costs, it will destroy commercial law by aggressively pulling normal commercial contracts under the powers of the new tribunal. Two law companies that approached me about the bill said the legislation is poorly written, is unclear about the final outcomes and will be tested in the Supreme Court. Having consulted widely with many businesses in Melbourne and Ballarat, and having heard independent legal advice on the outcome of the legislation, I wonder whether the Bracks government understands what it is trying to introduce.

Before I go to what I think the Bracks government is doing with the legislation, it is clear that business costs will increase and jobs will be at risk. The legislation sets up a new state industrial relations system that is costly, complex and has far-reaching powers. Advice suggests that the powers of the state tribunal will be greater than those of the federal tribunal. It will reintroduce a range of inflexible overtime rates and push up the cost of employment, which is one of the reasons jobs will be shed in this state.

Another important concern by businesses and lawyers is that independent contractors will be deemed to be

employees. In this area the legislation is poorly written and will be tested in the courts. It will turn contractors into employees and make the contracts the subject of review by the tribunal, thereby putting into question the working relationships businesses now have with contractors. As a result business costs will increase and jobs will be shed. Businesses will not take on as full-time employees the contractors they now have and many of those jobs will be lost.

Another area of grave concern to businesses is the right of unions to enter all business premises. Even if a business does not have union representation, a union can still enter the premises — and the business can be fined \$6000 if it obstructs an information service officer. Inspectors will have the power to enter premises and photocopy all salary arrangements and employment conditions.

Another area of concern on which I have advice is that the bill will create rorts because the new Fair Employment Tribunal will become a small claims jurisdiction for workplace grievances involving amounts up to \$20 000. One must keep in mind that the legislation provides retrospectivity with regard to contracts of up to six years. Grave concern has been expressed that a contractor leaving an employer may try to gain more money as a payout. An employer will not want to go to court because of the costs involved and at the end of the working contract an employee will gain \$10 000 or \$15 000 by blackmailing the employer. That possibility has been put to me by a number of lawyers who have examined the bill.

The Honourable Gavin Jennings spoke at length on consultation. The government has said it has consulted widely with business groups, but I suggest that it has not. How many employer groups has the government consulted? I believe few have been consulted, and I shall take some time going through a number of comments made by independent employer groups. It is worth listing their concerns, particularly because the government has put on the record that it has been consulting businesses.

On 22 November last year the National Independent Carriers Association said in a news release it was stunned by the unfairness of the bill. It states:

Singularly, this bill has been able to 'galvanise' the courier and taxi truck industry which has been segmented and poorly represented ...

It has galvanised them into action. The news release further states:

NICA declared the bill in its current form would 'totally change the way we do business, take away freedoms and add

enormous costs to services, reduce the size of the industry and create massive unemployment.

Under the heading 'Fair Employment Bill is a big mistake', an Australian Industry Group press statement of 26 October 2000 states that the bill:

... is undesirable and unnecessary.

It would be a big mistake to turn back the clock and establish yet another state tribunal.

Under the heading 'Fair Employment Bill — how many jobs will be lost?', a media release of the Restaurant and Catering Association of Victoria states:

Should changes to the current system be proposed that bring in the old state awards or increased regulations much of Victoria's current advantage of working in the flexible environment will be lost ...

Hon. M. M. Gould interjected.

Hon. W. I. SMITH — Don't you like hearing what business associations are saying? It continues:

... as will be many jobs in the Victorian economy, as proved by the result of our survey to small business. The clear majority of all surveys received stated that jobs would be lost if they were to go back to a penalty and archaic state industrial relations system ...

Hon. M. M. Gould interjected.

The ACTING PRESIDENT

(**Hon. E. G. Stoney**) — Order! There has been a constant barrage by the minister and it is hard for the Honourable Wendy Smith to develop her argument.

Hon. W. I. SMITH — I am being provoked because some large business associations disagree with the government and oppose what it is trying to introduce with this legislation. In a letter dated 22 February, CPA Australia states:

As Australia's largest professional association with 92 000 members of which more than half either work in small business or advise small business, CPA Australia is well placed to represent the concerns of the sector.

... there are aspects of the bill which have the potential to work against the government's intentions and may impact on the ability of our members to conduct business.

Of particular concern is the deeming of outworkers as employees.

In a letter of 7 March, the Victorian Employers Chamber of Commerce and Industry (VECCI) states:

The Victorian Employers Chamber of Commerce and Industry believes the government's Fair Employment Bill represents both a lost opportunity and a threat to business in this state.

All honourable members know that VECCI surveyed the various groups belonging to it and was concerned that 22 000 jobs would be lost in Victoria. Since then it has updated its concern by saying that it believes 42 000 jobs will be at risk. It surveyed all of its members. The result was that 58 per cent of respondents said that the introduction of a state-based system would have a significant impact on businesses and 28 per cent said they would need to cut staff numbers.

In March, VECCI issued a discussion paper in its role as a vocal employer association representing the interests of the its business groups.

Hon. W. R. Baxter — It has advanced very substantive arguments.

Hon. W. I. SMITH — That is true. VECCI states in the paper that it believes a:

... state-based industrial relations system is both a lost opportunity and a threat to business.

VECCI maintains the return of a separate state-based industrial relations system is not in Victoria's interests ... VECCI also believes there is a limited degree of understanding about the rationale for what is now being proposed.

That was my original point. Having heard comments from various ministers, read press releases and picked up comments in both rural areas and the city, one has to wonder whether the government fully understands the impact of this legislation it is trying to introduce.

The Victorian Employers Chamber of Commerce and Industry asks the same question. I repeat that there is a limited degree of understanding about the rationale for what is now being proposed.

A major area of concern to VECCI was the coverage of independent contractors. It states that:

... the bill proposes to extend the framework of regulation beyond the traditional scope of industrial relations legislation to enable it to also get involved in regulating and reviewing arrangements which extend beyond those of employer and employee and involve commercial contracts entered into for the supply of services.

That is a major change to contract law in this state. VECCI also believes there is a very large degree of uncertainty about the outcomes of the bill and how it will be tested in the courts. It goes on to say:

In the absence of any other explanation it would seem that the current provisions are about providing an avenue for trade unions to maintain a degree of involvement —

this is VECCI's independent comment —

in areas where their influence has waned as the pattern of working arrangements continues to change and evolve around them.

There is a very strong belief that this bill is a way of increasing the number of trade union members for the Labor government because of the reduction in the number of trade union members over time.

On 23 November 2000 the Victorian Farmers Federation endorsed the opposition of Liberal and National party members to the Fair Employment Bill. It strongly supports the action taken by the Liberal and National parties. The VFF president said:

... the federation is fundamentally opposed to this legislation, which seeks to re-establish, in Victoria, a complex industrial relations system operating in parallel with the federal system.

It goes on to say that the bill is 'a disaster in waiting'. The state government's industrial relations reforms are unfair: so say farmers, restaurant owners, the Victorian Employers Chamber of Commerce and Industry, and carriers.

The Institute of Public Affairs put out an executive summary which stated:

The Bracks government, under the guise of supposedly defending low-paid workers, is proposing new industrial relations laws which will put onerous burdens on small business, damage business generally, drive investment from the state and discourage employment.

The so-called Fair Employment Bill ... is actually a program to shore up unions, deserted by a third of their members since 1990, by giving them legislative privileges.

It is also concerned about the cost to employers:

... which would seriously subvert the law of contract and almost certainly cost jobs.

It goes on to say:

Anyone running a business in Victoria, or thinking of doing so, should oppose this bill.

The list goes on.

The Australian Retailers Association has said it believes the costs to businesses of employing individuals will increase by 25 per cent. That association issued a news release on 14 September 2000 — —

Hon. M. M. Gould interjected.

Hon. W. I. SMITH — You are obviously not listening to businesses. You are not out there consulting with businesses, nor are you listening to what they are saying. The news release states:

The bill, if implemented, would cause severe difficulties to many small and particularly, regional retailers. It will undoubtedly cause reconsideration of employment costs and inevitably cause unemployment in the retail industry. It fails to look at practical implications of the provisions and the impact of small business.

After reading of the concerns of the various business associations and employer groups, I decided to survey my own electorate of Silvan. According to the latest Australian Bureau of Statistics figures about 51 per cent of the Silvan community is employed in business, either employing people or working in their own businesses, so it is a fairly good area in which to conduct a survey on the proposed new state industrial relations system.

I sent a questionnaire to 6000 businesses in my electorate in the outer east of Melbourne and received back 10 per cent — that is, over 600 replies. I consider that a reasonable response rate on which to base the results of the survey.

When asked, 'Will the proposed legislation impact on your business?' 97 per cent of those responding said yes. When asked, 'How will it affect your business?', 10 per cent said that the cost of running a small business today and the added costs that will be imposed by the bill will force them to close their doors.

In addition, 48 per cent of the businesses surveyed said their costs will increase; 31 per cent said they will cut back on the number of their employees; and 15 per cent said they will no longer hire independent contractors. The most telling part about the survey is that when asked about consultation with the government, 93 per cent had never heard of the legislation.

So much for the consultation the Labor government has spoken about. It consults when it wants to and when it thinks the community will support it, but it is not out there truly listening to business.

I will refer to three provisions of the Fair Employment Bill that are causing particular concern. The first is clause 90.

Opposition members interjecting.

Hon. C. A. Furletti — That shows the disdain in which you hold them.

Hon. W. I. SMITH — Yes, honourable members over there are laughing at the association's concern about the impact of increased costs and having to shed jobs from their businesses.

Hon. M. M. Gould interjected.

The ACTING PRESIDENT

(Hon. E. G. Stoney) — Order! The minister is out of her place. I ask her to desist.

Hon. W. I. SMITH — Clause 90, headed ‘Employees to be paid in full’, is seen as compelling employers to pay for union membership. The employer groups are saying it is one way to increase trade union membership and that part of the reason for the bill is to act as a Trojan horse to increase the numbers of trade unionists.

Clause 93 is one of the most vexatious provisions in the bill because it is unclear whether the intent of the clause is to apply to businesses and/or householders. The clause deals with contractors becoming employees. One legal company put it to me that if you were building a home and a subcontractor fell off a ladder or was electrocuted, or if there were a problem with something being incorrectly connected, who would end up paying the bill? Who is the employer — the householder?

I am told that this clause is so open ended and unclear in its intent that it will end up in the Supreme Court. When that was put to me I said, ‘I find that interesting’, and it was then put to me that a legal firm such as Slater and Gordon would have great pleasure in picking up a clause like this and running with it to the Supreme Court.

Hon. C. A. Furletti — Why would you find it surprising? It is typical of the government’s sloppy drafting.

Hon. W. I. SMITH — Indeed. Many people are concerned because the drafting is sloppy and unclear. It will be an absolute field day for lawyers!

Clause 101, headed ‘What is a workplace grievance?’, also relates to the contracting of services. The question to be asked is, is the intent of the clause to enable a contract to be reviewed? Under this clause it will be possible to go back and renegotiate a contract. The legal question has been posed to me, ‘Does it mean that one can rewrite a commercial contract after it has been done in the first place?’. If a contractor has committed to a cheap rate, the contractor has to live with that. Why would the contractor then be able to go back and renegotiate a particular contract? The clause is so open ended that it will be tested in court.

The bill will also change definitions of words and phrases used in contract law — such as ‘contract’, ‘employee’, ‘employer’, ‘employment entitlement’, and ‘industrial dispute’. The application of new meanings to those familiar words will cause the bill to have power over commercial contracts for the first time.

I turn to an independent comment made by Robert Gottlieb in the *Australian* of 13 March. He sums up quite well concerns held about the bill. The title of the article is ‘Agenda for an industrial relations picnic — Small business faces an attack from left field’. The article states:

The ALP is engaged in a clever card trick. Under the guise of protecting low-paid workers, it is trying to bring all service contracts under the control of the industrial relations commission.

In the process, it will change the legal framework of Australia. At the moment, the activity is taking place in Queensland, Victoria and New South Wales but it is quite likely to spread to Western Australia — and the driving force behind the state action is part of federal ALP policy.

He gives the following example:

If I hire an accountant to do my books, and that accountant works from home, then the contract will be subject to the powers of the industrial relations tribunal. That tribunal will have the power to order that my accountant, working from home, is really my employee and therefore the tribunal can set rates of pay, including holiday pay ...

Hon. M. M. Gould — That’s rubbish! It’s not true!

Hon. W. I. SMITH — One has to ask: do you really understand your bill, Minister?

In my previous business life and political involvement I have never experienced such overwhelming concern and disagreement about a proposal by so many businesses, business associations and individuals. As I said, at first I thought the Bracks government simply did not understand the legislation and its impact. However, after hearing the debate and particularly the comments across the chamber, I believe the Bracks government is not listening. The jury is no longer out on the Bracks Labor government. The government is anti-business in the state of Victoria and it is not consulting with businesses.

The evidence is overwhelming: there was the huge increase last year in the costs of Workcover, the imposts on businesses, and the fact that the government will not even consider a reduction in petrol excise. Now the government is consulting on a flat rate land tax which, as honourable members heard this morning, will result in huge tax increases.

Hon. M. M. Gould interjected.

Hon. W. I. SMITH — The government may be consulting, but it is certainly open to the idea. The government is obviously still open to the idea of increasing land tax; otherwise it would have rejected the recommendation by now. Now the government has

introduced the Fair Employment Bill, which will add to the costs of employment. The toll in the state will be loss of jobs and employment and a reduction in business growth. Already that has been seen in the decrease in teenage employment. It is of grave concern that after 18 months under Labor we are starting to see teenage unemployment increasing. New Australian Bureau of Statistics figures show that teenagers aged between 15 and 19 years are finding it increasingly difficult to find work in Victoria. The number of teenagers aged 15 to 19 who have failed to find full-time jobs has increased from 12 800 in September 1999 to 17 500 in February 2001. That is an increase of 37 per cent in just 17 months. As I said, it is a grave concern.

I reiterate that the greatest concerns about the bill are that it provides that independent contractors will become employees. The new industrial relations system that will be set up will be costly and complex and will introduce a range of inflexible overtime penalties that will increase the cost of doing business in this state and will ensure that investment is reduced and jobs are shed. As I said, the other concern is what effect the Small Claims Tribunal will have and the rorts that will be associated with it.

An article in the *Australian Financial Review* of 22 November 2000 is headed 'Business berates Bracks'. The article in that independent financial newspaper states that the Bracks government is anti-small business and is certainly not listening to it. It states:

... Bracks tabled his new Fair Employment Bill. It is ostensibly aimed at giving protection to about 350 000 outworkers and lowly paid wage earners who lost bargaining power and benefits when the Kennett government ceded Victoria's industrial relations system to the commonwealth. However, the bill is causing horror in the small-to-medium business community.

...

In a state where more than 100 000 small businesses in sectors such as transport, cleaning and information technology are self-employed contractors and contractors ensure industrial flexibility the impact of the deeming provisions of the bill could be devastating.

...

Bracks' pitch to business has been seductive.

...

If success was measured in terms of access to business leaders, Bracks takes gold, silver and bronze.

However, it states also that:

... the subsequent policy initiatives reveal that the Bracks government is still a labour government, a government for workers and unions. A government where the needs of

business take second place. That point was rammed home on the workers compensation system issue.

And, I suggest, by the bill before the house.

In conclusion, I reiterate that there has been very little consultation with business groups. The bill is poorly written, open ended and will require legal interpretation. It will be an impediment to jobs because of the increase it will create in employment costs. Although the bill's impact is unclear, it is clear that the bill and the government are anti-business, anti-jobs growth and anti-Victorian. I oppose the bill.

Hon. D. G. HADDEN (Ballarat) — I speak with great pride in support of the Fair Employment Bill. The bill's purpose is to provide a fresh system of employment regulation in Victoria and to establish a fair employment tribunal. Clause 3 sets out the main objectives, which I will paraphrase with key words: fair employment standards, economic prosperity, social justice, and the restoration of equity and balance.

Yesterday I listened with great sadness to the slur in this place on the independent chair of the industrial relations task force, Professor Ron McCallum. I say shame to those two members. They should hang their heads in shame because they would not be game to say outside this place what they said here. I expected more from Mr Birrell. He and I are both graduates of Monash University; we both hold bachelor degrees in economics and laws. We both also had the great privilege of being students of Professor Ron McCallum.

Professor Ron McCallum is most eminent, highly regarded and an expert in industrial relations law. Yesterday after hearing the disgraceful slur on Professor McCallum I went to the library. The entry in *Who's Who in Australia 2001* shows that Professor Ronald Clive McCallum holds a Bachelor of Jurisprudence and Bachelor of Laws with honours from Monash University, and Master of Laws from Queens University, Ontario. He has been special counsel in industrial law with Blake Dawson Waldron, Solicitors, since 1997; professor of industrial law at the University of Sydney since 1993; associate professor of law at Monash University from 1990 until 1992; and senior lecturer from 1981 to 1989. It lists his numerous academic activities and publications, which include *Readings on Law and Administration*, written jointly and published in 1976, with a second edition in 1978; *Cases and Materials on Industrial Law in Australia*, written with R. R. S. Tracey and published in 1980; *Australian Labour Law — Cases and Materials*, written jointly and published in 1990 and 1995; 20 chapters in books; more than 30 articles in reviews and journals; 13 book reviews; and he has delivered more than

30 papers. Professor Ronald McCallum, the chair of the industrial relations task force, is a most eminent and highly qualified specialist expert — and he is independent.

I refer to the task force that was formed early last year by the Bracks government. The chair of the industrial relations task force was the most eminent Professor Ronald McCallum. The other eight members of the task force were selected to represent the general community of Victoria, the trade union movement and Victorian employers.

They included: Jane Calvert, secretary of the Construction, Forestry, Mining and Energy Union, forestry division; Michael Donovan, state secretary of the Shop, Distributive and Allied Employees Association; David Gregory, general manager of the Victorian Employers Chamber of Commerce and Industry (VECCI); Ms Robin Homes, manager employee relations, Holden Engine Operations; Leigh Hubbard, secretary of the Victorian Trades Hall Council; George Lekakis, chairperson of the Ethnic Communities Council of Victoria; Peter Nolan, director of workplace relations, Australian Industry Group (AIG); and Wendy Sengotta, executive director of Job Watch.

Hon. C. A. Furletti interjected.

Hon. D. G. HADDEN — If Mr Furletti remains quiet and listens, he may learn something for a change.

Hon. C. A. Furletti — I could never learn anything from you.

Hon. D. G. HADDEN — You may surprise yourself, Mr Furletti.

The ACTING PRESIDENT
(**Hon. E. G. Stoney**) — Order! I ask the house to allow Ms Hadden to continue without interruption.

Hon. D. G. HADDEN — The independent task force consulted continuously for four months during the middle of last year. It held 11 community consultation meetings, 5 of which were in regional Victoria, 3 in metropolitan areas and it held 3 meetings for special interest groups, as well as consulting other groups.

Hon. N. B. Lucas interjected.

Hon. D. G. HADDEN — It received more than 200 submissions, Mr Lucas — did you hear me, Mr Lucas? It also received 141 oral submissions. It made 106 recommendations to the government, more than half of which received the unanimous support of

the task force. The only item of contention between the AIG and VECCI representatives, and the remainder of the task force members, concerned whether the 106 recommendations could be achieved federally or through Victorian legislation. However, the overall thrust of the reforms was supported. The Fair Employment Bill contains the core of the industrial relations task force recommendations.

The Minister for Industrial Relations consulted widely through Industrial Relations Victoria. Until March this year the minister conducted 11 regional and rural seminars. I had the pleasure and honour of chairing the seminar at Ballarat. I can tell Mr Birrell that the Ballarat audience numbered more than 10; he was not there, so he would not know. More than 30 people were present at the Ballarat seminar held at 8.30 a.m.

Hon. B. N. Atkinson interjected.

Hon. D. G. HADDEN — Mr Atkinson may like to know that the only trades hall representative was the secretary of the Ballarat Trades Hall Council. The remainder of the audience consisted of small business and other interest groups.

I shall examine the performance of the former government in looking after the most vulnerable in our community. The Kennett government came to office in October 1992. On 28 October it introduced the Employee Relations Bill in the other place. On 10 November 1992 a huge rally of more than 200 000 Victorians was held outside Parliament House to protest about the Kennett government's draconian laws. On 12 November 1992 the bill passed both houses; it received royal assent on 24 November 1992 and was proclaimed on 1 March 1993. The former coalition Kennett government conducted no public consultation on its Employee Relations Bill. What a disgraceful performance that was!

Shortly after the Kennett coalition government lost its battle to stop Victorian public servants transferring to federal awards it introduced the Commonwealth Powers (Industrial Relations) Bill through which it could refer matters to the commonwealth. It introduced that bill into the other place on 17 November 1996. It refused to allow debate on the bill to be adjourned for the standard 14 days. The bill was debated only about two days after its introduction; the debate lasted for only 2 hours and the bill received royal assent in December 1996. Hence, schedule 1A of the commonwealth Workplace Relations Act became operative on 1 March 1997. One of the publications of the independent industrial relations task force — —

Hon. W. R. Baxter — That was published by the department.

Hon. D. G. HADDEN — It is titled *Voices from the Workplace*. Yes, Mr Baxter, it was produced by Industrial Relations Victoria from submissions made to the Victorian industrial relations task force. The extracts give an insight into the type of representations made to the task force. Some of the names have been changed to protect the persons concerned.

I turn to the submission in that publication made to the task force by Working Women's Health. The publication states that the submission:

... presented information ... on the medical problems experienced by many outworkers. Because most outworkers are based at home, they have little access to information about safe work practices or standards.

The group's submission states, in part:

Very few outworkers with occupational overuse syndrome ... seek real treatment for their illnesses because they are not in a situation to improve their health problems.

...

Back injury and hearing loss occur most frequently and many NESB women live with the constant pain caused by OOS-related MSD —

that is, occupational overuse syndrome-related musculoskeletal disorders:

Many workers have more than one chronic condition.

All the outworkers interviewed for this project have chronic injury/disease, although only two of seven outworkers have reduced their workload due to chronic pain. All of them cite their chronic health problems as being in more than one part of the body.

Who will protect their interests? When I was driving to Parliament House on 22 March I was listening to the Jon Faine program on ABC radio. Lo and behold, I heard a number of callers to the program citing instances of their children and themselves being ripped off in the telemarketing, hospitality and large food chain industries. There is a three-week wait for appointments to discuss the issues with the commonwealth Wageline and it takes three months for Wageline to write letters of contact to employers. However, it is a voluntary compliance scheme, so there is no jurisdiction to deal with offending employers. It is not worth proceeding to civil litigation because the costs and process far outweigh the unpaid wages. The unscrupulous employer knows that full well and takes advantage of it.

The bill gives fair employment a fair go and should be supported by the opposition. The working poor of

Victoria — the vulnerable and those without a voice who rely on parliamentarians to represent them in this place — will remember who cares. Labor cares!

The bill provides secure and safe working conditions that would apply to the approximately 240 000 employees in the work force who are not presently covered under federal awards or agreements. The opposition will be in the political wilderness for a long time if it does not support the bill. The opposition must be properly condemned for its stated intention of proposing to vote down this bill. I commend the bill to the house.

Hon. B. W. BISHOP (North Western) — I shall make a short contribution to debate on the so-called Fair Employment Bill. As I recently moved around my electorate I thought, 'What a fascinating story this bill makes: it is all about politics and the ambit claim the government originally introduced into Parliament'. The government made changes to its bill before introducing it to the Council.

It was purported by the government to be driven along and produced by an industrial relations task force. The Honourable Dianne Hadden tried to get the point across that the industrial relations task force produced the document she was speaking from, when in reality the department compiled the submissions into that document. I do not know whether it was all the submissions, but certainly some of them. There was no rigour in that process, and I understand there was no under-oath process, which in a parliamentary process is quite often the order of the day.

The National Party maintains that there has not been any real consideration or consultative process with small business or the wider community. The government has spoken only about outworkers to the outside media. That on its own is a good point; the National Party has no disagreement with that. However, I want to make it clear, as my colleague Mr Baxter did in his very good presentation — I am sure my other colleagues will refer to it — that at no time do National Party members condone any employer doing the wrong thing by employees. We are concerned about low-paid workers.

I live in my province of North Western, which extends from Mildura to Castlemaine. I do not have such people coming into my office. People come into my office with many other issues. I am not saying such workers do not exist, but, by Jove, I have found them hard to find because they do not turn up in my office. I live in an area that has a great number of contract workers because of its horticultural industry.

I understand the thrust of the issue and of people not being paid enough for the work they do. I am sure my colleague Mr Baxter understands that, too. I assure the house that I understand the issue because for a number of intermittent years on my farm in my previous life I worked for nothing. I would like some certainty over that, as I am sure Mr Baxter would; but, we cannot get that certainty. If I could, I would get it with both hands.

National Party members say that if outworkers or any other workers are being exploited, let us fix it. However, the question is: how? Do we want 185 pages of mumbo jumbo to get the desired result? I believe we do not. That is the issue. Do we want a state industrial tribunal at a cost of probably \$10 million per annum with sweeping powers about which the community has never been consulted? As the Honourable Wendy Smith said, more than 90 per cent of people interviewed did not know what the bill was about.

Hon. W. I. Smith — Ninety-three per cent.

Hon. B. W. BISHOP — Ninety-three per cent of people did not know the bill was in existence. Therefore the consultative process on the bill must be challenged. No-one in the house would be against the principle of negotiating fair and reasonable rates of pay and conditions of employment.

Originally I intended to speak on approximately nine points in the bill, but they have been so well covered by other speakers, in particular by my colleague the Honourable Bill Baxter, that I will concentrate on some of the other issues. Unfortunately the bill is bureaucratic, lacking flexibility and will create unemployment rather than employment. I thought that is what we should all be about in this place — creating employment. It did not matter which figures I looked at while doing my research: if I looked at the government figures some 1900 jobs would go and if I looked at the research of the Victorian Employers Chamber of Commerce and Industry the figure was 20 000. Other commentators put the figure at double that with 40 000 jobs lost. I am therefore not certain of the exact number of jobs that would be lost. Regardless of the figure you take it is a substantial number. In a practical sense it seems to be a ridiculous way to go about solving an issue, if it exists at all. We should all be working for employment, not unemployment.

My contribution is obviously based on observations and representations in country Victoria. Growth along the Murray River has been prodigious in the past few years, in particular in the horticultural industry, which has created enormous employment. As I look at that growth and the team spirit that has encouraged that growth, I

believe it would be most unfair, in fact outrageous, to assume that all employers exploit their employees. I reject that idea. Although some people may exploit their employees, they have not come to my notice. They may do so. Most employees I speak to in my province in country Victoria are covered under the federal award and most of them are paid above the minimum award rate. I talk to employees and employers and they work as a team. It may be different in other areas but from my perspective they work as a team. It is not the them and us situation the bill seems to present to the community.

In my part of country Victoria, and I am sure in other country areas, many of the businesses provide products and services over extended hours and throughout the entire week. Obviously the employees work flexible times. The employees I spoke to — apparently I must have spoken to the wrong ones — say the hours suit them and that they like to work flexible hours. They might want to work on weekends or they might want to have their spouses home to keep an eye on the kids while they do some work. It is a good arrangement and they earn extra dollars. More importantly, I note that as, particularly mature age workers, go through the technical and further education colleges, learn skills and enter the work force they reap tremendous rewards for their own wellbeing from being in the work force again. Mature age employees have the experience and the will to get on with the job, and they do it well. That is what I see in country Victoria.

I turn to the issue of a gentleman I know well in Mildura, the secretary of the Mallee Murray Trades and Labour Council, Ken Carr. Ken is a great fellow and I have the utmost respect for him. He is a tremendously strong community worker, and over the past year or so he has been secretary of the Mildura Wentworth Arts Festival. He has done a tremendous job. The festival finished last Sunday night with a marvellous musical recital on the banks of the Murray River at the Trentham Cliffs Winery. I have talked to Ken about the bill. I do not believe you could find anyone in Australia more concerned about the wellbeing of workers than Ken Carr. However, I do not believe Ken could completely explain the 185 pages of mumbo jumbo or the other deterrents contained in the bill.

I say with the greatest amount of respect for Ken that in one area he went to the media and gave my colleague the Honourable Ron Best and me a bit of a run. In the *Sunraysia Daily* of 2 February this year Ken said:

Even major employer groups like the VACC, Housing Industry Association and Road Transport Association have announced their support for the legislation ...

Of course they did — they got taken out of the legislative loop! Why wouldn't they? No doubt Ken and I will debate that issue into the future. That is another issue that should be considered and I say that in all kindness, because I believe Ken would certainly have the best interests of workers, wherever they are in Australia, in his heart at all times.

I refer to the consultative process and ask myself whether it was conducted widely. I refer again to the comments of the Honourable Wendy Smith, who said that 93 per cent of the people she surveyed did not know what the bill was about. I believe the consultative process was narrow, and members of the National Party are concerned about that.

Prior to the bill being introduced in this place the Leader of the National Party, the Honourable Peter Ryan, wrote to more than 4500 country businesses. Interestingly, especially for those people who live in and represent people in country Victoria, the responses from employers were almost the same as those from employees. The people who responded worked in areas such as tourism, product supply, food and beverages and services. The concern in those areas from both employers and employees was that the provisions in the bill may reduce the work force and its flexibility. If that occurred businesses would not be able to stay open on weekends or on holidays when people visit country towns. Many people, particularly employees, told me that they prefer to work unusual hours. Small businesses in country Victoria have more teamwork between the employers and employees.

In relation to employment, the bill will have a negative effect. The way the bill is framed and has been handled suggests to me it is an ambit claim. The federal industrial relations minister, Mr Tony Abbott, is making considerable effort to accommodate the concerns of this government as expressed in the bill. It was said that the Victorian minister was not talking to the federal minister. I am delighted to hear they are now talking to each other. That is great because cooperation will go a long way toward solving the problems. I hope they continue to work through the issues and pay particular attention to workers who may be at risk.

I say again: do we need 185 pages of mumbo jumbo? Do we need to create a state industrial tribunal at an estimated cost of \$10 million? I trust the Minister for Industrial Relations will continue her discussions with the federal minister so that the problems can be solved. I reject the bill.

Hon. B. N. ATKINSON (Koonung) — I also oppose the Fair Employment Bill. I do not propose to

canvass all the issues discussed by other honourable members, because they covered adequately a range of issues that are of concern to the business community and to all reasonable and fair-minded Victorians who, without a doubt, are concerned about any proposal that is likely to unfairly entrench union interference in the participation of businesses and the economy.

The comments I want to make are at a slight tangent, but express the concerns I have about the legislation. The first and probably the most important is certainty. Australians are badly served when a new government feels it has to introduce new structures or change structures that were in place simply to put its trademark on the bureaucracy that Australians need to engage. The legislation introduces an entirely new structure of industrial relations.

The Victorian government would have been better served, irrespective of the federal government's recent opposition to the legislation, by pursuing with the federal government and other state governments, including Labor governments, a national system of industrial relations. We need consistency. We need certainty. We need to make sure that businesses across Australia know the conditions in which they operate, including those for the employment of skilled labour so that the rewarding of that labour is consistent throughout the country. At the moment we have the ridiculous situation of different industrial relations systems in each state, together with a federal system.

It is a great pity some of the other states did not see the advantage created by the Victorian government under the Kennett administration when it handed over its industrial relations powers to the federal government. That was supported by many people within the trade union movement, including Leigh Hubbard, the secretary of the Victorian Trades Hall Council. Two weeks ago I attended a Mitcham Rotary Club function at which Leigh Hubbard indicated his preference for a unitary system of industrial relations. He said that the trade union movement had always been favourably disposed to the Kennett government's handing over of industrial relations powers to the federal government, referred to by the Honourable Dianne Hadden, because it believed it would be in the best interests of the union movement. It would enable many unionists to pursue claims, particularly their rights and entitlements, with a greater national focus and in a way that would achieve greater consistency between the major states of Victoria, New South Wales, Queensland and Western Australia. That is what employers want; that is what Australians want and, in many cases, that is what employees want.

The move to establish a new system of industrial relations flies in the face of the views of some of the key people in the trade union movement, employers and Australians who recognise that a much better approach to industrial relations is to have a national system that will have more consistency.

The government could have used its resources far better by urging the premiers of New South Wales and Queensland to adopt a national system of industrial relations. The members of the Labor Party are cock-a-hoop about the Labor Party's prospects at the next federal election. We will see how that runs, but in looking towards the federal election if we were to assume a change of government I would think it would be better to pursue a more consistent approach to industrial relations rather than setting up another industrial relations system with its additional costs, jurisdictional disputes and uncertainty for employers and employees. Make no mistake, my colleagues and I do not countenance the exploitation of workers. We do not want to see people denied their fair and proper entitlements. It is my experience that most employers go out of their way to look after their employees because they recognise that their businesses cannot prosper and cannot be successful — —

Hon. G. D. Romanes interjected.

Hon. B. N. ATKINSON — I am happy to take up that interjection of Ms Romanes. She said, 'What about the ones that don't?'. The interjection establishes the exact point I am making — that most employers go out of their way to provide the best entitlements and opportunities for their employees because they recognise that their businesses will prosper and be more successful if they have a happy and fair workplace that rewards workers for their efforts.

It is true there are some bad employers. I do not defend bad employers, and they are not defended by their contemporaries in industry. Those people give everybody a bad name and make it tough for the rest. They create uncertainty and concern that is not conducive to the advancement of the Victorian economy. Bad employers should feel the full force of the law to make sure they provide fair and reasonable workplaces.

The problem with this sort of legislation is that it is really taking a king-size mallet to a job that might have been done with a small tack hammer. It suggests that an entirely new industrial relations system has to be introduced to deal with a few employers who are not playing the game.

I am concerned about the powers of entry for unions that are included in the bill. Some of my colleagues have discussed this issue. I can understand why the provision is included. I can appreciate that the union movement, in pursuing some employers, particularly in the rag trade, has found it difficult to establish who the outworkers are and under what conditions they are employed. I can understand that unions are looking to assist such workers by being able to more satisfactorily identify who is employed by which company and ensure their employment conditions are in line with award entitlements.

The problem is that the legislation gives unions an entitlement that is not enjoyed by the police, the Australian Taxation Office or any other person or organisation. It gives them a particular privilege that is not justified by the circumstances. It would have been better to have included a meeker clause that referred to the responsibility of employers to advise who their workers were rather than have unions barging into workplaces. If employers do not comply there is adequate opportunity for anyone to go to the courts or industrial commissions to seek that information. The remedies are already in place, without the implementation of this draconian approach.

I do not support the exploitation of workers, and from my discussions with my colleagues I do not believe any of them supports it either. However, nor do we support measures aimed at trying to increase the opportunities of unions to scrutinise business in a way that is not productive and could well be used maliciously and mischievously. Such measures will undermine industrial relations rather than achieve the sorts of objectives the government has suggested.

I am concerned that the legislation is a moveable feast. The government received its report, on which it claims it engaged in substantial consultation. The opposition acknowledges that submissions were called for by the working party that put the report together, but once the report was on paper the consultation process stopped immediately. It stopped for a good reason — the government already had its legislation written. Before the first page of the report was written the government knew exactly what the report would say. It knew exactly what it wanted from that report to justify the legislation. Without a doubt it was a move to try to appease the unions and to allow the union movement to re-establish twin industrial relations jurisdictions so it could get back to the good old days of playing leapfrog with claims and playing one jurisdiction off against the other in a bid to extend entitlements.

The legislation was part of the government's charter before the sham consultation process started and before the report was written. Once the report was written the consultation stopped immediately because it was not necessary — the legislation was in place. The report was necessary simply to justify the legislation.

Hon. G. D. Romanes interjected.

Hon. B. N. ATKINSON — The task force was not genuine. The membership was stacked. The chairman was chosen on the basis of work he had already performed for the Queensland government in providing legislation that is similar to the Victorian legislation.

The legislation is a moveable feast. As has been the case with much of the government's legislation, it is poorly drafted, had great gaping holes in it and contains mistakes. It has caused a great flurry from business organisations that realise the impact it would have on jobs in Victoria, and on the Victorian economy generally, because it would take some of the steam out of it.

It is interesting to note that the Labor Party constantly believes it is just a victim of bad luck in government. I have heard time and time again of Labor's belief that during the times it has occupied the government benches in various states and at the federal level the economy has always turned bad on it, it has just been in the wrong place at the wrong time, and it has borne the brunt of bad economic positions. Labor governments fail to recognise cause and effect, and that their public policies and the economic policy parameters and frameworks that they set up directly cause the economy to falter, directly affect the preparedness of companies to invest in new enterprises and in the expansion of existing enterprises, and directly affect the sorts of jobs that exist in Victoria and the opportunities to create jobs. There is no doubt the opposition already has a sheath of companies that have said, 'No, we will stop investment in Victoria while this government is in place because of legislation such as the Fair Employment Bill'.

Hon. R. F. Smith — Name one company.

Hon. B. N. ATKINSON — Orica.

Hon. R. F. Smith — While this government has been in place.

Hon. B. N. ATKINSON — Absolutely!

Hon. R. F. Smith — That is absolutely untrue, and you know it.

Hon. B. N. ATKINSON — And I can show you another one in my electorate of Koonung, as well.

Hon. R. F. Smith — Don't mislead the house! They talked about the unions, not the government.

The DEPUTY PRESIDENT — Order!
Mr Atkinson should continue, without assistance.

Hon. B. N. ATKINSON — Mr Deputy President, I appreciate the assistance, because as the Honourable Bob Smith claims, Orica was concerned about the unions. Its exact comment was that it was concerned about industrial relations. Although the industrial relations climate is not just about the unions, the company should be concerned about what unions might be doing to the Victorian economy in pursuing their agendas.

But the term 'industrial relations' very much applied to this bill, to the approach of this government to industrial relations, and to government in this state. There is no doubt I appreciate the interjection that was made because again, as with the previous interjection — which I found particularly helpful in establishing the point that I had made — Mr Bob Smith has enabled me to clearly establish that Orica is one example of a company that has pulled out of investment in Victoria while this government has been in place because of the industrial relations climate.

Despite its importance and the degree of community concern about it, the bill now before the house was introduced and rushed through the lower house with very little debate. Certainly the Labor government sought to move it through just before last Christmas, during the silly season, so that it would not attract terribly much attention. In fact, it was the opposition that stopped the government pursuing the passage of the bill with such undue haste to ensure full and proper consultation took place and that people understood what it was all about.

The government ought to appreciate that opportunity because it found during the consultation process that it was necessary to introduce quite a number of substantial amendments to the legislation. The bill now before the house is very different in its provisions and some of its propositions than the one that was rushed through the Legislative Assembly. It was to the government's benefit that that process was available.

Nonetheless, the bill is still unacceptable to the opposition. It is certainly not a bill that I can move to on this occasion. More than anything else, there are basic flaws that would cause enormous problems in legal definitions and so forth, even with the use of the word

'contractors'. It is suggested that for the purposes of this bill certain contractors would now be known as employees. There is a real difficulty with that because the definitions used by this government are different from those used by the Australian Taxation Office or indeed the federal government in other areas of its legislation. Those definitions automatically create a problem that would almost invariably end up in the courts as attempts were made to sort out exactly who was a contractor.

I understand this bill is really designed to try to assist some outworkers who have been exploited, but it goes too far; it applies far too broad a brush, and it does not even address those issues.

It might be interesting also to note in terms of outworkers that just because somebody works from home does not necessarily mean their wages and conditions are unacceptable to them or indeed represent exploitation. There is no doubt that some outworkers have been exploited; there is no doubt that some casual employees have been exploited.

Hon. R. F. Smith — You don't want to look at it at all.

Hon. B. N. ATKINSON — No, I would be delighted to address that issue. In fact, the federal government has also offered to address that issue by considering changing its legislation and providing greater entitlements to workers. That is consistent with what the objectives of this bill were supposed to be, as enunciated by the minister in this place time and again. In fact, the federal government has addressed those issues, and therefore to the extent that Mr Bob Smith in particular, the government and the union movement are aggrieved about the conditions or entitlements that might be available under federal legislation, I point out that a process exists which unions were quite happy to look at earlier and which they are quite entitled to pursue to improve those entitlements now, particularly under the expanded opportunities that are provided by Minister Abbott in his changes to federal laws. So the opportunities are there.

It was interesting to note that the Victorian and New South Wales governments met recently and discussed a range of initiatives and agreed, for instance, that they ought not to be competing on industry assistance because it was counterproductive: moving businesses from Melbourne to Sydney and from Sydney to Melbourne really does not do a great deal for Australia and costs the taxpayers and the respective states a lot of money for very short-term gain.

I would like to see this government — and, indeed, future governments — pursuing and moving far more quickly towards an industry policy and a system of industrial relations that applies nationally, because in both cases — —

Hon. R. F. Smith interjected.

Hon. B. N. ATKINSON — There is no doubt an industry policy is needed in this country. I believe the rudiments of it are already there under the existing federal government at any rate, but we need to enunciate it better. I look forward to some areas being included in such an industry policy that would improve the performance of the Australian economy; and by virtue of its strength in manufacturing, Victoria would be particularly advantaged by such a policy.

But what I believe the government ought to pursue in terms of industrial relations is a national approach which, as I said at the outset, provides some consistency and does not chop and change.

Hon. R. F. Smith — Across the nation — one system?

Hon. B. N. ATKINSON — Absolutely. And therefore it would have been better for the Labor government to pursue that with premiers Carr and Beattie and the federal government to achieve a national system.

Honourable members interjecting.

Hon. B. N. ATKINSON — Go back and talk to your comrades in Western Australia, Queensland and New South Wales. Convince them to become part of a national system rather than having this unilateral action in Victoria which takes us backwards. The step ought to be forward, but it is not. As Mr Bob Smith said by way of interjection, there is a need for consistency and a move towards a national system. That is what Leigh Hubbard says and also what the opposition says. Let us go for a national system. That is what the Victorian government should pursue. It would have been much better for the government to put its energy into that process than into this bill, which gets nowhere.

From that point of view, I cannot support this bill because I believe it goes backwards. It is important to achieve some consistency, and I hope that direction will be taken in the future.

Hon. G. D. ROMANES (Melbourne) — The legacy left by the former Kennett government, of which there are many members in this house, is an industrial relations system that has divided the state. It has left

almost 250 000 people in this country with only five minimum entitlements under schedule 1A of the federal Workplace Relations Act, and these are the working poor of Australia. This trend reflects some international trends.

Earlier this year some delegates from Victoria attended the Clean Clothes Company conference in Barcelona, where they heard from many others around the world about their concerns and the rising informalisation of work conditions and all forms of work worldwide. This informalisation incorporates a trend towards more work, longer hours, less social protection, more child labour, and the increasing burden of risk being transferred from the employer to the employee.

This is nothing new for countries in the south — which are sometimes known as developing or Third World countries — where workers have been exposed to these sorts of conditions on a wide scale in the past. But in other parts of the world — in the north — those sorts of conditions have been seen as undesirable and as leading to insecure and unstable communities. More recently that has been increasing in the north. During the debate on the Fair Employment Bill in the past few days many opposition members have been promoting these sorts of working conditions as necessary for a viable economy.

In the name of competition and flexibility — the house heard the Honourable Cameron Boardman speak along these lines yesterday — the opposition says that it is all right to entrench for certain groups low pay, poor conditions, casual and insecure work. Surprise, surprise! Who mostly endures these conditions in the work force in Victoria? It is immigrants and women.

The Honourable Wendy Smith said that the bill highlights the divisions between the two sides of this house. We are divided on the bill. The opposition parties in this house are prepared to tolerate and promote in Victoria two groups of workers: the first group, the majority, contains those who receive due payment and conditions for their work. The second group contains those 240 000 or more who do not receive wage justice. It is not only outworkers. Some outworkers are happy with what they are doing and are well paid. However, the majority of outworkers are not. Many receive the equivalent for their piecework of only \$2 or \$3 an hour. Many young people are never paid for the two or three weeks trial they undertake. It is a depressing start for them in their work experience.

Many casual workers never know when they will get the next call to work, how long they will be expected to work and whether they will be paid that week for the bills they need to provide for. Some in that second

group cannot fulfil their social and cultural obligations by attending funerals or looking after sick children without incurring financial penalties.

The Liberal and National parties in this chamber want to take us back to 19th century conditions. If one wants to examine carefully the difficulties facing workers in that second group who do not receive fair wage conditions, I direct attention to the contribution made last night by the Honourable Sang Nguyen who described clearly the difficulties in the work force for low-income workers who do not have secure employment or fair wage conditions.

I urge honourable members to read his contribution. I am certain that every opposition member in this chamber wants his or her son or daughter to be in the first group, which receives fair wages and employment conditions. I am certain there is not one opposition member who wants his or her children to be part of the working poor in Victoria. Their hypocrisy exposes their lack of humanity and their double standards.

The opposition has used the bill as a political football to bash unions. It was obvious in November last year to so many in this house and outside it that when Mr Birrell stood up in this house to defer the bill at the end of November he could have voted against it at that point, because that is what he intended doing. However, he was looking for a campaign over the summer period to spread misinformation, scaremongering and union bashing.

The deferral of the bill in November and the debate that has taken place over the past couple of weeks makes a mockery of the claim that the opposition wants this chamber to be an effective house of review. There has been no negotiated amendments or serious discussion about how the bill could be improved and passed.

This will be the third important bill obstructed and blocked by the opposition in this place — the first being constitutional reform of the Legislative Council, the second supervised injecting rooms and the third will be, probably this evening, the Fair Employment Bill.

This obstruction demonstrates an opposition that continues arrogantly to assert its right to rule. It is asserting its right to decide which sections of the government's legislative program it will obstruct. The only chamber in this country of which the Liberal Party has control is this one. The Liberal Party is asserting rule from the Legislative Council. It does not care about Victoria's most disadvantaged workers and has played politics with their lives. One may remember Pamela

Curr from Fair Wear who was here before Christmas — —

Hon. M. A. Birrell — You would know her through branch meetings, wouldn't you?

Hon. G. D. ROMANES — She is not a party member. Pamela Curr asked all members of this chamber to remember outworkers slaving over their machines for \$2 an hour on Christmas Day.

Hon. W. R. Baxter — Why didn't you produce someone getting \$2 an hour?

Hon. G. D. ROMANES — She knows many people getting \$2 an hour. I hope that when opposition members were having their Christmas dinner — I remembered when I was eating my Christmas dinner — they were thinking of outworkers. I hope they think about the low-paid workers and other disadvantaged workers every Christmas Day in the future because blocking this bill demonstrates that the opposition does not care about the most vulnerable workers in this state.

I conclude by directing attention to a note in the comments book on the table next to the ceramic jugs that are displayed in Queens Hall. Many comments from young people who have come into this place and the other place cast aspersions on the activities of members of Parliament. However, Sue Arei of Roxburgh Park made a serious comment, which everybody should remember, particularly the opposition when it blocks the bill:

Govern well — the lives of the disadvantaged are in your hands.

Hon. P. R. HALL (Gippsland) — According to the latest Australian Bureau of Statistics figures the unemployment rate in Gippsland during February was 12.8 per cent. This compares with the unemployment rate in February 2000 of 11.2 per cent. Unemployment is increasing in Gippsland.

In February this year approximately 12 600 Gippsland people were seeking but could not obtain work. The Minister for Post Compulsory Education, Training and Employment said that 32 000 new jobs had been created in rural and regional areas over the past 12 months. Not too many of those new jobs have been created in Gippsland. It is losing more jobs than it is gaining, not because of an influx of population because the population of the Latrobe Valley fell by 1.1 per cent between 1999 and 2000.

I ask myself: why would I want to support legislation that will mean more job losses in Gippsland and throughout Victoria as a whole? The answer is that I would not support such legislation. The government's own calculations have indicated there will be a minimum of 1900 job losses. Yet if you read the literature and research undertaken by some of the other organisations, in particular the employer groups that do the employing, it shows that the estimates of job losses if the proposed legislation is passed are in the order of 21 000 to 42 000 people.

One job loss is one too many. I cannot understand why anyone would support legislation that legislates for further unemployment in Victoria. I will certainly not be part of that support. If I had to name just one reason why the bill should not be supported, the fact that it legislates for further unemployment is in itself sufficient to convince me that we should not be supporting it.

As a representative of the Gippsland region, which has an increasing unemployment rate and one of the highest unemployment rates in the state, I could not possibly support proposed legislation that will add to unemployment in Gippsland. That alone is sufficient for me to say I will not support the bill.

We are told in the second-reading speech that the main reason for the bill is to improve the conditions of outworkers, and clothing outworkers in particular. I will not quote the second-reading speech, but in it the minister elaborated on the position she believes many outworkers are in. As several of my colleagues have said, if there is a problem with the employment conditions and wages of outworkers — I do not deny that there may be a problem — let us address that as a separate and special issue. Everyone I have heard speak on the bill today has agreed that that needs to be looked at, and the National Party is prepared to look at it as a separate issue.

Why do we need to establish a new state-based industrial relations structure to deal with a problem that is being experienced by a relatively small group of people in our community? That is using a sledgehammer to crack a nut. The vast majority of people employed in Victoria are contentedly employed.

I will talk very briefly about the issue of employment entitlements, in particular maternity and bereavement leave. I was astounded to read the following comment by the minister in the second-reading speech about those types of leave, and bereavement leave in particular:

These basic and fair employment entitlements have previously been denied to schedule 1A employees.

That is an untrue statement. At best it could be said that the minister's terminology is very loose. Most employers are pretty reasonable people, and I do not know of one employee who has been denied a reasonable period of bereavement leave upon the death of a close friend or family member.

Hon. R. F. Smith — They are not entitled to it; that's the difference.

Hon. P. R. HALL — That may be right, perhaps it is not set out in black and white. However, most employers are decent people, and I do not know of one person —

Hon. R. F. Smith interjected.

The DEPUTY PRESIDENT — Order!

Hon. P. R. HALL — Through you, Mr Deputy President, Mr Smith might like to produce an example of a constituent who has been denied bereavement leave by his or her employer.

The government says this will affect people in regional Victoria; my colleagues and I do not know of people who have been denied a reasonable level of compassion and a fair amount of leave upon the death of a close friend or family member. Give us the evidence and give us the facts. It is untrue to say that people have been denied bereavement leave, because they simply have not. That is a completely untrue statement, and the minister should withdraw it.

That leads me to my next point, which is the apparent absence of any great groundswell of public opinion calling for these changes in the first place, and secondly, supporting the legislation that has been proposed.

In my time as a member representing Gippsland Province I cannot recall any correspondence from or contact by constituents calling for this sort of legislation. Over the years a number of individuals have sought my assistance on matters relating to employment conditions, but none has called for new legislation of this type. The work undertaken by the industrial relations task force is evidence that there was no groundswell of public opinion for this type of legislation. The fact that only 141 people took the opportunity to make an oral presentation to 11 public meetings held around the state of Victoria shows that there is no real interest in our communities in either the metropolitan area or country areas of Victoria.

I can remember going to meetings in country Victoria — for example, the meetings chaired by the Honourable Glenyys Romanes recently which reviewed the operation of school buses — attended by 30, 40 or 50 people. We held three such meetings in Gippsland alone. However, only one meeting of the industrial relations task force was held in Gippsland and it was attended by a total of 10 people. I suppose 10 was not bad out of the total of 141 who attended the meetings statewide. The industrial relations task force received only 200 submissions, but the school bus review received thousands!

I do not see evidence of any groundswell of public opinion that this sort of legislation is needed or supported. All honourable members have received correspondence since the bill came before the Parliament and it is overwhelmingly in opposition to the proposed legislation.

Previous speakers have quoted some of the comments made by organisations like the Australian Retailers Association, the Victorian Farmers Federation, the Victorian Employers Chamber of Commerce and Industry and the Institute of Public Affairs. I have all those documents and could quote them left, right and centre.

Hon. R. F. Smith — Right-wingers.

Hon. P. R. HALL — Do you want me to do that? There has been a multitude of submissions from organisations and individuals opposed to this legislation. Very few people who have contacted me have supported the bill, but one was an organisation called Job Watch based in Queensberry Street, Carlton. It said in its submission to me:

Many of those in rural and regional Victoria have [been] found to be significantly disadvantaged compared to employees in metropolitan Melbourne.

How? How are they disadvantaged compared with employees in metropolitan Melbourne? I obviously cannot take any notice of a submission like this if it is just a bald statement saying 'People are disadvantaged' without giving any evidence or explanation of how they are disadvantaged.

It surprised me to hear the Honourable Dianne Hadden say that one of the people on the task force was associated with the company called Job Watch. I am not making any accusations about that; however, very few people contacted me in support of the bill, and this submission saying people were being disadvantaged was typical of the comments made by those who did,

but they gave no explanation of how they were being disadvantaged.

Hon. R. F. Smith — Are you saying they are not being disadvantaged?

Hon. P. R. HALL — We would like to hear the evidence, Mr Smith. Present the evidence to us. You had your opportunity but you did not present any evidence. That is typical of all those people who have supported the bill.

I have also been contacted by many individuals and some organisations who were concerned about some of the objectionable components of this bill, in particular the so-called information services officers. The Honourable Bill Baxter spoke at length about these people and referred to them as compliance inspectors, which is a more appropriate name for them.

One organisation that contacted me was Troubleshooters Available, which is a labour hire company, giving jobs to many people who would otherwise be unemployed. Troubleshooters Available says this sort of thing:

This bill gives a union which has no members on site, is not a party to an agreement, or has not been invited to intervene, the right to notify the commission of a perceived dispute giving it the power to bring those parties in front of the commission.

So even if the union is not involved or does not have a member on site, it can intervene and refer a perceived dispute to the tribunal. That is certainly an objectionable concept underlying the provisions of the bill. One of my constituents, Mr Brian Handley of Moe, who is also a small businessman, echoes that statement in an email of 14 November last year. In another typical example, Mr Graham Henderson, who runs a company employing 75 people around Melbourne, refers to the objectionable components of the bill, particularly the right of unions to infiltrate his organisation and enter his premises.

Hon. M. M. Gould — Infiltrate?

Hon. P. R. HALL — Absolutely.

Honourable members interjecting.

Hon. P. R. HALL — I am pleased that those people have made the effort to contact members of Parliament. Religious groups have also contacted us about objectionable matters.

Hon. R. F. Smith interjected.

Hon. P. R. HALL — I am referring to the Brethren in particular. Do you have any objection to that, Mr Smith? I will ignore the inane comments of the Honourable Bob Smith.

The Fair Employment Bill is not a fair measure. As I said before, it is akin to using a sledgehammer to crack a nut. If there is a problem with outworkers or a small section of the work force in Victoria, the National Party will certainly be happy to sit down and work through some of those issues in a cooperative way. However, the National Party will not have imposed upon us a \$10 million bureaucratic structure to fix a perceived problem that may exist within a small part of our work force.

If passed, the bill would have a detrimental impact on the Victorian economy, in particular small business and especially regional Victoria. It does not warrant the support of the people of Victoria. It certainly does not have the support of the National Party.

Hon. P. A. KATSAMBANIS (Monash) — I stand with great pride with my Liberal Party colleagues on this side of the house to oppose this ideologically driven and flawed measure. If it is allowed to pass into law the bill would cause severe disadvantage to the very people it aims to protect.

The bill has the saccharine title of the Fair Employment Bill. Any examination of it reveals that it is anything but fair. The bill is an unfair measure that would place an additional burden upon hundreds of thousands of Victorian small business people and would put into jeopardy the jobs of the very people the Labor Party claims to represent.

Honourable members should make no mistake about it: the bill has never been about workers, outworkers, increasing wages and improving conditions of lower paid workers. The bill is designed to provide a mechanism to increase trade union coverage and control over Victorian workplaces.

The bill was introduced to reward the government's paymasters at the Trades Hall Council. It was designed to reward the true believers for their failures — that is, the failures of the trade unions to carve out a niche for themselves in Australia in general and Victoria in particular in the 21st century. Everyone knows where trade union membership in Australia has been heading for the past decade or longer — towards oblivion. This was going to be the Trojan Horse bill to allow trade union representatives to march into any workplace uninvited and unwelcome by any employer or employee and demand to see business records of

law-abiding employers, or to march into any of the homes of those thousands of employers who conduct their businesses from home.

Hon. M. M. Gould — Well, it's a business.

Hon. P. A. KATSAMBANIS — The Minister for Industrial Relations should know that nowadays many people conduct business from home. If you do not, that shows — —

Hon. M. M. Gould — Don't you put words into my mouth!

Honourable members interjecting.

The ACTING PRESIDENT

(Hon. E. G. Stoney) — Order! The Minister for Industrial Relations is out of her place.

Hon. P. A. KATSAMBANIS — The bill was designed to allow trade union officials to walk into farmhouses and other homes in this state and demand to see and photocopy business records.

Honourable members should make no mistake about it: the people of Victoria were never duped by the bill. As other speakers in the debate have pointed out, there has been no groundswell with people coming to my office in support of the bill. On the contrary, there have been constant correspondence and visits from people imploring me and my colleagues to save Victorians from the devastation that the bill would wreak if enacted into law. That is what members on this side of the house will do today. We will draw a line in the sand and say this sort of measure is not acceptable to the people of Victoria, and the bill will not be passed. I will be proud to be part of the team that protects Victorian employers and employees from the Labor Party and the devastation that would have been wreaked on Victorian businesses and jobs by a government that is interested in governing not for the majority of Victorians but for the narrow sectional interests it represents — that is, the trade union movement.

Members of the Liberal Party chose not to bring on the bill for debate in November because we knew that there had not been adequate consultation on it. We knew that members of the public were not aware of the hidden nasties in the bill. We undertook a concerted public consultation. I visited hundreds of businesses in my electorate — retail businesses, restaurants, those in the entertainment field and industrial businesses. I wrote, faxed or emailed many hundreds of other businesses in my electorate and beyond.

Every single employer to whom I spoke told me that they had not been consulted in any way before the introduction of the bill; they were taken for granted; their views were not considered. The impact of the bill on their business and circumstances was not taken into account. The bill was brought in in the dark of night, with the government hoping that it would be passed without too many people realising what was hidden in its detail so that the trade union movement could get its way in this state.

Furthermore, in talking to the employers and many of their employees, not one person asked me to support the passage of the bill. Instead I have a record of hundreds of letters, faxes and emails in which people ask me and my colleagues in no uncertain terms to reject the bill.

It is quite clear that the people of my electorate, whether employers or employees, and the people right across Victoria who have looked at the bill and assessed the catastrophic impact it would have on their businesses, livelihood or jobs have resoundingly asked my colleagues and me to reject the bill. That is what we will do. Today the public of Victoria will know that members of the Liberal and National parties stood up for the proper interests that Victorians have in fairness and equity — not determined by trade union thuggery, but between employer and employee.

If you squeeze employers dry, you will drive investment from the state, close down small business and drive jobs from the very people the government claims to, but does not, represent. In rejecting the bill the Liberal and National parties will save Victorian businesses. They will keep Victorian small businesses open and stop unions from walking into workplaces, houses and farmhouses around the state to demand the production of paperwork. Importantly, the opposition parties will save the jobs of many thousands of Victorians. I am proud to be part of that team.

Hon. K. M. SMITH (South Eastern) — I am pleased to support the opposition's stance in rejecting the bill. It must be remembered that the bill was rushed through the lower house because the government thought it would pass this house just as quickly. No consultation was held with Victorian employers and, importantly, with Victorian employees, apart from the government talking to its union mates.

The ALP is nothing more than the political arm of the trade union movement. The unions have their mates sitting on the government benches opposite. The Leader of the Government is a member of the National Union

of Workers and was a member of the executive of the Australian Council of Trade Unions.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — Wait for it! The Honourable Kaye Darveniza is a member of the Health Services Union of Australia. What about all the other people from the Victorian Trades Hall Council (VTHC)? The government's union mates on the government benches are supporting their mates in Lygon Street in trying to achieve what the government thought would be easy — that is, to have the bill passed. The government said to them, 'We will repay the debt from your supporting us during the last election campaign'. But your commo mates will miss out because the opposition parties will reject the bill. Your commo mates, your troglodytes up the road in Lygon Street will miss out and it serves you right.

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

Hon. K. M. SMITH — The Minister for Energy and Resources is a member of the Australian Services Union — another mate from the VTHC, which is well represented here. Another comrade is the Minister for Sport and Recreation who is a member of the AFL Players Association, which is closely associated with the VTHC. He is another mate of the commies at the VTHC. What about the Honourable Theo Theophanous? Good old Theo is a member of the engineering union — another mate of the troglodytes at the VTHC. What a joke! Theo probably thought that when he retires from Parliament he would get himself a job on a wages board — but now he probably hopes to get a seat on the proposed new Industrial Relations Commission to which you lot were going to commit \$10 million a year.

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

Hon. K. M. SMITH — The government intended to commit \$10 million a year to run an industrial relations system. Why? The federal system has worked extremely well and is probably now working better than ever. The minister was the wolf in sheep's clothing in this chamber when she talked about \$2-an-hour outworkers who have been badly disadvantaged. She suggested the bill would fix it all up. But the federal Minister for Employment, Workplace Relations and Small Business, Tony Abbott, will fix it up.

Hon. M. M. Gould — No, he won't.

Hon. K. M. SMITH — You are not capable of fixing it up, you could never fix it.

Because the opposition regarded the legislation as important, its members spoke to members of the community. That is why debate was delayed for three or four months. The opposition talked to people, which is something the ALP did not do before it tried to have the bill passed. Its union mates from the VTHC did not want the government to do anything; they wanted the legislation to be kept quiet and passed, but the government forgot about the opposition parties. No wonder the government wants to dismantle this house! The opposition will keep the government honest, as it has done on the bill. Minister, your commo mates up there in Lygon Street at the trades hall, the troglodytes, will be sorry because the opposition parties will still be here.

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

Hon. K. M. SMITH — People have suddenly embraced email. Day after day the computer screens of opposition members were filling up with the message 'Do not allow the Fair Employment Bill to be passed; it will affect my business and cause me great distress'. Initially the Victorian Employers Chamber of Commerce and Industry (VECCI) said 20 000 jobs would be lost. But after it fully investigated and came to understand the bill it estimated that 42 000 jobs would be lost.

Hon. M. M. Gould — You have no justification and no economic model.

Hon. K. M. SMITH — There was justification. They did it properly. They carried out independent studies and discovered that 42 000 jobs would be lost because of you, Minister, wanting to push the bill through.

The DEPUTY PRESIDENT — Order! Through the Chair, Mr Smith, and the minister should restrain herself.

Hon. N. B. Lucas (to Hon. M. M. Gould) — You've been caught out.

Hon. K. M. SMITH — Yes, you have been caught out and hung out to dry. You will be dumped from the ministry as you should be because of what you tried to do.

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

Hon. K. M. SMITH — The minister has never been successful in anything she has done. The party is finally contacting Tony Abbott. The minister's commo mates and troglodytes at the VTHC would not have been too pleased about that.

I am grateful that there is an organisation called the Victorian Employers Chamber of Commerce and Industry, which had some concerns about the employers of Victoria and the employees of its members. It looked at the bill fairly, and if workers would have benefited it would have supported the bill. However, at no stage did VECCI support the Fair Employment Bill, if it can be called a Fair Employment Bill — it is a most unfair employment bill.

I received a letter from the CPA in the mail and I thought, 'Hello — I've got a letter from the Communist Party of Australia!' However, it was from the Certified Practising Accountants. That organisation did not support the bill and in a letter it said that of particular concern was the deeming of outworkers as employees. That is something the government never thought about. The definition of 'outworkers' includes:

... a person engaged, for someone else's industry, in or about a private residence or other premises that are not necessarily business or commercial premises, to —

...

(b) carry out clerical work.

An accountant working in somebody's business, even if working from home or going to the client's home to work, would be classified as an employee. They would also be classified as an outworker.

I am not talking about the \$2-an-hour shirt makers. The focus has suddenly shifted across to a professional group of people who will be called outworkers and who would not be in a position to have the right to work for themselves, to be self-employed, because under this bill the focus would be completely changed.

The CPA was courageous. It stood up and supported the position the opposition has taken, as have a number of other people, including a number of religious organisations, churches and exclusive brethren. They have stood up and been prepared to be counted because they could see the devastation the bill would wreak on the people of Victoria.

The Liberal Party cares about the working people of Victoria who the minister on the other side of the chamber does not care about. Liberal Party members said they would back the outworkers, and that is exactly

what they did. They went to the federal minister and said, 'These people need protection'.

I do not believe there are many outworkers earning \$2 an hour. They are hardworking people who are well organised and enjoy the opportunity to be able to work from home, look after their children, drop their kids at school and do some work at night if they want to. Family members can do some work when they get home from school or when their husbands get home from work. It was explained by Mr Boardman.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — Don't start crying because you know you have lost. Mr Boardman talked to the outworkers. The minister probably did not take the opportunity of meeting with people from the Cambodian and Vietnamese communities in Springvale who do not support the legislation the minister is trying to foist upon them. They do not support it because it will cause them — —

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — Go back into your corner and keep quiet. You'll have your chance if you want to, but you will not get up and speak on this issue because you do not have the courage to stand up before this Parliament and try to justify legislation that will not work.

The DEPUTY PRESIDENT — Order! I ask honourable members to settle down.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — You knew you were going to try to bring in a new industrial relations system and a new tribunal that will cost approximately \$10 million a year. And who were you going to put on it?

The DEPUTY PRESIDENT — Order! I ask Mr Smith to address his comments through the Chair.

Hon. K. M. SMITH — Who was she going to appoint to the tribunal? The Labor Party was going to appoint some of its union mates; its commie mates from trades hall. They were going to put them in jobs that paid approximately \$140 000 to \$150 000 a year. They were going to send their thugs out and knock people's doors down. Damage to housing has been built into the legislation. The government is going to send its thugs out to go through people's private papers and into people's houses to do no more than snoop into their businesses. Their commie mates and the troglodytes from trades hall would go into people's private houses

and interfere with their businesses. The government was going to burden employers with new inflexible penalty rates and overtime allowances.

Hon. M. M. Gould — Where is that in the bill? Show me!

Hon. K. M. SMITH — You do not even know your own legislation. Get a copy, Minister, and read through it while I am talking and keep quiet. The government is going to force independent contractors to be treated as employees. Even accountants were going to be treated that way. The government wanted to stop people who worked for Troubleshooters Available and Labour Force Australia Pty Ltd, proper decent people who want to have the flexibility to be self-employed but work for an organisation that is able to get work for them, from being able to do so. That is where the 42 000 people who are going to lose jobs will come from. The government is going to impose minimum conditions of employment on people. On all businesses not under federal awards, and there are many of them, the government will allow the introduction of the burden of the 17.5 per cent annual leave loading. What a joke!

Hon. M. M. Gould — Where does it say that? It is not there, Mr Smith.

Hon. K. M. SMITH — Read the bill and you will find it.

The DEPUTY PRESIDENT — Order! I ask Mr Smith to continue his contribution through the Chair.

Hon. K. M. SMITH — I appreciate your bringing the minister back to order, Mr Deputy President. I turn to information service officers, the thugs from trades hall that the Labor Party will send in to look at the new system. I cannot believe you people! Since you came back into power you have run a war against small business. You came into the house as a government and lied, as did government members in the other house. Government members said there would perhaps be a 15 per cent increase in Workcover premiums, and what happened? People were charged up to 150 per cent more for Workcover than they were charged before.

Hon. M. M. Gould interjected.

Hon. K. M. SMITH — Are you right, Minister? Have you cracked up? Do you want us to get some help for you?

The DEPUTY PRESIDENT — Order! The Leader of the Government will remain silent.

Hon. K. M. SMITH — The problem is that there are people sitting on that side of the chamber who have never invested \$1 of their own money in trying to run a business. They have never invested \$1 of their own money to try to employ anybody. They have lived off the back of the unions or off the back of the government. They have never had to go to their bank managers and put their houses on the line to keep their businesses going, or beg their bank managers to give them an overdraft to be able to pay the wages of their employees. None of them has ever done that.

The benches on this side of the chamber and on our side of the chamber in the other house are lined with people who have run their own businesses, and run them successfully. They know the problems that the government is enforcing on small business people of Victoria. The land tax is another impost the government is going to impose on small businesses. We know about the 2.89 per cent the government is trying to impose on people through land tax. That will put people out of business; it will send them broke.

Government members do not understand the costs of running a business. They do not understand what is involved in employing people or in the cost of employing people. They have never been there. They will never understand what it is like, and it is just as well that we have the numbers in this chamber to be able to review the legislation they keep putting up. We can ensure that the businesses of Victoria will be protected from the likes of honourable members on the other side of the chamber and from their mates up at trades hall.

That is where the problem is. Government members are not smart enough to think for themselves. The opposition will be vigilant and will scrutinise every word in legislation that comes before this house, especially legislation that interferes with small business in Victoria. Organisations such as the Victorian Employers Chamber of Commerce and Industry will review everything the government puts forward because it knows the government lies and cheats. It knows it will have to review legislation because government members cannot be trusted. This government takes its orders from and is a puppet of the Victorian Trades Hall Council. The opposition knows it and the public knows it.

When members of the opposition doorknocked throughout Victoria to explain what the legislation was about people were horrified. They did not know the implications of the bill, but opposition members explained it to them. The Leader of the Liberal Party, the Honourable Dennis Napthine, a great leader,

received more than 10 000 letters regarding the issue. I know Mr Lucas, Mr Katsambanis, Mr Forwood, Mr Birrell, Mr Furletti, Mr Rich Phillips and Mr Baxter received many letters about the bill. Members of the opposition and the National Party consulted widely with people throughout Victoria to make them aware of this rotten legislation that the government thought it would rush through this house. Legislation will not pass this house until honourable members are satisfied it will benefit Victorian businesses. Legislation will not pass unless it is good legislation that benefits the people of Victoria, not the trade union mates of the government, the troglodytes from Trades Hall. The opposition will look after the people of Victoria and protect them by rejecting the bill.

Hon. KAYE DARVENIZA (Melbourne West) — I am pleased to have the opportunity to contribute to this important debate on the Fair Employment Bill.

Hon. N. B. Lucas — Are you for it or against it?

Hon. KAYE DARVENIZA — I support the bill, just as the honourable members opposite should support it. The bill has been introduced following wide consultation with the community. Even though Mr Ken Smith and Mr Katsambanis said there was no consultation, there was lengthy consultation not only undertaken by the independent task force, which consulted widely with the community, but by the Minister for Industrial Relations. It is on that basis that this important legislation was drafted and comes before this house.

Mr Ken Smith and Mr Katsambanis say there is no support from employers for the bill. That is not the case. They are wrong in the same way as they are wrong about the government not consulting the community. The bill is supported by the Master Builders Association, the Housing Industry Association, the Victorian Automobile Chamber of Commerce and the Road Transport Association. I remind honourable members that a petition supporting the bill and tabled in this house by Mr Jennings contained more than 1600 signatures.

Because I do not have much time to make my contribution I will focus on outworkers. They are the most disadvantaged workers in the state and they will have the most to gain by the passing of the legislation. As we speak there are between 20 000 and 140 000 clothing outworkers in the state. They are often recently arrived migrants or refugees and they take up the clothing trade and have little understanding of their entitlements or rights. Many of them live in my province and I know the hardship they suffer because

often the only work they can get is outwork. They are predominantly women and often have dependent children. They rely on other family members — grandparents, spouses or in some cases their own children to undertake the work.

Many outworkers attended the public hearings held by the task force throughout Victoria and they told a range of stories about their lives. I attended a hearing and listened to some of the people who attended the task force meetings. I shall relate one of the stories set out in the task force report. It is a story about Dung, a young Vietnamese woman who spoke in detail on behalf of her mother and her sister. She said that since the age of seven years she and her sister helped her parents sew clothes at home. Dung states:

I have learnt about hard work, injustice powerlessness and being victims as being an outworkers family. I have also learnt that without support, without laws, without hope nothing will change.

My mother was a tailor in Vietnam. After being here two months my mother found out from other people that she could get work sewing at home. None of us spoke English and she thought this would be the best way to get some income for the family.

This was the only income my family could get and this is how we have built our lives in Australia as outworkers. My mother thought about getting work in a factory but she never had the chance and always worked at home.

...

Us children were working 3 to 5 hours a night after school and most weekends we would work all day.

There were days when the work was needed urgently, my parents would stay up all night and I had to get up at 5.00 a.m. in the morning to sew until it was time to go to school. Those days I used to do my homework during recesses and lunches at school because there was simply no time to do it at home. Being an outworker family there is no time off, no holidays. We worked every day of the week, every week of the year. Even now, the day away from our New Year, there is work to be done at home.

After listening to the stories of outworkers who appeared at the task force meetings or made submissions to the task force about their conditions of employment, the sort of work they do and the impact on the quality of their family life you could not help but come away believing that we need to do something now to address the needs of these many thousands of workers. Dung is not alone; there are thousands of people like her, even in my own electorate, where a high number of migrants as well as refugees live.

Since 1996 there have been a number of inquiries into clothing outwork in Australia. The fact that many migrants are being exploited through outwork in the

clothing industry has been highlighted time and time again. Unfortunately, that was not the first time we had heard about the problems of outworkers, yet no action had been taken to ease the plight of outworkers by either the federal government or the former Liberal state government. A key recommendation of the 1996 Senate inquiry was that clothing outworkers should be deemed as employees under industrial legislation, but no action has been taken subsequently by the commonwealth government.

In its submission to the 1998 Senate inquiry the commonwealth stated that there were constitutional difficulties in deeming outworkers as employees under federal law. The federal government then stated that it would refer the matter to the labour ministers council, which was meeting in November 1998. Again, no action was taken then and still nothing has been done.

However, that is not the case in other states, which have not been so tardy or heartless — they have recognised the plight of these workers and have taken action to do something about protecting them. In New South Wales, South Australia and Queensland clothing outworkers are deemed to be employees, which means they have some automatic protection and coverage under the state industrial relations systems that oversee their conditions of employment.

I have spoken about some of the problems faced by outworkers, and at the heart of this dreadful method of employment is the fact that there are no standards, no minimum wages and no conditions of employment set down. Outworkers are not considered to be employees and do not have any access to the minimum standards available to other employees. They have no sick leave, annual leave, bereavement leave or carers leave. They are not required to be given notice if their work is no longer required by their employer. They have no access to an industrial tribunal, either to the Australian Industrial Relations Commission or to a fair state tribunal. For years they have simply been ignored and exploited. By introducing this legislation the government will offer protection to those vulnerable people.

The National Party has simply turned its back on the problem and is not prepared to give it any serious consideration. The Liberal Party claims the changes in the Workplace Relations Act recently announced by the federal Minister for Employment, Workplace Relations and Small Business, Mr Tony Abbott, will fix the plight of outworkers. Nothing could be further from the truth. The Abbott changes are not a solution; they can be described as workers being given mere crumbs. They simply allow for a minimum hourly wage rate and for

federal inspection, and provide compliance officers with the power to enforce that rate of pay.

The changes proposed by Tony Abbott will have little impact on the way outworkers work and will make little difference to the problems they face every day. There has been no forum offered where they can go to address problems such as poor working conditions, long and unsafe hours of work and not being paid for much of the work that they do. Throughout the consultancy process those involved were given information that people are sometimes not paid for the work they do.

The Fair Employment Bill will introduce a number of basic protections for outworkers. It will bring Victoria into line with other states that already have legislation to protect such workers. Victoria will lose its unenviable reputation as the sweatshop capital and will no longer be a preferred destination for unscrupulous business people.

I turn to highlight some sections of the bill. Clause 5 defines an employee and classifies outworkers as employees. Workers will be covered by the minimum conditions outlined in the bill — for example, annual leave, sick leave and bereavement leave. They will also be covered by industry sector orders, to which I will now refer. Industry sector orders are dealt with in clause 81 in part 2 of the bill. They provide for the regulation of conditions of employment and can be adopted to suit the needs of the industry as well as the outworkers.

Clause 81(3) clearly sets out matters that a full bench may declare to be conditions of employment. That is important because it provides employees with access to a low-cost, user-friendly tribunal and to fair minimum conditions in a range of areas, such as rates of pay, working conditions, allowances, hours of work and overtime rates. The bill also provides for the recovery of wages or other entitlements that outworkers have not been provided with. As I said earlier, that has been raised time and again. People do not get paid for the work they do or do not get paid the money they were told they would earn for the work they do.

Clause 93 allows outworkers to seek recovery of unpaid wages before the Fair Employment Tribunal. This would be less costly than processing claims before a court. It would also be more accessible for outworkers. They could take their claims to the tribunal, which could hear them in a fair and impartial way, with a focus on resolving the matters brought before it. Why shouldn't outworkers have the same opportunity as every other worker covered by an award in Victoria? Outworkers would also be able to recover unpaid

wages from a principal subcontractor if that subcontractor, their employer, had not paid them.

Unscrupulous operators are taking advantage of vulnerable workers in this state every day. The government is not proposing a new system in the bill. It has been adopted from and is modelled on the New South Wales system, which has operated for quite some time. Similar systems of wages recovery also exist under Queensland law and the federal clothing trades award. Therefore, the provisions in this bill will do no more than bring Victoria into line with other states that have had a well established regulatory system for ensuring these workers are not disadvantaged.

The bill sets out compliance provisions in chapter 5 and establishes an information services agency. That is established because the government believes that without proper advice, information and enforcement provisions the legislation will not be able to assist the workers who need assistance most. They need to have information about how the system works and how they can access it. It is not just employees who need that; employers also need that to understand what their responsibilities are and how the system works.

I contrast the provisions of the bill with the Abbott proposal. The proposal of the federal Minister for Employment, Workplace Relations and Small Business would simply extend the provisions of the commonwealth information officers to cover outworkers, but it commits absolutely no further resources to making this happen. The existing commonwealth resources are already overstretched. The government has seen it in submissions from employers; they have been here, they have spoken to the minister, and they have told the government they are stretched to the limit. So what the Abbott proposal has determined to do is to give extra work to these officers without any extra resources, which would simply mean the system would not work and it would not improve the situation one bit.

The Fair Employment Bill will assist the workers who do not have industrial coverage, who do not have a tribunal which they can go to or which can set their conditions of employment. It will give those workers access to a fair and accessible tribunal and stop the exploitation that many workers now experience in Victoria.

Under the bill outworkers would be regarded as employees and would be able to receive the same entitlements as any other employees in this state. Why shouldn't they have the same entitlements as every other Victorian employee? The passage of the bill will

help prevent the exploitation that is being experienced now by workers who do not have access — —

Hon. K. M. Smith — It's not going to happen.

Hon. KAYE DARVENIZA — Shame on you. You say it is not going to happen. You should be ashamed of yourself. I urge Mr Ken Smith and his colleagues on the opposition benches to support the bill. I urge them to do the right thing by workers who are being exploited right now, today, as we speak in this chamber. I commend the bill to the house.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I start my contribution to the debate by picking up on a few points made by government members. I refer particularly to the contributions yesterday of Mr Smith and Mr Nguyen, and the contribution just completed by Ms Darveniza. It is fascinating to go back and read the *Hansard* record of the contributions made by Mr Smith and Mr Nguyen.

Honourable members interjecting.

Hon. G. K. RICH-PHILLIPS — I should be clear that I am talking about Mr Bob Smith. I would not want there to be any confusion about which Mr Smith I was talking about — although I suspect there is very little prospect of there being confusion about which Mr Smith I am talking about!

Yesterday Mr Bob Smith made some comments about the opposition's attitude to the legislation, saying things such as, 'The opposition parties are not willing to give workers a fair go'. He said it was anathema to the conservative parties. He went on to say in reference to the opposition parties, 'Those opposite would do anything they could to punish workers'. He accuses us of punishing workers.

Hon. K. M. Smith interjected.

Hon. G. K. RICH-PHILLIPS — As Mr Ken Smith says, by interjection, we actually employ workers.

In his contribution to the debate Mr Nguyen made similar comments, as did Ms Darveniza a few minutes ago. In fact, she said Victoria is the sweatshop capital of Australia. Ms Glenyys Romanes made similar comments in her contribution to the debate.

I put it to the house that the Labor Party is stuck in a time warp. Anyone listening to their contributions yesterday and today, particularly Mr Bob Smith's history lesson on industrial relations in Australia — I think the President said we were going back to 1066 at

one stage yesterday — could be forgiven for thinking we were living in Dickens's England with the types of employment situations that existed then.

The reality is that Mr Bob Smith, Mr Nguyen, Ms Darveniza and indeed the ALP government and the party itself need to realise that the world has moved on. We no longer have those types of situations in Australia. We no longer have an industrial situation of labour versus capital. Mr Bob Smith guffaws at that, but the reality is that the majority of the working people of Victoria own the capital of the businesses through their superannuation funds. The workers own the capital. There is no fight between capital and labour in Australia any more.

The real battle is not labour versus capital but Australia versus the rest of the world. The Labor Party and those on the government benches need to realise that if Australia is to be competitive it must have a deregulated labour market, just as it has a deregulated capital market and a deregulated market for goods and services. It is a natural progression. Yet Labor Party members want to take us back 200 years in industrial relations.

It is not my intention to go over the provisions of the bill because they have been adequately canvassed by dozens of members who have spoken on the bill before me. I acknowledge for the record that the need for this bill has been removed by the amendments that have been made to the federal Workplace Relations Act by the federal Minister for Employment, Workplace Relations and Small Business, the Honourable Tony Abbott. The changes made to schedule 1A of that act will obviate the need for the Victorian Fair Employment Bill.

The first part of the Fair Employment Bill provides for improved conditions for outworkers and workers who are covered in schedule 1A. The second part — the real purpose of the bill — is to increase the power of unions in Victoria — the reason the government has introduced the bill. To understand why the government has done so, one should examine the history and backgrounds of government members, something which the Honourable Ken Smith touched on in his contribution. It is an interesting exercise to go through the members' handbook to see the union affiliations of Labor Party members

The Premier is a member of the Australian Manufacturing Workers Union and the Treasurer was a member of the Australian Workers Union and the Victorian Teachers Union.

Honourable members interjecting.

The ACTING PRESIDENT

(Hon. G. B. Ashman) — Order! Interjections across the chamber are now becoming intolerable. I ask honourable members to desist.

Hon. G. K. RICH-PHILLIPS — The Honourable Ken Smith put the affiliations of the Minister for Industrial Relations on the record. The Minister for Small Business is a member of the Australian Services Union; the Minister for Ports is also a member of the Australian Services Union; the Minister for Sport and Recreation is a member of the AFL Players Association; the Honourable Kaye Darveniza is a member of the Health and Community Services Union, and the Honourable Gavin Jennings, the cabinet secretary, is a member of five unions — the Rail, Tram and Bus Industry Union; the Public Transport Union; the Liquor, Hospitality and Miscellaneous Workers Union; and the Electrical Trades Union. The list goes on. Even the Honourable Theo Theophanous has union affiliations.

Hon. R. F. Smith — We all have affiliations.

Hon. G. K. RICH-PHILLIPS — The Honourable Bob Smith says by way of interjection that all Labor members have union affiliations. Everyone knows the motivation behind the legislation, but what is disappointing — the government has admitted it and the Victorian Employers Chamber of Commerce and Industry (VECCI) has confirmed it — is that this legislation will cost 2000 jobs.

Hon. D. G. Hadden — Over 10 years.

Hon. G. K. RICH-PHILLIPS — Does it matter whether jobs are lost over 10 years or over 10 months? The fact remains that jobs will be lost if the legislation is passed. VECCI says that between 20 000 and 40 000 jobs will be lost. It is appalling that the government would introduce legislation that would put the jobs of Victorians at risk so it can placate its union mates.

The Liberal and National parties will not allow the jobs of Victorian workers to be put at risk by the legislation. The amendments introduced in the federal act will obviate the need for this legislation, and the union power provisions of the legislation — the government's real reason for introducing the bill — will be defeated.

I turn to the process surrounding the bill. The Labor government is now up to its 200th-odd inquiry in 18 months. I am not overly driven by the process. A mentor of mine once said, 'Never confuse activity for

achievement'. The government likes to go around in circles with its committees but achieves nothing. The process surrounding the legislation is worth alluding to because it is so flawed. Unlike other legislation it has introduced, this bill is one of the most poorly handled by the Bracks government.

The bill is the result of the government's report into industrial relations that was presented to the Minister for Industrial Relations on 31 August 2000. The Leader of the Opposition in this place presented the background to the report and stated who was on the task force that produced it. The opposition recognises that there was a split of union members and industry people on the task force and that the union members were in the majority. The report contains 106 recommendations, and the details of which were unanimous and which involved a dissenting minority make interesting reading.

It is significant that the key recommendations that devolved into this bill are the recommendations that attracted the minority reports. The recommendations are contained in the appendix commencing at page 229. Recommendation 4 states:

The task force believes that the interests of Victoria would be better served by one agency providing an inspectorate function. The majority of the task force believes that it is necessary at this stage to establish a properly resourced agency in Victoria under state law ... A minority of the task force, however, believes that resources could be improved under the current federal system.

The minority members were the industry representatives — the Australian Industry Group and the Victorian Employers Chamber of Commerce and Industry. The same applies in respect of recommendations 7, 9, 10, and so on. The recommendations on which minority reports were made were the most contentious, and are those on which the bill is based.

In summary, 42 of the 106 recommendations attracted minority reports. A reasonable person might think that as the key elements of the report are in dispute by the committee members, the government would give the report a lot of consideration and investigate the matters contained in it. What did the government do? Thirty-nine working days after the minister received this report, the legislation was drafted and the Premier introduced it in the lower house.

On 26 October last year the Premier introduced the legislation. On 15 November — surprise, surprise! — the Premier introduced amendments to the legislation! The bill the government thought it had correct was wrong.

When the bill made its way to the upper house on 21 November, the Minister for Industrial Relations argued that it should be passed that week. At the same time as she was arguing that, she was writing to the Leader of the Opposition, the Honourable Mark Birrell, saying she was going to make more amendments. Even the minister did not know what she wanted to do with her own piece of legislation! It is an absolute farce that the government considered it had consulted sufficiently and could pass the legislation in one week.

In the vacuum of consultation from the government, the Liberal Party took up the challenge. I consulted extensively on this piece of legislation, as did other members of the opposition, writing to all the businesses in Dandenong. I received representations from a number of groups, including the outworkers about whom the Honourable Cameron Boardman spoke last night. I will not go over that ground again.

I received representations from the Exclusive Brethren, who are in opposition to the bill. I also received extensive submissions from businesses — most of whom in the first instance had not heard about the bill because the government had not consulted them — who were opposed to the bill. If time allowed I would read into *Hansard* extensive comments from business representatives saying how they would change their operations, retrench their staff and move their operations out of Victoria if the bill were introduced. Those people, who employ 2700 people in businesses ranging from 1 up to about 120 employees, had concerns about the bill.

I received representations not only from people in opposition to the bill but also from people who support the bill. Outside my electorate office one day a protest was held by people purporting to be from the Textile, Clothing and Footwear Union. I confess I did not know a protest was taking place until the organisers came into my office and told me they had just held one!

Hon. N. B. Lucas interjected.

Hon. G. K. RICH-PHILLIPS — It was a silent protest, Mr Lucas. On that occasion approximately five people and a representative from the TCFU came into my office and presented me with a number of letters in support of the Fair Employment Bill. Being a good local member, I paid close attention to these letters and read them all. Not surprisingly they are a form letter; and that is a standard way of lobbying a member of Parliament.

Hon. N. B. Lucas — Where did they all live?

Hon. G. K. RICH-PHILLIPS — Unfortunately, I cannot tell you, Mr Lucas, because none of the letters had addresses or contact details on them. However, all 26 letters in support of the Fair Employment Bill given to me by the TCFU were signed.

What is interesting about these 26 letters is that 14 of them have been signed by the same person! But that is not all. A further 8 letters have also been signed by the same person. Of the 26 letters I received, 22 have been signed by two people.

If anyone doubts that, Mr Acting President, I would be happy to table the letters and they can look at the signatures. Fourteen of the signatures, written in the same ink and the same handwriting, are illegible, and a further eight signatures, written in different handwriting, are illegible.

Hon. C. A. Furletti — Different names?

Hon. G. K. RICH-PHILLIPS — Different names.

Hon. C. A. Furletti — Fraud, perhaps?

Hon. G. K. RICH-PHILLIPS — Fraud, Mr Furletti! The TCFU cannot even get people to sign letters in support of the Fair Employment Bill.

Hon. C. A. Furletti — They can get two to sign.

Hon. G. K. RICH-PHILLIPS — They can get two people, Mr Furletti, who can sign 22 times between them, but they cannot get people to support the Fair Employment Bill. That goes to show what a fraud this bill is and what a fraud the whole exercise is. It demonstrates the approach the unions and the government have taken to the bill. It is an absolute sham.

This bill may be in the interests of unions, but it is not in the interests of Victorian workers and it is not in the interests of Victorian business. It is not in the interests of the Victorian community and I reject it.

Hon. E. J. POWELL (North Eastern) — A lot of honourable members have already spoken both for and against the Fair Employment Bill. I put on record that the National Party opposes the bill. Much discussion has taken place over the past couple of days about the role of outworkers and about the reason for the government bringing forward the bill being to protect them. However, it is interesting that the very first clause of the bill states that:

... the main purpose of the act is to provide for a fresh system of employment regulation in Victoria and to establish a Fair Employment Tribunal ...

That bureaucracy will cost the Victorian taxpayer about \$10 million a year.

I also put on the record that the National Party does not support employers who exploit their workers and who do not provide the minimum required standards and conditions of employment. All National Party members condemn those sorts of people. However, federal acts can look at those issues, and if they cannot then they need to be strengthened.

The National Party is astounded that the Labor government is bringing in a bill that it agrees will cost Victoria 1900 jobs. The Honourable Gordon Rich-Phillips also talked about that issue. It is appalling that somebody bringing a bill into this house can concede that it will lose jobs.

As the Honourable Gordon Rich-Phillips also said, the Victorian Employers Chamber of Commerce and Industry has estimated that the number of jobs lost could be much higher. Figures of 20 000 up to 40 000 have been bandied around. Nobody knows how many jobs will be lost. A number of small business people have come to my office, telephoned me or written letters, saying that if the bill is instigated it will bring about conditions that they will not be able to comply with, particularly in areas such as hospitality.

Why does the government need to bring in a bill that has 276 clauses to protect outworkers? I am sure this house would have looked favourably at a bill that was drafted purely for that purpose. However, this bill has 276 clauses that deal not with outworkers but with the power and rights of the unions.

The government is not advertising that fact. It has gone around Victoria, and country Victoria in particular, saying how important the Fair Employment Bill is to protect outworkers. Many people out in the community would agree that if there are outworkers who need protection, somebody should be looking after them. However, the bill does not do that, and what it does do has gone too far — somebody used the analogy of using a sledgehammer to crack a walnut.

The bill gives unions more power. The National Party is not condemning unions. One in four employees right around country Victoria chooses to join a union, and for those employers who do the wrong thing, who do not protect their workers and who are in contravention of minimum standards, the unions are there to protect the workers. However, people also have a right not to join a union, and those people should also be treated with respect.

In his very good presentation the Honourable Ken Smith referred to the many members of the Liberal and National parties who have been employers. I have been an employer for the past 20 years. I do not do much work there now, of course, but my husband still runs the business. For 17½ years I worked in our business. We treated our many employees as part of the family.

Many of our friends had businesses, so we talked about some of the issues that have been raised in this debate, including bad employers. There are bad employers, but most employers in Victoria are decent and honourable and treat their employees with dignity and respect and provide them with all the standards and conditions to which they should be entitled.

The Honourable Ken Smith also talked about the proposal to establish the rights of inspectors to go into family businesses which are sometimes conducted in people's homes. That is a very important issue because it has not been the norm before. Many of the people who run businesses from home perhaps work more flexible hours, as the Honourable Ken Smith mentioned. They are able to look after their family, perhaps as carers for older people, sometimes their parents. They are able to continue with meaningful employment in their homes. We should be supporting and nurturing those people, rather than putting strong conditions on them. We should not threaten them with union representatives being able to come into their homes and look at their books. I acknowledge that one of the conditions is that the business must have a minimum of three employees, but a business conducted at home may include other members of the family.

The more than 1000 members of the Victorian Employers Chamber of Commerce and Industry, the peak body for employment in industry in Victoria, wholeheartedly agree that the bill is a threat to small business. Government members say that members on this side are not listening, particularly to outworkers. We are listening to those who talk about the plight of outworkers. But we also have an obligation and a right to listen to those other people who will also be affected by the provisions of the bill, which include fairly onerous conditions.

The Honourable Gordon Rich-Phillips referred to VECCI being involved in the industrial relations task force which reviewed industrial regulations in Victoria. VECCI has been very critical of a number of the recommendations of the task force. One of the reports refers to minority groups. They might have had less representation on the committee but they have broad representation among the people of this state, so I would not class them as a minority group. I would be

taking into account some of their concerns and recommendations.

The National Party has some very strong concerns about the impact of the bill on country businesses. Members of the National Party sent out 4500 letters to small businesses across country Victoria. In response we have had hundreds of letters from people overwhelmingly asking us to oppose the bill.

Although members on the government side say that we on this side are not listening, we are listening to those who want to talk to us. I have had numerous letters and I have spoken to many people in small business. People talk to me about the effects of the bill. As soon as the bill was public knowledge, people asked if they could find out what its implications would be. My office ran off many copies of the second-reading speech and the bill. People were appalled at some of the provisions of the bill.

Given the time constraints I will not speak on all the concerns expressed. They include the proposed extensive powers of the union and the ability to review all contracts. People consider that a detriment to their business. Why should somebody else have a look at their contracts when they have no right to do so? Many employers are not members of a union. Why should union representatives have access to contracts and, if they do not like them, be able to issue on-the-spot fines? Concerns were also expressed about those fines.

People in country Victoria are very concerned about the proposal that independent contractors can be declared to be employees. Many businesses in country Victoria contract out work. It is ludicrous that they have to be concerned about the implications of those independent contractors being deemed employees.

Hon. M. M. Gould — They have to nominate themselves.

Hon. K. M. Smith — It's an absolute disgrace.

Hon. E. J. POWELL — It is an absolute disgrace. They are not employees; they are independent contractors.

One of the other issues of grave concern not just to employers but to people in the casual work force is the condition that after being casual employees for 12 months people will be given full rights to annual, personal and bereavement leave and a range of other conditions. Casual employees know that they are paid a higher hourly rate to compensate for those other entitlements. Some women like to work certain hours that fit in with their families. If their bosses decide, for

example, that as casual employees will have full entitlements they will sack three casual employees and put on one permanent employee, those people who have been able to have the luxury of chosen casual employment will no longer have it. Employers will not consider the current arrangement of benefit to their businesses. The bill may result in the loss of more small businesses than has been allowed for.

A number of members have talked about the Brethren, who are concerned about the right of entry of union representatives. They do not support people coming into their businesses and telling them how to run them. They do not want any government interference in what they do. They have good working conditions for their employees. They pay above-award wages. They are not members of a union. Their workers do not have to be members of the Brethren. They are asking: why should anyone have the power to come into their workplace and tell their workers what they should be able to do?

Another issue causing concern, particularly in country areas, is what will happen to farming people, or people on the land. Farms are usually family businesses. They will be classed as a business if they have three employees. They have unique working conditions and arrangements, usually with general consensus in the family. I would like to know how they could comply with clause 17, which stipulates certain hours. Farmers distribute their work fairly among the family. Many farmers work with animals. I am told that calves usually start being born at about 3 o'clock in the morning. Farmers cannot comply with provisions stipulating 5-hour shifts and working 9 a.m. to 5 p.m. and such things. They work in conditions that are different from those in most businesses.

The farming community is picking up on occupational health and safety issues and trying to make its workplaces much safer. We cannot keep imposing the rights of other people on members of the farming community. They work within their entitlements. They have unique contracts. They would not allow a union representative to come onto their farm, look through their books and dictate their views on their family.

The Victorian Farmers Federation also opposes the bill. Its representatives are protecting farmers and looking after their interests. All honourable members should be doing that. Nothing in the bill supports the rights of farmers.

Small business is the lifeblood of employment in country Victoria. Under the Labor government the costs of running small businesses have already increased, including higher Workcover premiums. Many people

have come to my office to talk about the huge increase in Workcover premiums and the impact of that on businesses. There has been no reduction in payroll tax. In each of the last three years of the Kennett government payroll tax was reduced to take some pressure off business.

Hon. M. M. Gould — They increased land tax.

Hon. E. J. POWELL — There will be huge increases in costs if the proposal on land tax is implemented. If the bill is passed it will have implications for small business.

If there is a problem with outworkers and vulnerable workers, let us fix that problem and strengthen the federal Workplace Relations Act. Let us not pretend the bill will fix the problem. The bill will give the unions more power and impact more on businesses. It will not fix any particular issue. The bill will have grave impacts on small business in Victoria. Members of the National Party will join with our Liberal Party colleagues in not supporting the bill.

Hon. E. C. CARBINES (Geelong) — I am very proud to speak in support of the Fair Employment Bill. The bill seeks to offer protection to Victoria's most disadvantaged workers — that is, those not covered by federal awards and agreements. The Fair Employment Bill sends a clear message to those workers that the Bracks government cares about them. It recognises that they have been left behind, consigned to the bottom of the pile by the former Kennett government, and the government aims to rectify that.

Therefore the Fair Employment Bill clearly sets the Bracks government apart from members of the Liberal and National Party opposition, who plan to use their numbers in this place tonight to defeat an important piece of legislation.

During the most recent sitting week I was appalled to hear the Honourable Mark Birrell proudly proclaim that he wanted to bring on debate so the opposition could defeat the bill, thereby again confirming that the opposition cares little about the lives of the working poor in Victoria.

The bill is designed to supplement the federal award or agreement system and create fairer minimum conditions of employment for more than 250 000 vulnerable Victorian workers.

Prior to the 1999 election the Labor Party released its policy document entitled 'Fairer, safer, more secure, more productive — the future for Victorian workplaces'. It clearly enunciates the Labor Party's

commitment to Victoria's most vulnerable workers. That commitment is clear and unequivocal. The ALP took the policy to the Victorian people in 1999 and Victorians voted accordingly, consigning the Kennett government to the proverbial scrap heap. The vote for the ALP was a clear repudiation of the Kennett government's approach to industrial relations.

The Bracks government recognises the need to protect Victoria's approximately 250 000 workers who have fallen through the cracks of the federal Workplace Relations Act.

Almost a year ago the Minister for Industrial Relations announced in this house that she would establish an industrial relations task force to review Victoria's industrial relations system and make recommendations regarding the need for changes to the state's industrial laws. The bill is the end result of the work of that task force and its recommendations following the extensive statewide consultations upon which it embarked.

Last year the task force visited Geelong to listen to personal accounts from local workers. I am pleased that excerpts from the statements to the task force forum by three Geelong workers have been included in the task force's report *Voices from the workplace*. I remind the house that 250 submissions were made to the task force.

The first excerpt to which I refer was from the statement of Neil. On page 14 the report states:

I was originally offered the first month casual, then after a review, full time if I was OK. I must say my rate of pay is OK, it is only the conditions I would complain about.

...

After three weeks, I am told to forget the casual rate, 'I will employ you full time from the start, but I won't be paying you for Good Friday, Easter Monday and Anzac Day'. When asked why I wouldn't be paid for these three days the answer is, 'Why should I pay you when you're not here?'. In effect, I lost between \$500 and \$800.

Unfortunately, because I was unemployed I had to accept the terms and conditions of this employment.

Another worker from the Geelong forum who worked for a food outlet chain was Lauren. On page 25 the report states:

She could not understand why people within her own workplace received different rates of pay for the same work.

Lauren states:

In July 1998, I left my previous employer to better myself and start a traineeship with my current employer. From that point on, I have not received any penalty rates. I work every second Saturday, the same as the other girls I work with and do the

same job. Some of them get penalty rates and some don't. We all do the same job — why don't we get paid the same?

Kelly was another Geelong worker who had been a delivery driver for a food outlet for four years. On page 43 the report states that Kelly:

... outlined how her pay varied from week to week, especially once the hidden costs of petrol and wear and tear on the car were taken into account.

...

'We also get no sick pay. Our holidays have to be planned so some other workers cover our shifts while we are away — if we don't have someone cover our shift, we will most likely be sacked. Christmas Day is our only holiday per year'.

Kelly, Neil and Lauren were but three Geelong workers who told the task force forum about their experiences in the workplace. They considered they had been hung out to dry when the Kennett government abandoned them in 1992 and forgot them in 1996, and today the Napthine-led Liberal Party — the Mr 10 per cent approval-rated leader — confirms that it cares little about people such as Kelly, Neil and Lauren and the other 250 000 Victorians who suffer unfair working conditions.

The recommendations from the industrial relations task force are based on the more than 250 submissions received. Stories they heard from Victorian workers such as Neil, Lauren and Kelly form the basis of the bill. It has the support of the Housing Industry Association, the Master Builders Association of Victoria, the Victorian Automobile Chamber of Commerce and the Victorian Road Transport Association.

On 30 October last an *Age* editorial headed 'Victoria must have workplace laws' gave a resounding endorsement of the bill.

Hon. B. C. Boardman — What was this?

Hon. E. C. CARBINES — It referred to the federal Workplace Relations Act under the Kennett government. The editorial states, in part:

But it has not quite worked out as expected. Four years on, Victoria remains the only state to have ceded its industrial relations powers to the commonwealth and there is little or no prospect of the other states following suit. This seriously undermines the advantages originally envisaged by Victoria opting out. With the commonwealth and the other states retaining their industrial relations powers, Victoria has weakened its capacity to influence outcomes in the state's workplaces.

The editorial concludes by stating:

... business must accept that Victoria will be able to make the most of its opportunities in the new economy with a work force that is highly skilled, fairly paid and legally protected.

In February I was pleased to chair a Geelong forum on the bill. It was widely advertised and a broad cross-section of Geelong stakeholders received letters of invitation and attended the forum. Those present appreciated the opportunity to meet the minister and put forward their views, ask questions, clarify details and look at the implications for them as workers, business operators or local government representatives.

Not one person at the Geelong forum expressed opposition to the bill. I was amazed that no opposition members representing Geelong chose to attend that forum. I would have thought, given their vehement opposition to the bill, that they would have taken the opportunity to engage themselves in local debate on the bill in the electorate they represent. They showed no courage of their supposed convictions.

By voting down the bill, yet again the honourable members for Bellarine and South Barwon in the other place and the Honourable Ian Cover in this place have let down Geelong workers. They have let down Neil, Lauren and Kelly as well as about 250 000 other workers — just as they did in 1996 when they supported the passage of the Workplace Relations Act without any consultation.

The bill is all about decency and a fair go for all Victorians. The Liberal and National parties stand condemned for their opposition to the legislation. I commend the bill to the house.

Hon. M. T. LUCKINS (Waverley) — I, my party and, more importantly, the Victorian business community oppose the bill. The reason touted by the government for the introduction of this so-called Fair Employment Bill — this wonderful piece of legislation! — is to protect outworkers and provide a safety net coverage for employees under schedule 1A of the Workplace Relations Act. It is nothing more than a blatant grab for more union power in Victoria.

The state government has failed to listen to the business community on this issue. It has failed to consult adequately, and during my contribution this evening I will refer to feedback I have received from businesses in my electorate about the impacts they envisaged when they were advised by the Liberal Party of the provisions in the proposed so-called Fair Employment Bill.

There was no need to progress the bill to this stage in the Parliament today. It should have been withdrawn

because the federal Liberal government has come to the fore with legislation to protect the people who the Labor Party so often refer to as the downtrodden or the underprivileged. The view of my party and my personal view is that exploitation in any form in the workplace or in the community should never be condoned.

The bill is fundamentally flawed in many ways, and I will turn to the reasons for that in my contribution. I reiterate the fact that the Labor Party has lost the support of the business community over the bill. One of the main reasons driving the bill is the fact that union membership in Victoria and across Australia has dropped dramatically. Unions are seen as irrelevant in the modern work force.

On 30 March this year the Australian Bureau of Statistics reported that trade union membership in Australia has declined to 24.7 per cent of the work force, which is the lowest percentage on record. In the private sector only 19.1 per cent of the work force are union members. The decline is particularly stark because it is occurring at a time when the overall employment and the size of the work force in Australia is increasing.

The problem with the union movement is that it still seeks to prop up membership in the unions by offering special privileges in laws and regulations, but it has no idea, or it does not care, about the impact of these special deals for union mates on the employers in the community. Employers are the backbone of the community and small business operators employ the majority of Victoria's and Australia's work forces. They work hard, make sacrifices and take risks, the risk often being their own long-term financial security and that of their families, to employ others in the community, expand their enterprise, export and provide opportunities for other people in the community to be employed.

Employers deserve our thanks and our protection. The government is incapable of providing assistance to small business, or business in general, because it does not understand the fundamentals of how Victoria's economy works. Members of the government are utterly beholden to the labour union movement. The majority of Labor Party members in government were union organisers prior to coming to this place. They have had no real life experience. They have no idea what it takes to run a business and to use initiative and entrepreneurial flair to achieve their potential and, along the way, take others with them.

Employment is one of the greatest ways to provide individuals and communities with dignity, because it

allows people to be self-sufficient and independent. Even in the government report the bill has been estimated to cost approximately 2000 jobs. The Labor Party's attitude towards that figure was, 'Well, it's only 2000 jobs'. That is 2000 people and 2000 families that will be affected, and the figure is utterly unacceptable.

The bill goes a lot further and the Victorian Employers Chamber of Commerce and Industry survey, which has been widely referred to by honourable members in the debate, estimates a loss of approximately 22 000 jobs in Victoria as a direct result of the introduction of the draconian legislation. The federal government has moved to ensure that people under schedule 1A of the Workplace Relations Act have the protection they deserve, and to ensure that the Victorian industrial relations minister will have the power to intervene in disputes that directly affect Victoria.

Victoria is in the extraordinary position of having a Minister for Industrial Relations who has no other portfolio responsibility. The minister is the first minister in history to have only the industrial relations portfolio and she does not have a system to administer. Part of the reasoning behind the bill and the commitment of the minister is to give her something to do, because quite frankly, we have not been able to find out what her day-to-day duties have been during her term as a minister of the Labor government — that is, other than moving offices.

The Tony Abbott amendments, as I will refer to them, to amend schedule 1A of the Workplace Relations Act — which have been agreed to in principle by the Democrats which will ensure their passage through the federal Parliament in the Senate — aim to improve the legislative safety net entitlements for Victorian workers not governed by federal awards or federal agreements. They will specify legislative rights for the Victorian government to intervene in Australian Industrial Relations Commission proceedings concerning wages for schedule 1A workers and in AIRC proceedings concerning the settlement of major Victorian industrial disputes. That alone will be daunting to the Minister for Industrial Relations, because her catchcry since coming to government has been, 'I have no power; I cannot intervene in disputes. I cannot answer your question about what we are doing on this dispute because I have no knowledge about it, and I cannot do anything to facilitate conciliation'.

Another inclusion in the provisions of the federal legislation is to improve compliance and enforcement arrangements for outworkers in the clothing, textile and footwear industry in Victoria, and their access to enforceable minimum rates of pay.

I was not surprised when the government introduced the legislation. It just promotes union rights over those of individual workers and their employers. However, given the Labor Party's long-held commitment to a single industrial relations system in Victoria I find it of concern that it is able to put legislation like this into the house, contrary to its own stated principles and contrary to its own party platform.

I turn to debate in this chamber on the Commonwealth Powers (Industrial Relations) Bill of 4 December 1996, where the Honourable Theo Theophanous is reported in *Hansard* as having said:

Of course, the opposition supports the principle of a single national system of industrial relations.

The Honourable Bill Forwood interjected and said:

Say it again: 'We support that'.

The Honourable Theo Theophanous said:

We support the principle of a single national system of industrial relations.

The Honourable Bill Forwood interjected again and said:

Run by Peter Reith.

The Honourable Theo Theophanous replied:

I don't think it matters who it is run by. A federal system and national consistency are important. The opposition has never had a problem with national consistency in a range of areas, and industrial relations is included in that.

In 1996 the then Labor industrial relations spokesman, Steve Bracks, was on the record stating publicly that he supported the referral of the state workplace relations powers to create a single system of regulation. The Labor Party has gone back on its own commitment.

Sitting suspended 6.29 p.m. until 8.03 p.m.

Hon. M. T. LUCKINS — Prior to the suspension of the sitting I was referring to the Labor Party preference for a single independent industrial relations system and outlining the reasons why it supported such a system.

I refer now to what the federal industrial relations minister, Mr Tony Abbott, is offering schedule 1A employees in Victoria through the Workplace Relations Act. The government's reaction to the provisions in schedule 1A proves that its argument that the legislation is about the welfare of low-paid and exploited workers is a furphy. The concerns have been addressed by a federal Liberal government, but the Victorian

government has not had the guts to face up to its union mates and withdraw the legislation.

Under the Abbott plan, legislation will provide carers leave for up to five days a year, bereavement leave will be granted for up to two days, a supported wage system will be introduced, a payment will be made for work done in excess of the currently prescribed 38 hours a week, and annual leave and sick leave will be calculated and accumulated on the basis of current entitlements of other workers under awards. The Victorian minister is also being given the power to intervene in industrial disputes involving Victorian companies before the Australian Industrial Relations Commission. I am sure those responsibilities are daunting for the minister because she will actually have a role to perform.

The Labor government has failed to consult on the implementation of the bill and the so-called independent task force, stacked with union representatives, which may have visited regional and rural Victoria but which failed to take on board the concerns relayed to it.

A *Herald Sun* editorial of 16 March entitled 'A fairer deal' states:

Promoted by unions and the government as a means to help low-paid outworkers, the Fair Employment Bill would have given unions unprecedented rights.

Honourable members interjecting.

Hon. M. T. LUCKINS — I am reading an editorial from the *Herald Sun*. Clearly members opposite do not read the paper. I continue:

Union officials would have been able to demand entry to business premises, irrespective of objections from employees and management, and to photocopy private business files.

The Liberals are supporting a more equitable federal arrangement in which outworkers will be entitled to minimum pay rates and the full protection of industrial law.

Honourable members interjecting.

Hon. M. T. LUCKINS — I am referring to an editorial in the independent *Herald Sun*, which clearly articulates the point that the government has failed to listen.

The response of the Victorian Farmers Federation to the Fair Employment Bill states, under the heading 'The bill should be withdrawn or rejected':

This bill needs to be reconsidered by the government. Our preferred approach is for the government to abandon this legislation and negotiate with the federal government in order

to incorporate its principal objectives within federal legislation. In this way a unitary system of industrial relations in Victoria can be maintained in both rhetoric and fact.

Not only is a major Victorian daily newspaper calling for the rejection of the bill, but the VFF, which represents the interests of rural and regional communities in Victoria, is calling for the legislation to be abandoned.

The *Herald Sun* editorial refers to the unprecedented rights given to union officials under this blatant tool presented by the government as legislation assisting needy people in the community to access their entitlements. The legislation is a blatant grab for union power. Businesses in my electorate have conveyed to me their great concern about union officials turning up on the doorstep demanding entry under Victorian legislation regardless of whether they have union members on the site. Under this bill union officials will be able to inspect private business records and photocopy them. In many cases small and micro-businesses are run from the family home, and the legislation would be an invasion of privacy for all Victorians and is one of the reasons why the Liberal Party is rejecting it.

During question time in the past two weeks of the parliamentary sittings I referred to the lack of an industrial relations strategy by the government. I have asked the Minister for Industrial Relations on many occasions to identify the government's written industrial relations strategy. She directed me to a web site which did not refer to the government's initiatives, which is not surprising, because it has none. The minister relies solely on the bill, but it will be defeated tonight and the Labor government will face a challenge to re-position itself and listen to the business community.

I turn now to the concerns conveyed to me by businesses in my electorate. I received a letter from Quebec Transport, located in Mount Waverley, whose managing director is Michael Donaldson. He states:

Listed below are my estimations with regard to the minimum lift in pricing required to cover the potential additional costs to my organisation as a result of the passing of this bill.

He then lists superannuation, annual leave, leave loading, sick leave, payroll tax and an hourly hire rate which will result in a minimum increase in prices of 37.55 per cent.

I have received letters from couriers in my electorate expressing concern about the contract provisions in the bill which would potentially deem all contractors in Victoria to be employees so that the employer or

principal contractor would have to be responsible for leave loading and all the add-ons to employment. It would also mean that contractors who thought they were their own bosses and had their own small businesses would be employees and therefore would not have the tax benefits or the opportunities to work their own hours when they pleased.

City Couriers, which is based in Mulgrave, wrote to me and expressed its disappointment and fears about the proposed Fair Employment Bill. City Couriers employs 50 staff and engages 175 owner-drivers. It says it will significantly reduce its numbers of workers and contractors should the bill be passed.

Unlike the Labor Party, Liberal Party members undertook extensive consultation. We received more than 9000 responses to our faxback survey sheets. I received several hundred from my electorate and I will refer to a couple of those tonight. It is clear from those 9000 responses what business and employers are telling us about the implications of the bill: 98 per cent of employers said they had not been consulted about the details or potential impact of the bill; 95 per cent said it will increase the costs of doing business and employing people; and 93 per cent said it will constrain employment growth, either through their laying off of staff, reducing hours or not putting extra people on in the future.

I refer to a sample of the responses received from businesses in my electorate — and I stress that these businesses and individuals are not known to me. A manufacturing company located in Clayton South said it would consider downsizing with lay-offs of two or three employees. It has requested the opposition to lobby the Independents to defeat the legislation. A metal merchant in Clayton stated that its business will move interstate if it is uncompetitive through costly state legislation.

Most of the businesses I am referring to are in the Labor-held electorate of Clayton, which also happens to be covered by Waverley Province. Flower and plant growers in Heatherton Road, Clayton South, state:

There seems to be little point in expanding the benefits for employees if some workers are going to lose their jobs as a result. The total package cost of employing staff has increased dramatically and many companies in labour-intensive industries are finding it very difficult to stay afloat.

This company has reduced staffing levels from around 100 two years ago to a 2001 level of only 60 employees. This has been caused not by actual wage levels, but also by the huge extras such as Workcover, superannuation, et cetera.

A retail multistore in Huntingdale states:

If Labor wins federal elections I intend to retire.

It has 34 employees. A consulting group in Mount Waverley states:

However, I would oppose the introduction of the bill as I believe that the federal system should be expanded a little to cover all these requirements without the complication of having two systems.

Hon. M. M. Gould — Tell Mr Abbott!

Hon. M. T. LUCKINS — I will tell Mr Abbott. I find it extraordinary that the Victorian Farmers Federation has been calling on the government to contact the federal government since November last year, and the minister admitted in question time during the last sitting week that she had never spoken to her federal counterpart. That is absolutely pathetic. What are you scared of?

Hon. M. M. Gould interjected.

Hon. M. T. LUCKINS — The fact is that the Labor Party has failed to represent — —

The PRESIDENT — Order! The minister is baiting you and you are responding, and so it goes on. The Honourable Maree Luckins, without assistance.

Hon. M. T. LUCKINS — The Labor Party has failed to listen to the business community, to small and medium-sized businesses and even to employees about the impact of the bill. My province of Waverley has significant numbers of Cambodian and Vietnamese outworkers, and I have taken the time to speak with them. It is estimated that around 50 per cent of Cambodian families are involved in the textile, clothing and footwear industry. Many employers in my electorate who take on contract labour are Cambodian and Vietnamese themselves. It all works on a market rate. Those who want to be employed are employed. If contractors are not willing to pay fair market rates, the outworkers will not work for them.

The fear conveyed to me by the people in my province was that the proposed Fair Employment Bill would result in no jobs because the whole industry in Victoria would close down and move overseas. The economic reality is that within 24 hours of an email order being placed, the order is filled. Those people have come to Australia and made a great contribution, and they do not want to go on the dole. They want to be self-reliant, spend the time with their families and work from their homes. You are risking their livelihood.

Honourable members interjecting.

The PRESIDENT — Order! Last night honourable members enjoyed Mr Bob Smith's speech and we have heard from the Leader of the Government on a number of occasions. I suggest that honourable members do not attempt to assist the Honourable Maree Luckins any further.

Hon. M. T. LUCKINS — The Labor Party is risking the livelihoods of people not only in the textile and footwear industries but across the Victorian community. It failed to listen, failed to consult and has been too pig headed to withdraw the legislation when it is not required.

In my opinion, freedom of association is an inalienable right. Everyone in this country is entitled to choose whether they join an organisation such as a union or an association. In the year 2001 in Victoria or Australia it is unacceptable that industrial union thuggery is still being sponsored by a Labor government. The fact is Labor has failed to listen and has scared the business community. Between the Fair Employment Bill, Workcover changes and the touted land tax reforms, the government has really miscalculated. I am proud to have taken part in this debate to say I oppose this unfair workplace law.

Hon. JENNY MIKAKOS (Jika Jika) — I am pleased to make a short contribution to the debate and to indicate the reasons why I strongly support the Fair Employment Bill. My government colleagues have already admirably indicated that the bill is about introducing fairness to Victoria's industrial relations system not only for those workers who are covered by the inadequate schedule 1A of the Workplace Relations Act but also to introduce a level playing field for Victorian businesses who employ workers covered by federal awards and agreements, and also those businesses that employ employees covered by the inadequate schedule 1A.

I took great offence at the comments made by the previous speaker, the Honourable Maree Luckins, when she said that government members had no real life experience. My real life experience involved several years of working with both small and large businesses, which is a lot more than I can say for the honourable member's previous work experience, which involved being a lackey to a former minister, the Honourable Phil Gude, and probably involved supplying the bottle of Scotch that produced the infamous legislation in this state.

The Liberal and National parties in coalition adopted and in opposition are again adopting a Pontius Pilate approach to industrial relations. They think it is okay to

hand over industrial relations to the federal government and wash their hands of it. That is not acceptable to Victorian workers and businesses. They have forgotten the 561 000 Victorian workers who are regulated by schedule 1A and the 235 000 workers who receive only the inadequate conditions provided for in schedule 1A. But the Bracks government has not forgotten these workers. It is seeking to introduce a balanced system that will provide benefits to both Victorian workers and Victorian businesses.

The Victorian government does not object to a unitary national industrial relations system provided it is fair for all workers. Whether the system is state or federal is a secondary consideration to whether it is a fair system. Workers and small businesses want a level playing field. Of the small business owners and operators interviewed by Sweeney Research Pty Ltd in February 2001, 80 per cent thought the state government had a role to play in strengthening protection for low-paid workers.

The Sweeney Research report entitled *Small Business Attitudes to Industrial Relations in Victoria* — which was selectively quoted by the Honourable Cameron Boardman in his contribution yesterday — refutes the opposition's claims that small business in Victoria opposes the government's bill. It refutes the opposition's scaremongering among Victorian businesses. It shows that 73 per cent of the businesses surveyed believed the government should introduce this legislation and that it should be passed by both houses of Parliament.

Some of the other findings in the report make for interesting reading. Of the small businesses surveyed, 91 per cent thought that laws regulating minimum employment conditions should cover low-paid workers, 74 per cent said all businesses should have to meet the same basic minimum standards of wages and conditions for their employees, 66 per cent agreed with the statement 'I would support an industrial relations system that provides more minimum conditions for non-federal award workers than the current system', and 85 per cent totally disagreed with the statement that 'Businesses should be able to state their own levels of wages and conditions without any legal minimum standards for employees'.

I believe the Sweeney Research report is a good indication of what Victorian businesses think about this legislation if they are not prompted by push polling and fed completely inaccurate propaganda by the opposition. Even the conservative law firm Clayton Utz, which helped to formulate the Workplace Relations Act, has said:

In our opinion the draft legislation should have no unreasonable impact on Victorian businesses. In particular it should have no unreasonable impact on those employers which currently provide fair minimum conditions and which treat their workers fairly.

One then has to ask who the Victorian opposition is trying to protect. Perhaps it is the sweatshop operators and unscrupulous employers who undercut businesses that treat their workers fairly.

The opposition believes the proposed Abbott amendments to schedule 1A of the Workplace Relations Act have taken the pressure off it. That is completely wrong. In this debate the state opposition has provided a lot of ideology, made obsessive claims of union power, despite the similarities to the Workplace Relations Act, and has made many unsubstantiated and absurd claims about job losses. The proposed Abbott amendments are grossly inadequate. Victoria will remain the only state to have no tribunal to assess fair minimum employment conditions for workers not covered by a federal award or agreement. Owner-drivers, security guards, child-care workers and cleaners are four groups identified by the independent Victorian industrial relations task force as being at risk of being subject to unfair contracts, and they will get no assistance from Tony Abbott's proposals.

The Abbott proposals include extending the responsibility of the federal inspectorate, but with no commitment to increased resources. This was viewed as a serious concern by the Victorian industrial relations task force, which found the federal inspectorate was grossly under-resourced. The Abbott proposals also fail to provide for a low-cost accessible forum to deal with small industrial disputes such as unpaid wages. The opposition wants Victoria to continue with the system whereby workers have to go to the Magistrates Court to get wages paid. That is a grossly inadequate system, which essentially precludes most workers.

Hon. D. G. Hadden interjected.

Hon. JENNY MIKAKOS — As the Honourable Dianne Hadden points out, they cannot afford to go to the Magistrates Court. It means that many of these workers go without being paid their proper wages. When being interviewed on radio 3LO in the past week about young people being ripped off by unscrupulous employers, Tony Abbott acknowledged that the current system was not working properly and that more resources needed to be put into the federal inspectorate. Under the Tony Abbott proposals outworkers will not be deemed to be employees, unlike what happens in New South Wales, South Australia and Queensland,

and this will allow Victorian sweatshop conditions to continue.

In his contribution to the debate yesterday, the Honourable Cameron Boardman sought to convince honourable members, and probably himself, that Victorian outworkers have it very good. I found that to be an absolutely preposterous suggestion. From the fact that the suggestion seemed to be continued by other opposition members today made it obvious they have never met an outworker. I found it amazing that they sought to suggest that Victorian outworkers had it so good because they could work at home, take care of the children, and apparently watch the midday soaps.

Obviously opposition members have not met any outworkers, such as the many who live and work in my electorate, including many migrant women. I have known many of these women personally over a number of years, and they include Greek migrants who have put in 20 or so years as outworkers, basically working from their garages at home. They do not do it because they think it is a terribly flexible working environment, but because they have no alternative to enable their families to survive. These women get no annual leave, no sick leave, and no carers or bereavement leave, no protection under the Workcover system and no superannuation. Tony Abbott will give them only a minimum hourly rate of pay. That is completely inadequate.

I shall quote briefly from page 134 of the independent report of the Victorian industrial relations task force, which states:

These workers are paid piece rates rather than the award rates of pay that they would receive as a factory-based employee, which has resulted in low wages, excessive hours, non-compliance with award conditions, and job and income precariousness. These issues are exacerbated by the fact that many outworkers are newly arrived refugees and migrants with limited English language skills, who face cultural barriers, isolation from the broader community, misinformation and poverty, and lack of access to child care and community support. Largely due to language and cultural difficulties, many outworkers find it extremely difficult to break out of their poverty cycle. The impact of outwork on family life and the community should not be underestimated.

I believe that yesterday Mr Boardman referred to an email sent by a Ms Lao, which referred to an assumption that the average outworker could earn \$12 per hour. That assumption is not based on fact. I have spoken to many migrant women in my electorate who work on a per-garment basis, not an hourly rate, and they average \$3 or \$4 per hour.

At page 15 of the *Herald Sun* of 12 November 2000 an article entitled 'Push for lowest paid' recounts the

plight of Hong, a Vietnamese refugee and mother of two, and states:

For most of the past seven years machinist 'Hong' has laboured 15 hours a day, seven days a week, for an average of \$39 a day.

That is less than \$2.60 an hour — with no holiday pay, no sick pay, no superannuation and no Workcover protection. The article says a lot about the conditions that outworkers are confronted with. The article continues:

The mother of two sweats over an industrial sewing machine all day and into the night to meet tough weekly targets or risk losing her job.

She earns from 50 cents to \$1.20 for each garment, but sometimes she may not be paid at all.

If Hong injures herself at her repetitious work she is not entitled to compensation.

No-one knows exactly how many outworkers there are in Victoria. The independent Victorian industrial relations task force estimates there are as many as 140 000. That is 140 000 families the opposition does not care about. The opposition believes these women and outworkers have a lovely time working at home. Because of their low rate of pay these women barely have enough time to complete their sewing let alone spend time with their children.

The weak industrial position of outworkers has seen New South Wales, Queensland and South Australia deeming outworkers to be employees for the purposes of their industrial relations legislation.

The Senate Economics References Committee in its December 1996 report entitled *Outworkers in the Garment Industry* concluded that given the nature of the work undertaken in the clothing industry and the circumstances of employment, outworkers in the industry should be considered employees. The majority of the independent industrial relations task force also recommended in its report that outworkers be deemed to be employees in Victoria.

Catholic Archbishop Pell in the *Herald Sun* of 18 February urged the opposition not to reject the bill on partisan grounds. There will not be many occasions that I shall quote Archbishop Pell, but on this occasion I shall do so. The article states:

Dr Pell said it was important outworkers and low-paid workers had something more than a bare minimum coverage for their working conditions.

He said it was crucial for them to have an umpire or independent tribunal in case of disputes.

The opposition is not interested in providing minimum standards to Victoria's lowest paid workers. The Leader of the Opposition showed the transparency in the opposition's objections to the bill. He said the bill would help unions. The bill has little to do with unions. Unions remain registered organisations under the Workplace Relations Act.

The Bracks government is committed to giving Victorian workers fair and minimum employment conditions regardless of whether they are union members. As for the right-of-entry provisions, to which the opposition has referred on numerous occasions, I have never heard such a blatant beat-up of an issue. If the opposition claims that it is opposing the bill because of the right-of-entry provisions it is free to move amendments to those provisions. The provisions replicate Tony Abbott's own act. The opposition's claims are like demolishing the whole house because they do not like the sound of the door bell.

I challenge the opposition to go ahead and propose amendments. It is not interested in protecting ordinary Victorians who want to provide for their own families. The opposition has admitted in orchestrating the Abbott amendments that the Kennett system has failed. It has been shamed by the government into admitting that its deregulated experiment has failed those workers covered by schedule 1A. An *Age* editorial of 2 February states:

The truth is that this bill is a necessary response to the failure to create a unified national system of industrial relations. The Kennett government's decision to cede responsibility for industrial relations to the commonwealth did not work out as expected, largely because the other states did not follow suit.

It then goes on to say:

The conservative parties' threats to block or dilute the bill is further proof of the urgent need to reform an upper house in which one side of politics is virtually assured of a permanent majority.

The opposition's response to the bill shows that it is not interested in this house being a genuine house of review. It continues to dig its own political grave by preventing the government from implementing its pre-election commitments. It appears that Denis Napthine was playing a sad joke on the Victorian public when he said on April Fool's Day that the Kennett government had not been listening. He implied that they would now listen. I wonder who it is they have been listening to because they certainly have not been listening to Victorian workers or Victorian business.

The opposition has put out disgracefully inaccurate propaganda to Victorian business and conducted a

push-polling survey in an attempt to provide them with the pretext for opposing the government's balanced approach to an industrial relations system. The opposition is merely entrenching the disadvantage of Victorian workers compared with the rest of Australian workers. It wants Victorian workers to remain second-class citizens in this country.

The Bracks government knows better, and that is why the legislation is being introduced. The bill deserves to be supported and become Victorian law. I urge honourable members to support the bill.

Hon. R. H. BOWDEN (South Eastern) — I reassure government members that I have read the bill carefully. The more one reads it the more one finds ideology, passion and a misguided attempt to create legislation. What comes through is the feeling of passion. It may be passion, but it is misguided passion. Many of the provisions contained in the legislation are not acceptable.

The *Weekly Times* of 15 November 2000, an influential rural and regional newspaper, carries the heading 'Bill a disaster in waiting', and states:

This will almost certainly lead to the reintroduction of penalty rates, which will have a devastating effect on wage rates in dairying and some horticultural industries.

Among other things, this has implications for breakdowns of farm family partnerships.

The right of entry that the bill proposes to give union officials is also a concern.

Union officials may enter workplaces, including farms, even if the farmer and all employees do not want the visit.

This is a classic case of good news and bad news. The bad news for the government is that the *Weekly Times* says the bill is a disaster in waiting. The good news for Victorians is that the bill will not pass. It illustrates the value of the Legislative Council as a true house of review. It reinforces this chamber and its qualifications as a genuine house of review because by not passing the bill we are providing relief for many hundreds of thousands of Victorians and small businesses and it shows that the parliamentary process in Victoria has checks and balances.

The opposition was able to circulate more than 10 000 small businesses and they faxed back more than 10 500 replies which said not to pass the bill.

I turn to the importance of small business in Australia. I have a publication of the 1999 Australian Bureau of Statistics that shows the influence the bill could have but will not have because it will not pass. As passionate

and misguided as the Labor Party is, the opposition is preventing an enormous mistake from happening.

According to the Australian Bureau of Statistics, in 1998–99 some 225 400 small businesses representing 95.3 per cent of all businesses registered employed 750 700 people. Those small businesses would have been directly affected negatively by the provisions of this undesirable bill.

Australia and Victoria have free enterprise economies. We need less regulation, not more. We need sensible regulations, a set of rules, and a framework — which we have — that will help the economy continue to grow and prosper with diversity.

In 1996 the previous state government transferred to the commonwealth the industrial relations powers that are well known and understood by all honourable members of this chamber. As passionate as the government of Victoria may feel about this bill, it can get those powers back if it really wants to. Has it done so? No, it has not. It is trying to complicate the industrial relations scene in this state to the detriment of all small business and employees in Victoria.

The 1996 legislative provisions were set up to simplify the system, reduce costs to businesses and assist employment, and that is what happened. If the provisions contained in the bill were to pass, Victoria would end up with a new state industrial relations system on top of the present federal system, which would in many ways be unworkable.

I will refer briefly to a flyer the opposition sent out to more than 10 000 businesses across the state. It asked the business people to read the information on one side — very simple — and to write their comments on the other side and fax them back to us, which they did. The overwhelming response to that flyer, which was sent out right across Victoria, was 'Stop the bill. We do not want the bill. It will have a negative impact. It will affect our business. Do not do it. Block it in the upper house'. That was the consistent message we received.

If this bill were to become law it would establish a costly new state industrial relations system; it would burden employers with inflexible new penalty rates; it would force independent contractors to be treated as employees; it would impose minimum conditions where they are not necessarily wanted by those on either side of contracts already in place; it would give union organisers the right to enter all business premises; it would allow the unions to photocopy private business files; it would create information service officers — in effect, an industrial police — and the provisions

contained in the bill would give those information service officers powers that I doubt honourable members of either chamber in this Parliament would give to the Victoria Police; it would create a new tribunal; it would allow a grievance up to a value of \$20 000 to be taken to that tribunal, which would have a devastating effect on the more than 750 000 small businesses that operate in this state; and above all, it would allow the creation of a large, unnecessary, unwieldy and cushioned bureaucracy which would cost Victorian taxpayers more than \$10 million per annum.

It is enlightening to look at what the Victorian Employers Chamber of Commerce and Industry has to say about the issue. VECCI is an organisation that the government is very pleased to quote from time to time. I refer to a VECCI position paper published in March, when it had had considerable time to study the matter. On page 14 of that paper VECCI states under the heading 'In conclusion':

... The Fair Employment Bill — does Victoria really need it ... VECCI says emphatically 'No'.

The Fair Employment Bill cannot be justified on the basis of being a specific response to a range of perceived issues or problems. It appears instead to be an ideological response, reflecting the wish list of some in government who appear to have been able to carry the day. The unsubstantiated basis of the need for these proposals is borne out by the knee-jerk amendments that have been initiated by the government already.

I turn from VECCI — which does not want a bar of the bill and which represents a substantial portion of the employment scene in this state — to the *Herald Sun*. The *Herald Sun*, which is not necessarily going to give the opposition a free kick on this issue, has looked at the bill and given its considered opinion. I will quote three brief paragraphs from a *Herald Sun* editorial of 16 March appearing under the heading 'A fairer deal':

Promoted by unions and the government as a means to help low-paid outworkers, the Fair Employment Bill would have given unions unprecedented rights.

Union officials would have been able to demand entry to business premises, irrespective of objections from employees and management, and to photocopy private business files.

The Liberals are supporting a more equitable federal arrangement in which outworkers will be entitled to minimum pay rates and the full protection of industrial law.

I will refer briefly to the federal information provided by Minister Abbott. The *Age* newspaper has not necessarily been known in the past for being supportive of the opposition's side of politics, but on page 3 of the News section of 15 March under the heading 'Abbott to amend workplace laws for Victorians' it reported on the provisions that the commonwealth government is

prepared to make available to solve the main arguments that have been coming from the government side.

The article states that the commonwealth government has announced it is prepared to propose amendments to the commonwealth legislation that would:

Increase pay for outworkers in the textile industry.

Enforce pay for work in excess of 38 hours a week.

Extend carers and bereavement leave to non-federal award employees.

The next amendment is an important one:

Permit the Victorian government to intervene in the Australian Industrial Relations Commission in major state disputes.

Those amendments are available to the state government.

The opposition believes strongly that low-paid workers should have minimum standards of protection. Those minimum standards are in place in several pieces of legislation, and they will be further reinforced under Minister Abbott's commonwealth amendments.

The federal government has foreshadowed that legislation. There is fear in the outworker industry that it will be dominated and intimidated by unwanted union representatives. The bill is an attempt by unions and trades hall to justify themselves now that their mates are here in the state government. It is an attempt to impose a state industrial relations system when we already have a commonwealth system covering the vast majority of arrangements and when the commonwealth has indicated its ability and willingness to support changes to that system. As I said at the outset, the Victorian Employers Chamber of Commerce and Industry submission and summation puts the issue in a nutshell.

I will return to where I began. I have studied the legislation, and although I understand the passion and the feeling of the government, it is wrong, wrong, wrong. For the first time since coming to this place in 1992, I find a bill that I would describe as a little book of horrors.

Hon. T. C. THEOPHANOUS (Jika Jika) — As the last speaker on the government side, I will bring an element of the human aspects of the Fair Employment Bill to the debate. There has been quite a lot of debate about whether the bill will or will not create additional employment. Members of the opposition have tried to make great capital of various statistics and studies showing that the bill will result in the loss of 2000 or 20 000 jobs, or whatever.

The first thing that needs to be said about the bill is that one of the reasons that all of us should be proud to be in this country is that when we refer to a job we talk about something more than simply being paid for services. We are not talking about jobs in Victoria such as those you would get in some of the sweatshops in Asia. I hope that is not the sort of job that members opposite are referring to when they say that 20 000 jobs could be lost.

Hon. W. I. Smith — It is 42 000!

Hon. T. C. THEOPHANOUS — Whatever number you want to use. I do not care if you are talking about 100 000 jobs. I do not want to see 100 000 of my fellow Victorians working in such conditions. I do not want to see that happen.

I want to talk about some people I know. I do not want to give names, but I have a very good family friend who when she came to this country was a seamstress and designer.

Hon. W. I. Smith — How long ago?

Hon. T. C. THEOPHANOUS — She came here about 20 years ago. She was a respected seamstress and designer in her own country. When she came to this country, she could not speak English and it was difficult to find employment. She had the pressures of bringing up her family in a strange country. So she finished up working in both a sweatshop for some time and then at home on piecework.

When she was working at home, she was sewing dog coats for the dogs owned by the rich and famous — that is, the people who might walk down the Esplanade at St Kilda or in Toorak or somewhere similar, with their little dogs wearing little coats. Every time I saw a little dog with a little coat on it, I thought of my relative and how unfair things were. When she started she was getting the equivalent of about \$2 an hour. There was nowhere she could go to redress that situation. If she had tried to do so, they would have stopped giving her the work she needed to supplement the family's income. That is one story.

Here is another story. Another relative of mine came to this country and, among many others, started work and developed a very successful business in the rag trade, which employs many people. Some honourable members may well have used its services. I have spoken to him about the bill. His response is: well, anything that would stop the unfair competition that he is subjected to by people who treat their workers in the way that I just outlined would be a help, because they are just as unfair in the competition they offer as are the

sweatshops in Asia. That was the central point. He has a unionised workplace, where there is a shop steward, proper awards are in place and proper wages are paid to people. One of the reasons he is struggling is because of the jobs that members of the opposition are so keen to protect.

That is why in this debate honourable members must get down to the personal and the human. In their desire to try to make a minimalist political point members of the opposition have not assisted themselves. They are not even assisting the genuine operators in business who want to be able to pay workers a reasonable wage under reasonable awards and know they do not have to compete against the others.

The bill is also a personal issue for me. In my electorate there are a number of sweatshops, some of which I have visited. It is the most soul-destroying thing to see people working in those circumstances. Let us make no mistake about it — most of the workers happen to be of ethnic background. In that context the opposition's continued obstruction of the bill represents an anti-ethnic approach as well. Members of the opposition are talking about continuing to punish a set of people who are mainly of ethnic background and who work in the sweatshops. I might say that it is a disturbing trend in the opposition because when that is put together with the apparent opposition to the racial vilification bill, you start to see a consistent pattern.

I am happy to put on the record today that one of the things I was happy to give credit to Jeff Kennett for was that he very strongly supported multiculturalism in this state and the rights of migrants — people who have come here from other countries. It is very disturbing if the opposition is now moving away from that position. The evidence seems to be that the opposition parties are prepared to attack about 200 000 low-paid workers, mainly of ethnic background, and they are prepared to attack the racial tolerance bill. They will not support those two measures. On all those bases I am very concerned about the direction that the opposition is taking.

I return to what I was saying — that is, that the debate on the bill is not about just a set of statistics; it is about people. My contribution derives from my personal experience, not only from the examples I have just mentioned. I grew up in Broadmeadows, which was a pretty tough neighbourhood.

Hon. M. M. Gould — It still is.

Hon. T. C. THEOPHANOUS — It still is. They were fairly tough times. When I was 14 years old I

went to work in a factory. I am prepared to admit to the house that I lied about my age and said that I was 15, because they would take people on only after they were 15 years old. I went to work at the Australian Jam Factory. Some people might know the building in Prahran, which is now one of the trendiest shopping complexes in Melbourne. I knew it as a factory floor.

One of the things I can tell honourable members about the circumstances in which people worked in those factories is that as a male I was a bit lucky. There was a bit of a division of labour between males and females. The males carted around the cartons and the empty and full cans and so on. The women, including my mother, who was a worker on the floor, stood on the same spot and peeled fruit for 8 hours. They picked up one piece of fruit, peeled it, put it back on the conveyor belt and then they picked up another one and did the same. That was the extent of their work. These are the kinds of jobs we are talking about when we talk about protecting the lowest paid workers.

I will tell honourable members what happened to my mother. One of those big conveyor belts that go whirling around and create enormous noise fell off its hinges. The whole thing came tumbling down and injured a number of women, including my mother. In those days there was no workers compensation scheme to talk about. My mother was offered a payout for a severe injury that resulted in her becoming deaf in one ear and a series of other injuries that she carries to this day. She received a measly payout because no standards or proper workers compensation laws existed. There was no protection for the workers who were mainly ethnic people.

Things have changed in my electorate. No longer is it the Italians, the Greeks or even the Lebanese, because now the Asians are working in the workshops and sweatshops, but they are just as entitled to some protection.

If anyone asks me why I support the bill my answer will be that it has nothing to do with politics on this or the other side of the house but because of what has happened to me and my family, and the struggles of workers and migrants in Australia in the past 30 years. That is why I support the bill. It saddens me that opposition members are unable to find in their hearts enough compassion to be able to say that the workers deserve to be protected. I ask all honourable members to support the bill.

Hon. G. B. ASHMAN (Koonung) — I join what has been a lengthy debate on the bill. I am surprised that even at this late stage the government has not said

it is prepared to withdraw the bill. Since the bill's introduction a number of significant developments have occurred. In her introduction of the bill the Minister for Industrial Relations listed a number of objectives. The primary one was to legislate for minimum standards of conditions and employment.

It is worth noting that while the bill has been debated and discussed, a new federal Minister for Employment, Workplace Relations and Small Business has been appointed. Tony Abbott has said he is prepared to accept and facilitate a substantial number of changes to the federal legislation.

The bill goes further than the government's task force report suggests. It moves to regulate subcontracting arrangements. As all honourable members know, a large number of submissions were made on the issue and the government has been hell-bent from day one on roping in subcontractors as employees. However, the government does not seem to understand the impact that would have. The subcontractors are small businesses, and the Minister for Small Business has been silent on whether she is prepared to allow the government to proceed on the legislation to, in effect, wipe out many thousands of small businesses that subcontract in the transport and building industries and a range of other smaller industries.

The government does not seem to be aware of what is happening globally. The world is becoming a much smaller place, yet through the bill the government seeks to localise matters. It seems to be flying in the face of its own policy, which was published on its web site on 26 October 1999. The policy states:

Labor supports a unitary national approach to industrial relations and will make the demand of the federal government that the Workplace Relations Act is made fair for all workers.

Surely the amendments proposed by the federal minister deliver that policy outcome for the Labor Party. The media release of the federal minister, dated 14 March 2001, makes it clear that he intends to introduce a specific bill into federal Parliament to improve legislative safety net entitlements for all Victorian workers not governed by federal awards or agreements — that is, the schedule 1A work force.

I will not refer to the balance of the press release because it is already on the record. It clearly outlines the minister's intentions. I am confident he will deliver.

In her second-reading speech the Minister for Industrial Relations acknowledged her desire to have a uniform industrial relations system across Australia. I wonder what, even at this late stage, the federal Leader of the

Opposition, Kim Beazley, or the Labor Party spokesman on industrial relations, Arch Bevis, would have to say about setting up a new state industrial relations system that would not serve many people and would cost Victoria about \$10 million a year to operate.

The government has relied on the independent report of the Victorian industrial relations task force to support its actions. Without going into its detail, because it has been canvassed thoroughly in the debate, I wonder how the task force could have come to any conclusion other than the one it arrived at when its terms of reference state that it is to:

... consider the industrial relations framework that applies in Victoria with a view to recommending to the government how best to implement its industrial relations policy ...

The gun was loaded for that inquiry. The task force could not have arrived at any conclusion other than the one it published.

The bill was introduced with great haste almost immediately after the report was tabled. I do not know whether my question will be answered, but it is: given its complexity, at what stage was the bill drafted? One can suspect only that the bill was very much in draft mode long before the final report of the task force was published.

After the bill was introduced the opposition set out to consult widely on it — something the government did not attempt to do until the final minutes of the process. My electorate has more than 5500 small businesses. Following a non-addressed mail drop I received about a 15 per cent response rate on the bill. That result is unheard of, but such was the level of concern in the small business community when the opposition apprised it of the terms and conditions of the bill that people responded.

I know other colleagues had similar experiences. There has been overwhelming opposition to the legislation, but even given that, Liberal Party members consulted further. We spoke with members of the Textile, Clothing and Footwear Union of Australia, outworkers and the Fairwear people. We visited a number of outworkers from the Vietnamese, Cambodian and Filipino communities and talked to them about why they were outworkers and about some of the problems they experienced. They outlined to us what they saw as some of the major benefits in being outworkers.

Not all outworkers want to be employees. Many are happy to have what is effectively a subcontracting arrangement with a manufacturer where they can choose when they work, what work they take and how

they manage their work with their family lives. In many cases that was put to us as being one of the primary reasons they chose to be subcontractors or outworkers in the textile industry. However, that is not the only area where subcontracting arrangements are in place, and it is evident in the horticultural area.

The legislation is vigorously opposed by the Victorian Employers Chamber of Commerce and Industry, the Australian Retailers Association, the Australian Industry Group, the Victorian Farmers Federation and most of the major employer groups. They oppose the bill because they know that between 2000 and 40 000 jobs will disappear. Even the government's own report acknowledges that 2000 jobs are at risk. However, at no stage does the government talk of redeployment of outworkers who will lose their jobs or about retraining for these people. At no stage during the debate has the government offered hope of future employment to any of the people who will be displaced if the legislation goes through.

At the last minute the minister embarked on a series of public meetings. It was a last-minute effort to try to garner some level of support out in the suburbs. The minister held a meeting at Knox on 21 February at 8.30 p.m. The meeting was advertised at page 4 of the *Age* of 20 February and businesses had between 12 and 18 hours notice of it.

Hon. I. J. Cover — The same in Geelong?

Hon. G. B. ASHMAN — Mr Cover will be interested to know that the government also placed an advertisement in the *Knox News*. That was quite logical but there was a problem. The notice appeared in a newspaper that came out at midday on 20 February and the public meeting was advertised for 2.30 p.m. that day in Horsham.

Hon. I. J. Cover — Can you get from Knox to Horsham in 2½ hours?

Hon. G. B. ASHMAN — If you fly, yes, and if you are very well organised you might just make it. You would need to be very enthusiastic. The meeting proceeded the following morning at the Bayswater Community Centre. I decided I wanted to know what was going on at the meeting and that I needed a spy in the camp. I rang two acquaintances and asked them if they would mind slipping over at 8.30 a.m. and reporting to me what went on at the meeting. They reported that 21 people attended, including the minister and a number of advisers. I thought, 'That's not too bad'. However, then I discovered that the two people I

suggested trot across and have a listen to the meeting took eight friends with them.

Hon. I. J. Cover — Eight?

Hon. G. B. ASHMAN — Yes, Mr Cover, eight friends. I subsequently found out that the local men from the Brethren thought they should go over and listen, so six of them attended. The conclusion is that they were the only people there. The balance of people present were ministerial advisers and the minister.

Hon. I. J. Cover — Where were the key stakeholders?

Hon. G. B. ASHMAN — I do not know, Mr Cover, but they were obviously off somewhere else having a cappuccino. They were certainly not showing any great level of support for the minister on the legislation. I suspect that that is the level of support that the legislation has within the union movement — that it is not keen to come back to a state system and is happy to have one federal system of industrial relations, which is the system that Labor Party policy says Labor would prefer.

I am stunned that the Labor Party has not withdrawn the bill at this stage and accepted the offer from the coalition federal government to amend the Workplace Relations Act and dispense with the expensive and stupid new Fair Employment Tribunal.

Hon. I. J. COVER (Geelong) — I contribute to the debate on the so-called Fair Employment Bill and point out that I join my colleagues on this side of the house in opposing the bill. The bill will be defeated with the support of those colleagues in what is a clear endeavour to protect small business and stop the introduction of the extreme union powers included in the controversial plan of the Victorian government.

The decision has largely been based on the overwhelming feedback the opposition has received from ordinary Victorians, and in particular from people running small businesses. It is important for the futures of both Victoria and small business that this course of action be taken lest, as we have heard from so many speakers during the debate, thousands of jobs are lost in Victoria, many small businesses are priced out of existence and the state's economy is harmed.

It is my duty to oppose the bill. Earlier today honourable members heard a contribution from the other honourable member for Geelong Province supporting the bill. She talked about the task force that came to Geelong for a forum. She quoted from the forum examples of people who made contributions to

that task force, including the names of three people whose Christian names I heard but whose surnames either were not made available or I missed. The people referred to did not contact me, more's the pity, because I would have been interested to hear directly the views that were heard by the other honourable member for Geelong Province but which were not passed on to me.

The Honourable Elaine Carbines said there had been a so-called forum to discuss with stakeholders the issues proposed in the bill and that the venue for that forum had been announced. That is not unlike the example articulated by the Honourable Gerald Ashman, who said his local paper carried an advertisement for a meeting only 2½ hours before it occurred. However, the meeting was in Horsham and the local paper was in Knox.

A small advertisement appeared in the *Geelong Advertiser* pointing out that one of these so-called forums was to be run. However, it did not advertise the venue. That presented some difficulty for people vitally interested in the bill — small business people, people interested in employment and investment opportunities and so on who were denied the opportunity to go to the forum because the advertisement did not indicate where the meeting was taking place.

Now that the debate is winding up many of the issues have been canvassed by other speakers. The lead speaker for the opposition, the Honourable Mark Birrell, addressed 10 points about why the bill should be defeated. Subsequent speakers from the opposition have covered the reasons for the bill and why it should be defeated. I do not intend, in my brief contribution, to go over that ground. Suffice it to say the issues have been more than adequately covered by the announcement of the federal workplace relations minister, Mr Tony Abbott, that he will introduce changes to workplace laws in the federal system that address many if not all of the concerns raised during the debate.

Mr Abbott's proposed amendments will increase the pay of outworkers in the textile industry, provide for additional payments for people working in excess of 38 hours a week, extend carers' entitlements, including sick and annual leave, and permit the Victorian government to intervene at the Australian Industrial Relations Commission in major industrial disputes. I applaud the federal minister for taking this action while at the same time criticise the state minister for not accepting the fact that the issues are being addressed at the federal level.

In referring to the contribution by the Honourable Elaine Carbines and the examples she gave from the task force report I take the opportunity to share with the house some of the responses received by the Liberal Party about the same issue. The house should not accept that the only responses to this issue are the ones presented by government members, including the Honourable Elaine Carbines. The opposition has consulted widely on this issue. Before I articulate specific responses received by honourable members on this side I advise that I was proud of and pleased with the consultation process undertaken by the Liberal Party throughout Victoria. It was an important process. It occurred not only in Geelong but in Ballarat and Bendigo and, indeed, throughout the state. The consultation involved face-to-face personal contact — a concept that is foreign to government members.

I had the opportunity, with my colleagues, to visit Ballarat and talk with small business operators there. Although the government says that the bill is important for workers, employers are concerned about their workers and appreciate the work they do. They want to employ more people should they be given the opportunity and should the conditions be suitable to do so. This bill will not create an environment in which employers may employ additional workers or retain the employees they already have.

It was important, instructional and valuable to visit Ballarat with my colleagues. We visited small businesses, shops and retailers in the township of Buninyong. The first question asked was, 'How are you?'. And the second question was, 'Have you been consulted on the Fair Employment Bill?'. To a person they responded no. They knew nothing about it. They were pleased that someone was talking to them and having a discussion with them about the implications of the bill and what it might mean to their businesses. They were told what the opposition would do in representing their views.

Among the businesses we visited in Buninyong was a hairdresser. One of my colleagues, the honourable member for Polwarth in the other place, not only took up the opportunity of informing the hairdresser of the government's proposals, but he supported the small business by having a haircut. As he was having his hair cut I thought of this startling contrast — a member of the opposition was having his hair cut in a small business while that business and other small businesses were preparing to have their hair cut by the government! I know my colleague the Honourable Roger Hallam from his own time in small business working in rural communities will recall barber shops with the razor and the leather strop. He would know

that this is what the government is about to do. It is sharpening the razor blade on the leather strop getting ready to cut through small businesses throughout Victoria so they will be bled dry. I imagine I have the support of the Honourable Roger Hallam in drawing that word picture.

Hon. R. M. Hallam — The Man from Ironbark!
Murder, bloody murder!

Hon. I. J. COVER — 'Murder, bloody murder!' may be a fair description of the bill. Apart from consulting businesses throughout Victoria, the Honourable member for Bellarine, the Honourable Garry Spry and the honourable member for South Barwon, the Honourable Alister Paterson, and I were maligned in the contribution by the Honourable Elaine Carbines who said that we did not consult our constituents about the bill.

My colleagues the honourable members for South Barwon and Bellarine in another place and I have been standing up for Victorian small businesses and we have been talking to Geelong small businesses. As I said earlier, small businesses employ people. They care about their workers and do not want to be forced into putting people out of work. That is evident from the responses I have received from a multitude of businesses and employers across Geelong.

It is all very well for the other honourable member for Geelong Province to suggest that opposition members do not care and do not talk to people. We did not attend the so-called forum that no-one knew about. It was held in a woolshed, according to the minister, but it should not be said that opposition members were idle. We were out there talking to people in Ballarat and Bendigo and getting responses from people in Geelong. I note the other honourable member for Geelong Province is seated behind one of the ministers' desks. She may feel that her contribution has given her the opportunity to be elevated to the front bench as a minister. I would not expect it, based on her earlier contribution.

I refer to some of the responses I have received from small business people. The businesses employ workers in Geelong and want to support and encourage their workers, make an investment and expand their businesses so they can employ more people. Under the proposals in the Fair Employment Bill they will not have the opportunity to do that. In fact, the reverse would occur.

I will give some examples of responses to the Fair Employment Bill from businesses in North Geelong, which is represented by a Labor member in the other

place. When asked, 'Have you been consulted on this proposed law?', an auto parts seller and repairer in North Geelong said:

This is the first we know about it.

So much for the government's sham consultation and its claims of consulting widely. The second response is from an electronic repairer in Drumcondra, an area known to the other honourable member for Geelong Province. It states:

Simply ludicrous. Who do they think they are? Knock this on the head before it gets any bigger.

I can assure the electronic repairer that we are knocking it on the head. The next one says:

This is typical of standover tactics of Labor governments with the aid of unions.

There are some pretty smart businesses in Geelong, despite the fact that the other honourable member for Geelong Province wants to run down business in Geelong. A physiotherapist in a private practice — which goes to show the range and variety of businesses in Geelong that responded to the survey — states:

This sounds like a typical Labor move to increase union power and bring back endless strike action.

A representative from a pharmacy in Lara, also within the seat of North Geelong, states:

No consultation. Just like the increased Workcover premiums I've had to pay.

Honourable members should not forget the government has increased Workcover premiums and sought to make life even more difficult for businesses through the Fair Employment Bill.

A representative from a wholesale meat business in North Geelong states:

This is absolutely crazy ...

A representative from a taxi and hire car business in Geelong North also had a comment. Honourable members should listen to this. What a shame the minister responsible for the bill is not here to hear this response. She is not in the house, but I am sure she is listening. The response says:

After listening to the minister on 3LO, I have great fear of the proposal. She was unable to give clear and precise answers.

Hon. W. I. Smith — Was that in Ballarat? Because that's what they said in Ballarat.

Hon. I. J. COVER — That was in Geelong. I pick up the interjection from Ms Smith. That is also what they were saying in Ballarat. Clearly they were saying it across the state. A representative from another North Geelong business, a general engineering and manufacturing business, states:

This notice is the first I have heard of this proposed law. I am horrified but not surprised.

I can go on, and I will. The next is from an engine supplies and installation business in North Geelong in answer to the question — —

Hon. J. M. Madden interjected.

Hon. I. J. COVER — I will not pick up the interjection of the poor dumb ruckman, otherwise known as the Minister for Sport and Recreation. On the front page of the *Herald Sun* and by his own words he has called himself a poor dumb ruckman!

In answer to the question, 'Have you been consulted on this proposed law?' the representative states:

Why would they? We are not a union.

That is all the government does — talks to the unions. On and on it goes. I have received a raft of responses from people about how the bill will affect their businesses. Other responses include: 'We will downsize'; 'This will see many of us go to the wall'; 'The proposed laws will close our business'; 'I think we would sell up'; et cetera. And that is just in North Geelong.

I have another folder from the seat of Geelong, represented again by the ALP. I might share one or two of those with honourable members as well. I am mindful of the time but I do not see a huge number of my colleagues coming in to take over. From a Geelong computer systems and integration business, in answer to the question, 'Have you been consulted on this proposed law?' the response was:

I don't recall this being mentioned at the last election.

Another business in Geelong said:

It seems Mr Brack —

that is how much of an impact he has had; they cannot even get his name right:

It seems Mr Brack does what he feels like not taking into account what it will do to small business.

A response from a picture-framing business states:

When is a government going to ... seriously involve us in the consultation process?

The government talks about how it consulted with people, but people are writing to me saying they have not been consulted. When will they be taken seriously? There are many more examples of the effects the legislation will have. They include: 'Reductions in staff'; 'New projects will be rendered unfeasible'; 'We will not be able to put on the staff necessary to try to expand our business'; and 'I would certainly not employ any extra staff with this highly intrusive and undemocratic proposed law'.

The final response I will share with the house comes from a financial planner in Geelong. This is how he responded to the question, 'How will it affect your business?':

Unions are causing loss/lack of investment for Geelong already.

This situation is being and has been played out across the state. It clearly indicates why the opposition is opposed to the bill. In the interests of fairness and balance, I should indicate that I received one response that took a contrary view. Since it came to office and entered into its sham agreement with the Independents the government has forgotten all about honesty, openness and accountability. All that has gone. Where are Russell, Craig and Susan?

In answer to the question, 'Have you been consulted on the proposed law?', one response states:

At a workplace with strong union membership and an informed committee of management — —

Hon. B. N. Atkinson — Oh no! You surveyed Elaine Carbines's office!

Hon. I. J. COVER — The response continues:

... we have had input via the ASU.

So clearly consultation took place with the unions — not with the businesses or the employees, just with the unions. I have great respect for these people for responding and telling me they have been consulted.

Hon. E. C. Carbines — Tell us about your consultation with trades hall. It came here to meet with you.

Hon. I. J. COVER — I shall take up the interjection of Elaine Carbines, even though she is not sitting in her place. Perhaps I should not do so, but it just shows what

a generous and charitable chap I am. She is right. The consultation undertaken by the Liberal members from Geelong, not only by me but also by Alister Paterson from South Barwon and Garry Spry from Bellarine, included talking to the Geelong Trades Hall Council and its secretary.

Hon. E. C. Carbines — Spry wasn't there.

Hon. I. J. COVER — Spry was an apology. I admit he was an apology; I am quite happy to tell you that.

Hon. E. C. Carbines — You said he was there.

Hon. I. J. COVER — I didn't say he was there.

Hon. E. C. Carbines — Yes, you did.

Hon. I. J. COVER — Hey, you've got me. Gee, I'm in big trouble now! Yes, Alister Paterson and I did consult. I am not surprised members of the government, including the government's member for Geelong in this place — who is not sitting in her place — and the minister who has returned, are aware of our consultation, given that the president of the Geelong Trades Hall Council is also the electorate officer for Ian Trezise, the honourable member for Geelong in another place!

Hon. E. C. Carbines — Is that a crime?

Hon. Bill Forwood — In the pocket of the union — absolutely!

Hon. I. J. COVER — The feedback was direct and immediate.

Hon. Bill Forwood — It makes you wonder who runs the office — Trezise or the electorate officer.

Hon. E. C. Carbines — It is Trezise.

Hon. I. J. COVER — It is not surprising then that when Ian Trezise's electorate officer writes letters to the newspapers attacking me she does not identify herself as an electorate officer or as the president of the trades hall.

I conclude by saying that the opposition opposes the bill. It has consulted widely. I have indicated clearly to the house some of the consultation undertaken. I could outline many more examples, but many other honourable members want to speak on the bill.

I conclude by quoting from a letter from Elizabeth Cross of Newtown published in the *Geelong Independent* of 1 December 2000:

I, for one, certainly hope Mr Cover does not allow this bill to be pushed through Parliament without proper debate and ... consultation.

Hon. PHILIP DAVIS (Gippsland) — The debate has got off to a very good start, so I thought I would make a contribution at this fine hour.

Hon. R. F. Smith interjected.

Hon. PHILIP DAVIS — Mr Bob Smith asks whether I still have my union membership. Some newer members of this house may not be aware of this, but honourable members who were here in 1992 would be well aware that I was once a member of the Australian Workers Union (AWU), of which Mr Smith proudly claims to be a former secretary. On various occasions Mr Smith would come to this place and seek advice from me on whether he had my support in the various ballots that occurred in the AWU. I suppose he would like a response to that question here tonight. He will have to wait some little time before I come to that point because the reference to the Honourable Bob Smith is listed as no. 7 in my speaking notes.

Hon. Bill Forwood — It must have been a closed shop for you to have been in it.

Hon. PHILIP DAVIS — Mr Forwood says the industry must have been a closed shop. Let us talk about that point, because it goes to the heart of this bill, which is entirely about union power and coercion. It is about the fact that there has been a decline in union membership.

Hon. R. F. Smith interjected.

The DEPUTY PRESIDENT — Mr Smith should come to order, otherwise he is showing disrespect to the Chair. I am prepared to stand here for some time to get silence. I ask that the Honourable Philip Davis be heard.

Hon. PHILIP DAVIS — Thank you for your protection, Mr Deputy President. I am not sure that I need it, because my experience is that I have never needed protection from the thuggery of the union movement.

The industry I worked for was a closed shop. The only reason I was a member of the AWU is that it was a condition of employment at the time. The trade unions coerced that employer — Esso Australia Ltd — into that position when I was working in the Bass Strait oilfields in the 1970s. The reality today is that there are still closed shops because of that sort of thuggery. I joined the union because it was the only basis on which

the firm would employ me at the time, so I had to accede to that demand.

Interestingly, I have experienced other coercion from the trade union movement. Indeed, I am still black-banned by the AWU because I offered employment to people who wanted to work in the shearing industry but who were not members of the AWU. The AWU was so stupid about it that not only did it impose the ban but its organiser on behalf of the AWU in 1983 put in writing that the ban would stay in force until rescinded and until further notice. I still have the written advice which was signed, as I recall, by an organiser named Paul Elliott — that might ring a bell with Mr Bob Smith.

I have some small experience with the coercion and thuggery that is imposed by trade unions, and the bill is nothing more than an extension of the position of the unions in being able to coerce ordinary working people into submission by empowering trade unions in this state, with the authority of legislative force, to impose their will on employers and employees.

Over the past 10 years union membership has been in terminal decline. Recent figures indicate that union membership in Victoria has collapsed to fewer than 450 000 today compared with 720 000 in 1990. With no state industrial tribunal, the Victorian Trades Hall Council has become largely irrelevant. I dare say it will remain irrelevant.

Both Liberal and National party speakers have done a good job reciting in detail the difficulties with the legislation. I do not want to delay the debate further by recitation of that in detail but shall deal with the principles that are under discussion and give a reflection of the views of the community. As recently as 16 March the *Herald Sun* editorialised this issue and succinctly set out the position:

The draft legislation, which the Liberal Party is expected to oppose when it reaches the upper house next week, is anything but fair to both workers and small business.

The Victorian Employers Chamber of Commerce and Industry had pointed out that, if passed, it would cost 22 000 jobs instead of promoting better pay and improved workplaces.

Promoted by unions and the government as a means to help low-paid outworkers, the Fair Employment Bill would have given unions unprecedented rights.

Union officials would have been able to demand entry to business premises, irrespective of objections from employees and management, and to photocopy private business files.

That sets out the principal objections to the legislation. A great deal of consultation on the legislation has been

undertaken by the opposition, necessarily so, because the government was delinquent in its responsibility to consult on the bill. During the summer recess the opposition engaged in consultation, and surprisingly to me I received a significant number of unsolicited letters that were clearly brought about by people becoming aware there was legislation in place. The majority of correspondence I received indicated that people were disappointed that they had received no advice about the development of the legislation before the opposition raised the issue in the public domain. Interestingly, of the hundreds of items of correspondence I received, both unsolicited letters and faxback sheets, I received only three representations from people in support of the legislation. The first was from a law firm practising in the Latrobe Valley by the name of Simon Parsons and Company. We have heard of them before, and I am sure the company has a strong interest in supporting the labour movement in this respect.

I also received correspondence from the secretary of the Victorian Trades Hall Council, Leigh Hubbard. I was surprised when I read the text of the letter that he was urging me to support the legislation. I thought it was interesting, given the hypocritical interest trades hall has in the bill.

One letter caused me some concern, a letter I know many members received from the Anglican Archbishop of Melbourne, Peter Watson. It is a fact that I am a practising Anglican and that I have a difference of view with church leaders who use the pulpit to promote particular political views and espouse positions. I certainly believe in the freedom of speech and freedom of association, but the bill limits that freedom of association.

It is totally inconsistent to hear the Anglican Archbishop advocating support of a bill that not only denies freedom of association but that even he acknowledged will produce job losses. He diminishes the importance of job losses to the individuals who would be affected.

We have heard in this place a range of estimates about the impact the legislation will have on employment. Notwithstanding whatever the estimate of the actual losses of employment opportunities will be as a result of the legislation, if it were the Reverend Watson's position he may have a different view. If the legislation is passed it will knowingly impede employment prospects in Victoria which cannot possibly be countenanced.

A few comments have been contributed by concerned constituents who are concerned about the legislation. For example, a service station proprietor said:

This proposed new state industrial relations system is verging on outright communism.

That may be regarded as an extreme view. A further comment from a newsagent is a summary of the comments I received, which states that the bill:

... would be a disaster to small business.

An auto electrician said:

As a believer in the Lord Jesus I must respect and obey responsible government as ordained by God, subject to His word. In origin and practice unionism is lawless, murderous, antisocial, not to be negotiated with.

Further, he says:

If a union organiser comes to my door I would like to belt the —

I will not say the next word —

with a baseball bat! On second thoughts I will close my door and go home after dismissing my employees.

I read that into the record only because it highlights the nature of the responses I have received from many constituents who have been alarmed by this measure introduced by the government.

In political terms the government has demonstrated its complete naivety in introducing such legislation, because it has revealed that the Labor Party — the so-called New Labor in Victoria — is nothing but a repeat of what we have seen in this state before. It is Old Labor. The leopard has not changed its spots.

Because of the unnecessary interjections of the Honourable Bob Smith this evening, I am afraid he will have to wait for another day to have revealed how I voted in Australian Workers Union elections. I oppose the bill.

House divided on motion:

Ayes, 12

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

Noes, 26

Ashman, Mr	Forwood, Mr
Atkinson, Mr	Furletti, Mr
Baxter, Mr (<i>Teller</i>)	Hall, Mr

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

Pair

Darveniza, Ms	Katsambanis, Mr
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Motion negatived.

PARLIAMENTARY PRECINCTS BILL

Second reading

Debate resumed from earlier this day; motion of Hon. M. M. GOULD (Minister for Industrial Relations).

Hon. M. T. LUCKINS (Waverley) — I am privileged to speak on the Parliamentary Precincts Bill. In 1996, the then Minister for Police and Emergency Services, the Honourable Pat McNamara, sent to the Scrutiny of Acts and Regulations Committee a reference to investigate and report on the Unlawful Assemblies and Processions Act 1958. As the chair of the Redundant Legislation Subcommittee I had the pleasure of chairing that inquiry.

The subcommittee report was tabled in Parliament in May 1999. The government has been a little tardy in its response to our recommendations — particularly given the concern of the Presiding Officers about their ability to secure the Parliament — by not reporting back to Parliament with its response until 3 May 2000. So a year elapsed before the Bracks government considered the recommendations of the subcommittee and responded to the report. It has taken almost another year to have the bill introduced to Parliament. It will be passed this week.

As appears in the foreword to the report, the subcommittee found that:

The right of citizens to express their opinions by demonstration or assembly is fundamental to the operation of a vibrant democracy.

The subcommittee found also that the Unlawful Assemblies and Processions Act:

... limits this right in a manner unacceptable to modern legislators and the public, as demonstrated by submissions to the subcommittee on the act.

The subcommittee recommended that Parliament repeal certain sections of the Unlawful Assemblies and Processions Act, particularly those that dealt with riot and the restriction of the right to demonstrate or have a peaceful assembly of 50 or more people.

The Parliamentary Precincts Bill includes for the first time the Surveyor-General's map of the proposed parliamentary precinct to outline for the Presiding Officers the precinct over which they have exclusive coverage.

In the very well-written book entitled *A People's Counsel — A History of the Parliament of Victoria 1856-1990*, Dr Ray Wright, the Usher of the Black Rod, states that in late 1851 Governor La Trobe instructed the then Surveyor-General, Robert Hoddle, to find an appropriate site for the newly formed Parliament of Victoria. The current site was finally decided on, even though there was a lot of sectarian nonsense going on at the time, unfortunately, with all the churches talking about the right of their parishioners to have their churches on the highest peak in the then town of Melbourne.

Dr Wright states that the members of the Legislative Council chose this site because it would give:

... an uninterrupted view down the 'golden mile' of Bourke Street, and give vistas of the town, Port Phillip Bay, the Dandenong Ranges and distant Mount Macedon. Because of its elevation relative to the rest of the town, it would also stand dominant over the metropolis.

The act that is being repealed tonight was passed in August 1860, in response to some violent riots over a land act during which damage was caused to the Parliament. *A People's Counsel* states:

The odd stone was thrown at the Assembly and newly completed library — and then more. Provocateurs in the crowd urged that the chamber be occupied. A window was smashed. Pushing and jostling began, the crowd moved towards the doors of the Assembly, missiles were hurled, and the cries of the crowd built steadily to a roar.

The day after those riots the newly formed Parliament of Victoria moved a bill to secure:

... the freedom of the deliberations of Parliament and for preventing disorderly meetings ...

It was:

... rushed through a nervously hilarious Assembly —

so things have not changed much in 130 years! —

... just as hastily endorsed by the Council, and proclaimed on 18 September 1860. It forbade gatherings of 50 or more people within a half-mile block of Parliament House ...

That was to apply only during parliamentary sitting days. The parliamentary precinct previously included what is now known as Gordon Reserve and the parliamentary gardens, which were given to the City of Melbourne in 1934, and that is noted on the map.

During its inquiry, the subcommittee consulted widely and received submissions from the City of Melbourne, the Law Institute of Victoria, individuals, Victoria Police — who were kind enough to meet with the subcommittee on three occasions — and the Presiding Officers. I thank you, Mr President, and acknowledge the hard work of the previous Speaker in the other place, the Honourable Jim Plowman, in making very good and strong representations to the subcommittee about the challenges in the day-to-day management of Parliament House and its precinct.

The bill not only outlines the precinct but also allows the Presiding Officers to grant police and protective services officers the exercisable right without the prior consent of the Presiding Officers. Currently, police and enforcement officers cannot act without the prior consent of the Presiding Officers. Quite often in a riotous or disturbing protest the Presiding Officers did not have the opportunity to give that permission, particularly if they were not physically at Parliament at the time. It also allows the police to direct people to leave or not enter the parliamentary precinct. They can be forcibly removed or arrested if they do not abide by the request of the police.

The bill also enables the Presiding Officers to enter into a memorandum of understanding with the Chief Commissioner of Police and come to an agreement as to the manner of exercise of powers granted to the police or protective services officers and to give them additional powers if required.

In their submission to the subcommittee the Presiding Officers noted that there were not only some concerns about the precinct and security but also that grey areas needed to be addressed. For example, over time when protests have occurred outside the Parliament, the police have been able to keep the protesters three steps below the carriageway, and that was noted as the start of the precinct. That is because there was a grey area as to ownership and jurisdiction below that — that is, as to whether it was Crown land or City of Melbourne land. The Presiding Officers may not have had any jurisdiction over that area.

In their submission the Presiding Officers state:

In a vibrant democracy we believe that individuals or groups have an unchallenged right to demonstrate as a means of protest without seeking permission from some authority. Such

rights to demonstrate, however, do not override the rights of other individuals or groups to go about their affairs and so a compromise sometimes has to be agreed to between protesters and the 'authority' usually represented by the Presiding Officers through the Serjeant-at-Arms/Usher of the Black Rod, the police and the Melbourne City Council.

During its deliberations and meetings with the police, the Melbourne City Council and Presiding Officers, the subcommittee found that a wonderful level of cooperation was exhibited between the three organisations to ensure that demonstrations could be properly handled, particularly when Parliament was sitting.

Members of the subcommittee looked at other legislation in other jurisdictions and considered whether a permit model might be a preferable way to go but concluded that in Victoria the wonderful cooperative model between the three entities would ensure that in future the right to protest and the overriding need to protect the Parliament and its members would continue to be negotiated at all times.

The Presiding Officers went on to say:

We do acknowledge that virtually all demonstrations are peaceful and contained and pose little threat to the integrity and security of the Parliament. Unfortunately though, on occasions there are instances where the Parliament's security is challenged by protesters who have a blatant disregard for acceptable forms of behaviour and the integrity and the status of the Parliament.

During my short time in Parliament over the past five years, there have been a couple of occasions when protests have certainly got out of hand. I recall one such protest when a protester was badly hurt when trying to climb over a fence. It is not just a matter of protecting the Parliament and the members of Parliament; it is also important that we are able to properly police such demonstrations to guarantee the safety of the protesters.

In that situation, when tensions and passions are high, people can be caught up in the heat of the moment and unfortunate incidents may occur when protesters can be harmed. The overriding concern is for the safety of parliamentarians and parliamentary staff.

In their recommendations to the Redundant Legislation Subcommittee of the Scrutiny of Acts and Regulations Committee (SARC) the Presiding Officers suggested that the parliamentary precinct be extended to include buildings or property owned or leased by Parliament. In its recommendations to the government the committee called for that extension to be made. The bill extends the jurisdiction of the parliamentary precincts but it excludes electorate offices where, unfortunately, demonstrations take place from time to time.

The committee's investigations were most instructive. It provided a wonderful opportunity to reflect on the history of this wonderful Parliament House and its precincts. I had the opportunity to read newspaper articles dating from when the bill was introduced into Parliament in 1860. I suggest to honourable members that if they can find the time they make interesting reading.

In conclusion, I thank the other members of the subcommittee of SARC — namely, the honourable members for Coburg and Sandringham in the other place and the Honourable Peter Katsambanis. I also thank the Presiding Officers for their good submission to the subcommittee. I wish the bill a speedy passage.

Hon. G. W. JENNINGS (Melbourne) — I am pleased to join what will be a short debate about the bill. The bill is a piece of legislation that the government has been happy to prepare in response to and in accord with the recommendations of the Scrutiny of Acts and Regulations Committee (SARC). It will provide a secure environment for the important celebrations of the centenary of Federation.

The parliamentary precinct sits in pride of place in the province I am proud to represent on behalf of the Labor government with my colleague the Honourable Glenyys Romanes. I have a dual interest in ensuring the timely passage of the legislation and I am pleased to note that it will provide a secure environment in which the centenary of Federation celebrations will take place next month.

SARC made recommendations in May 1999. I am pleased that the legislation picks up a number of key recommendations from that committee report. As described in the second-reading speech, although the roles and responsibilities of the Presiding Officers to operate under parliamentary privilege are well known and understood in their application under common law, they are not broadly understood. As the second-reading speech also states, the roles are somewhat obscure.

The bill provides a clear legislative framework in which for the first time in future Parliament's Presiding Officers and those who provide security within the auspices of the legislation can be clear about the relative roles and obligations ascribed to them.

The major aspects picked up by the bill and to which the government has responded derive from the recommendations of SARC. They fall into five categories that I will briefly outline. I will also describe how the bill satisfies those undertakings.

Firstly, the bill defines in detail parliamentary precincts themselves. Secondly, it confers responsibility for the control and management of the parliamentary precincts to the Presiding Officers. Thirdly, it gives powers to the Presiding Officers to enter into agreements with Victoria Police. Fourthly, it allows the Presiding Officers to delegate their powers to appropriate parliamentary officers. Fifthly, it creates offences to apply where people enter or remain in the parliamentary precincts.

How does the bill satisfy those undertakings? In the first instance it provides in its schedule a map that identifies the boundaries of the precincts and defines that the parliamentary precinct meets the area reserved under the Crown Land (Reserves) Act as shown on the plan in the schedule. In addition, the terms and application of the bill may be applied through Governor in Council regulation to various other locations that may be either owned or used by Parliament and regarded as the parliamentary precinct. That head of power to provide the Governor in Council regulation is contained in clause 6.

The next issue dealing with the conferring of responsibility for control and management of the parliamentary precincts on the Presiding Officers is outlined in clause 4. It is a savings provision to ensure that the operation of parliamentary privilege is not impaired by the bill and reaffirms the delegated powers to the Presiding Officers that are included in section 19 of the Constitution Act.

The rights of each house as a collective body include the power to take action to maintain the authority and dignity of the house and protect the functioning of its chambers from disturbance. As a result, Parliament has exclusive jurisdiction, through the Presiding Officers, to take action to ensure the security of its chambers and prevent interference with or intimidation of its members as they enter or leave the Parliament building.

That provision is in accordance with the template legislation used in the design of the bill, the model legislation being the New South Wales Parliamentary Precincts Act. It has been a useful model to ensure the bill operates effectively. In most instances the application of the bill fits rather well within the template New South Wales legislation.

There are one or two areas in which the application of the bill is at variance with the application of the New South Wales legislation. One area falls into the third category — that is, the provision that gives power to the Presiding Officers to enter into an agreement with Victoria Police empowering the police to take measures

to ensure the security of the parliamentary precincts. That head of power, which is provided in clause 11, provides the opportunity for the Presiding Officers to enter into an agreement through a memorandum of understanding with the Chief Commissioner of Police.

The bill provides that the police may use discretion in the exercise of their responsibilities once the designated head of power has been provided by the Presiding Officers in a way that does not occur in the New South Wales jurisdiction. That provision is at variance with the template New South Wales legislation.

The bill provides the opportunity for the memorandum of understanding to be either amended or terminated with the agreement of the Presiding Officers and the Chief Commissioner of Police at any time.

Clause 10 provides the power to allow the Presiding Officers to delegate their powers to appropriate parliamentary officers such as the Serjeant-at-Arms, the Usher of the Black Rod and other officers of the Parliament. It clearly delineates what the hierarchy of those direct powers may be, and I am sure any of those officers of the Parliament would be accorded the due respect of not only members of this house and the other house but members of the community, regardless of the hierarchy established under the bill.

Clause 15 specifically relates to the capacity of the Presiding Officers to give directions, and clause 16 provides the powers. Clause 17 indicates when those directions may be applied and clause 18 indicates how they may be applied.

In the last area of recommendations from the Scrutiny of Acts and Regulations Committee picked up by the government, the bill creates certain offences to provide for people who enter or remain in the parliamentary precincts without authority or after authority has been revoked. The specific offences include in clause 22 a refusal to leave the precincts and in clause 23 a refusal to provide a name and address.

In accordance with the recommendations of the Scrutiny of Acts and Regulations Committee the bill amends a number of pieces of legislation that do not impinge on the capacity of the House Committee to determine maintenance issues around Parliament House. It amends the Road Safety Act to ensure that the security of the precinct is clearly delineated.

Clause 30 repeals sections of the Unlawful Assemblies and Processions Act. This area requires further consideration by government in respect of the equivalent issue of the right to peaceful assembly, which was the subject of a recommendation by the

Scrutiny of Acts and Regulations Committee. I suggest that the Victorian community and Parliament keep an eye on the horizon for appropriate legislation to deal with those matters, which will provide an appropriate balance to the regime in this bill.

I am pleased to support the bill, which will provide for a secure and sound environment within this significant building and its precincts, and within the electorate I am proud to represent.

Hon. B. W. BISHOP (North Western) — It is with pleasure that I speak on behalf of the National Party, which fully supports the bill and wishes it a speedy passage.

It is interesting to note that the bill reflects the practical and commonsense way that the processes of Parliament can work. The formulation of the bill began with the review of the Unlawful Assemblies and Processions Act by the Scrutiny of Acts and Regulations Committee. I took some interest in the matter and read the submissions of the Presiding Officers, which was a joint submission by the Honourable S. J. Plowman and the Honourable Bruce Chamberlain, the current President.

I noted two paragraphs of the submission that show the practicality both of the submission and the eventual decision that was reached. The first paragraph states:

Guiding our comments and recommendations however is the everyday experience of successive Presiding Officers and parliamentary staff in dealing with the overriding need to maintain the integrity and independence of the Parliament, and the interdependent issues of security, access, freedom of movement, police powers and the accepted democratic right of citizens to demonstrate.

The second paragraph on the next page states:

Section 3 of the act prohibits groups of more than 50 meeting within an area bounded by Exhibition and Flinders streets, and Wellington and Victoria parades when Parliament is actually sitting. Section 4 states that people attending such an unlawful gathering may be sentenced for up to six months imprisonment.

The reasons for such tough legislation has long since passed into history and contemporary expectations are that, in a democratic society, it is perfectly normal and reasonable for groups to assemble in front of the building to protest or demonstrate.

The submission further states:

In reality sections 3 and 4 are now redundant.

I also take note of the foreword by the Honourable Maree Luckins, the chair of the Redundant Legislation

Subcommittee of the Scrutiny of Acts and Regulations Committee, which states:

The right of citizens to express their opinions by demonstration or assembly is fundamental to the operation of a vibrant democracy ...

However, the right to demonstrate must be balanced by a concern for the protection of those seeking to go about their daily business. This is particularly important in relation to those seeking to go about their daily business. This is particularly important in relation to Parliament House, the home of the Victorian Parliament, which is a popular focus for demonstrations and assemblies. During this review, it has become apparent that the people charged with protecting staff and property at Parliament House are seriously hampered in their task by unclear common-law powers and uncertain property boundaries. The subcommittee therefore fully supports the efforts of the Presiding Officers of the Parliament of Victoria to have the parliamentary precincts clarified and their powers enumerated in a new piece of legislation, following legislation enacted in New South Wales and also at the federal level.

It is interesting to note that one of the privileges the Parliament has in Victoria is that the Presiding Officers hold ultimate responsibility and authority for security of the Parliament. At various times honourable members have seen the security of this place being put at risk, both inside and out.

As a Temporary chairman of Committees for some years and as Deputy President for some time under your leadership, Mr President, I have seen some interesting things happen in the chamber. On occasions the gallery has been emptied when things happened that were not within the rules of this place. Honourable members have been showered with paper from the gallery and there have been some wonderful interjections from people in the gallery. I remember a short while ago a lady clinging to the pillar in the gallery and having to be escorted out. It is great to have members of the public in the gallery, but certainly order must be maintained.

Most honourable members have seen demonstrations around the Parliament. Most of those demonstrations have been good humoured, and the participants have made their point when demonstrating or assembling outside Parliament. Such gatherings are a reflection on the democratic society in which we are so fortunate to live.

Honourable members have seen and will continue to see important celebrations take place as the May centenary of Federation approaches. I expect there will be great interest from the community, and the high level of security and flexibility that I believe is provided by the bill will be needed.

There are some innovative thrusts in the bill. As the Honourable Gavin Jennings said, clause 3 uses the Surveyor-General's plan to clarify the extent of the parliamentary precinct, which commences at the first step off Spring Street. I was interested to note while undertaking some research that there are 41 steps to the entrance of the Parliament. I suspect all honourable members could skip up and down the steps a couple of times a day to keep up their fitness levels.

As a person who is involved in agriculture I was interested to note there is a fair bit of land in the parliamentary precinct — 3.576 hectares.

Hon. E. G. Stoney — About 8 acres.

Hon. B. W. BISHOP — Mr Stoney says it is about 8 acres, and of course that includes the fantastic gardens honourable members enjoy. When I looked back through some of the records at the history of the gardens I saw that what exists today was really begun in the 1880s, which is quite some time ago.

I also note the additional powers granted to the Presiding Officers so they can add to the parliamentary precincts by order of the Governor in Council. I am reminded that parliamentary committees are situated at 35 Spring Street, so the measure is sensible and practical.

A number of honourable members have mentioned to me their interest in extending the powers to electorate offices. I speak from a country perspective, but I suspect it may be similar in metropolitan areas. In the country, members are often away from their offices visiting their large electorates, leaving their electorate officers to manage their affairs. Even though they have the total support of the police, at times some unpleasant circumstances occur. Most of the electorate officers are females, and I know assemblies and demonstrations cause honourable members to worry about the safety and security of their staff.

The bill provides strong powers to the Presiding Officers, with clear responsibilities of control and management of the parliamentary precincts. Clause 10 gives Presiding Officers, quite rightly, the power to grant leases or licences. This responsibility cannot be delegated to anyone else. Presiding Officers can decide who may enter the precincts. It may well be that workers performing work around the precincts of the Parliament are allowed in. Presiding Officers can enter into a memorandum of understanding with the Chief Commissioner of Police. That memorandum relates to the functions of the police or the protective services officers who work in the building.

We are all lucky living in a democratic country like Australia. Governments change without fear or favour, without riots or bloodshed. I am sure honourable members were not proud of the demonstration at Parliament House in Canberra some time ago, and the recent demonstration at the World Economic Forum caused concern.

I am sure honourable members do not remember an incident that occurred in 1860. In researching the history of this place I referred to *A People's Counsel: A History of the Parliament of Victoria 1856–1990*, which was written by Dr Ray Wright and refers to the events of 28 August 1860. It states:

For on that crisp winter evening, a mob stormed the house.

The issues being debated at that time involved land settlement, industry protection, free compulsory and secular education and the reform of the Legislative Council. It sounds familiar? The land settlement reforms were essentially the issue that caused the problem. In the mid-1850s alluvial mining had declined, and many people came to believe small-scale farming was the most effective means of securing personal and colonial prosperity, but public land was locked up by the squatters, so legislation was needed. However, there was difficulty getting the legislation through the Parliament. Dr Wright's account of the event states:

The night started quietly enough. Throughout the afternoon people had steadily gathered before the Legislative Assembly chamber; by dusk they numbered 3000. They were there as a result of an emotional meeting held the previous evening at the Eastern Market — now the site of the former Southern Cross Hotel — where they had been addressed by parliamentarians sympathetic to the Land Convention.

There was a desire to make land available to private people. The report continues:

So, with cries of 'A vote, a rifle, and a farm', they congregated in front of the now 'U'-shaped Parliament House: Assembly to the left, Council to the right, and the library joining the two chambers at the rear.

Queen's Hall did not exist at that time. It further states:

By six o'clock the entrance to the Legislative Assembly and the Parliament yard was completely blocked the police, whose number had by now doubled, cleared the entrance to the Assembly doors. At half-past six the Legislative Assembly adjourned.

...

At half past seven the Assembly reconvened ... the crowd was now agitated. The odd stone was thrown at the Assembly and the newly completed library — and then more.

The crowd really got steamed up.

A window was smashed the crowd moved towards the doors of the Assembly.

...

Police reinforcements were rushed to the scene as the mob began to surge to and fro. People were trampled, rocks were heaved into the library ... the high, clerestory windows of the Legislative Assembly were by now all smashed. One policeman, and then others, were badly hurt from the barrage.

The report states that inside the chamber members could barely make themselves heard. It further states:

Outside, the police (who now numbered 90) tried to clear the crowd. They were driven back by a bombardment of rocks.

...

By 10 o'clock further reinforcements had arrived, although few people remained at Parliament House. At half-past 10 the mayor of Melbourne read the Riot Act.

It then states that the few remaining members of the crowd were dispersed. I knew nothing about that until I conducted this research.

The National Party believes the bill will provide the Presiding Officers with a structure for security and flexibility and a clear set of rules. It is important to know that there has been a prudent process of review, submissions and a resolution. On that basis I commend the bill to the house.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank all honourable members for supporting this measure.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

PROSTITUTION CONTROL (PROSCRIBED BROTHELS) BILL

Introduction and first reading

Received from Assembly.

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

CONSTITUTION (SUPREME COURT) 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

Adjournment

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

That the Council, at its rising, adjourn until Tuesday, 1 May.

Motion agreed to.

ADJOURNMENT

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

That the house do now adjourn.

Ovens Valley: waste water

Hon. E. G. STONEY (Central Highlands) — I ask the Minister for Energy and Resources to raise with both the Minister for Environment and Conservation and the Minister for State and Regional Development in another place the need for a new, integrated waste water management plant in the Ovens Valley in north-eastern Victoria, the new plant perhaps being downstream of Myrtleford. This would improve water quality and would certainly improve the opportunities for regional development in that whole Ovens Valley area.

The tobacco industry is going through a difficult time and is possibly under threat of closure. The valley may have to change direction, and one key to the changing of direction may be to encourage new industries. New industries may need pristine water.

The Ovens Valley has very porous soils. The present waste water plants are inefficient, and every indication is that the plants are leaking into the ground water. One solution may be to pipe all waste water down below Myrtleford and to build a new, modern waste water plant, perhaps in a central location, using new

technology to dissipate that water. This may have to be a whole-of-government approach. It is an opportunity for regional development in this area that will certainly encourage economic development in the whole of the north-east.

Bridges: Cobram–Barooga

Hon. E. J. POWELL (North Eastern) — I refer the Minister for Energy and Resources, as the representative of the Minister for Transport in the other place, to the replacement of the Cobram–Barooga bridge. Since April 2000 the Honourable Bill Baxter and I have raised this a number of times in letters and in this house, and we also took a deputation to see the minister. In May 2000 the Victorian and New South Wales transport ministers announced a joint investigation to look at all the options about crossings over the Murray River at Cobram. The minister also stated that the department would meet the shires of Moira and Berrigan to consult on the social, environmental and financial impact of the bridge on the community. They have met only once, but the minister said he would meet again with the community to hear its views on the bridge and whether it should involve maintenance or a complete upgrade.

The report was to be finalised in December 2000. Recently the chief executive officer of the Moira shire wrote to Mr Baxter and me asking for assistance. He wrote to the minister in January, February and March of this year seeking a copy of the report. On 23 March Mr Cator received a response from Mr Colin Jordan, the chief executive of Vicroads. The letter states:

Dear Mr Cator

I refer to your letters dated 19 January, 8 February and 14 March 2001 addressed to the Minister for Transport regarding the study into future options for the Cobram–Barooga bridge. Your letters have been referred to me for reply. I also refer to your letter of 18 January addressed to myself.

The report has been received and its recommendations are currently being considered. You will be advised of the outcome as soon as possible.

The minister has now had the report for the past four and a half months. I ask the minister to release the report to the Cobram–Barooga community so it will finally know the government's decision on this important bridge.

Acquired brain injury

Hon. KAYE DARVENIZA (Melbourne West) — I refer the Minister for Small Business, representing the Minister for Community Services in the other place, to

the services available in Melbourne's west for people with acquired brain injury. ABI is not well understood by the community. In fact, many in the community are unaware that such a condition exists, let alone how it might occur. ABI can be debilitating, and it places a great deal of stress on the sufferers and their families or carers. In 1999–2000 more than 25 000 people were admitted to our hospitals with ABI.

ABI can be the result of traumatic brain injury, which occurs more often in young people and is often the result of car accidents or work-related injuries. Unfortunately, more and more young people are being treated and accommodated in nursing homes and aged care facilities. ABI can also occur due to alcohol-related brain injury, stroke or substance abuse-related brain injury, something that is happening more often in recent times. Other complications in the management of ABI sufferers are that the majority of them have more than one disability. They can have other disabilities and problems such as drug and alcohol abuse and mental health and behavioural problems.

Honourable members interjecting.

The PRESIDENT — Order! The Honourable Kaye Darveniza, without the racket.

Hon. KAYE DARVENIZA — The fact that ABI sufferers have more than one disability can result in a number of agencies and organisations being involved in their management and care — for example, the Department of Human Services, Workcover, accommodation services and mental health services as well as others. ABI presents complex treatment and management challenges. What is the minister doing to ensure a coordinated approach to providing services for people in Melbourne's west who suffer from ABI?

Liquor: licences

Hon. M. T. LUCKINS (Waverley) — I refer the Minister for Small Business to the three occasions on which I have asked her to advise the house of the status of legal advice from the Victorian Government Solicitor's Office on the implications of the purchase of Liberty Liquor by Woolworths that means it exceeds the 8 per cent cap on liquor licences allowed under legislation. The minister has refused to answer my specific question about the days on which she received the advice. Why is the minister refusing to answer? Is it because she has misled the house with her previous answers to my questions?

Firearms: registry

Hon. P. R. HALL (Gippsland) — I refer the Minister for Sport and Recreation, as the representative of the Minister for Police and Emergency Services in another place, to an issue that has been brought to my attention about firearms registry officers personally telephoning the 90 or so owners of registered Sterling model 20 .22 calibre semiautomatic firearms and advising them that the firearm has now been classified as a category D firearm and consequently should be surrendered. There have been no formal letters to the owners, just telephone calls from the firearms registry. It is rather strange to ask people to conform with the law by advising them that they are no longer conforming with it.

When the national firearms legislation was introduced, this model of rifle was regarded as a category C firearm, and certain people, predominantly farmers, applied for and were given exemptions to retain them. The change of attitude by the firearms registry is perplexing, particularly given that there have been no reported problems about their use. It makes one wonder why this practice is now taking place. Even more galling is the fact that people are being asked to surrender those firearms without any promise of compensation.

Tonight I ask the minister to call a halt to the secretive manner in which the firearms registry is seeking to disarm these law-abiding owners of Sterling semiautomatic rifles.

Drugs: Footscray deaths

Hon. S. M. NGUYEN (Melbourne West) — I raise a matter for the attention of the Minister for Industrial Relations, who is the representative in this place of the Minister for Health. The government has worked exhaustively to combat the scourge of drug overdose-related deaths. This time last year there had been 10 overdose deaths in Footscray. So far this year the Coroner's Court has recorded no overdose deaths in Footscray. This is a wonderful result. Clearly the government's strategy of education, policing and prevention is having a positive impact. In light of the progress made against the drug problem in Footscray, will the minister advise whether similar strategies can be extended to include other areas of Melbourne's west?

Rail: Box Hill–Ringwood line

Hon. G. B. ASHMAN (Koonung) — I raise for the attention of the Minister for Energy and Resources,

who is the representative in this place of the Minister for Transport, a report that is circulating locally that the government is considering installing a third railway line from Box Hill to Ringwood and that part of the investigation that is reported to be under way contemplates the removal of all the level crossings and the undergrounding of the railway line between the west of Middleborough Road and a point east of Heatherdale Road. I seek from the minister details of the consultancy or report that has been commissioned. I am particularly interested in the time frame for and cost of the consultancy.

Greyhound racing: gaming levy

Hon. B. W. BISHOP (North Western) — The matter I direct to the attention of the Minister for Energy and Resources, who represents the Treasurer in another place, concerns the Robinvale and District Greyhound Racing Association. The club president, Mr Kevin Delbridge, and Jenny Fullerton, also representing the club, visited my office expressing great concern about the proposal of a super tax in the form of an annual levy of \$4000 imposed on electronic gaming machines in Victoria. The greyhound industry is greatly concerned about this proposal. I might add that the industry encompasses some 27 clubs — 15 race and 12 coursing clubs — 25 of which are in the rural sector.

It is important that the house note that the greyhound racing industry is a real rural industry. The Victorian racing industry has a 25 per cent economic interest in the gaming profits of the Tabcorp joint venture, providing a vitally important source of revenue to the industry and also to the Robinvale and District Greyhound Racing Association.

The imposition of the levy would result in a stakes reduction of approximately \$2 million per annum, or approximately 14 per cent of the total prize money. If implemented it could severely affect the association's ability to provide stakes to participants; put at risk the continuance of local family involvement; and jeopardise capital investment currently planned, risking local employment opportunities. It would affect the people who can least afford it and be simply unfair to the rural sector.

I ask whether the Treasurer will give a commitment that the levy will not be imposed, therefore securing the future stake money for country racing, in this case greyhound racing.

Whittlesea: road charges

Hon. G. R. CRAIGE (Central Highlands) — I raise with the Minister for Energy and Resources, for the attention of the Minister for Transport in another place, a matter concerning a cow. A cow is running amok and causing havoc in the northern area above the township of Whittlesea. It is causing a great deal of distress to residents in the area. This cow is a friend of the Labor Party; it is the City of Whittlesea. It is causing a great deal of distress to residents who live in the rural areas of the municipality. The council has introduced a special charge on unmade roads, without consultation with the residents, who bought into the area and in fact wanted unmade roads.

Hon. Kaye Darveniza interjected.

Hon. G. R. CRAIGE — If you listen I will get to the point.

Honourable members interjecting.

The PRESIDENT — Order! Ms Darveniza, would you please come to order!

Hon. Kaye Darveniza — He is leaving himself wide open.

Honourable members interjecting.

The PRESIDENT — Order!

Hon. G. R. CRAIGE — The council is now imposing a charge on those people. Some are having to pay up to \$80 000 or \$90 000, and that is being forced upon them by the city council.

The City of Whittlesea already receives the sum of \$817 000 in local road funding from the Victoria Grants Commission. It also receives \$6.4 million from the Roads to Recovery program, yet it is still imposing this charge on the residents of Whittlesea. Vicroads provides significant funding for main road maintenance in the municipality, such as that for the Cooper Street upgrade and for Childs, Mahoneys, and Edgars roads.

This action by the City of Whittlesea is disgraceful. It has not had any dialogue with those residents and is forcing many families in the area into a rather distressful situation. I ask the minister to appoint a Vicroads officer to audit and check on the road situation in the municipality.

Housing: community worker safety

Hon. ANDREA COOTE (Monash) — I can't beat that! I raise a serious matter for the attention of the

Minister for Small Business, in her capacity as the representative in this place of the Minister for Housing. I regularly visit with the housing workers in my province. I commend them for the excellent job they do in both transitional and crisis housing for people in great distress. They really do a fantastic job, often under great stress because of the types of clients with whom they deal.

An incident occurred at the end of November in which one of the housing workers was badly abused and in fact placed in a life-threatening situation. I wrote to the minister on 6 December expressing my concern for these housing workers.

The PRESIDENT — Order! It is very difficult for Hansard to hear what is being said, particularly with Mrs Coote being at the back of the chamber. I ask members on my left and on my right to quieten down so Mrs Coote can be heard.

Hon. ANDREA COOTE — Thank you, Mr President. The letter outlined the incident involving a housing worker in my electorate. The minister's response was that the Office of Housing was currently developing a training strategy for departmental and community housing workers, to assist them to deal with clients with drug and alcohol dependency issues. I ask the minister when this training will be provided to housing workers.

Police: Mornington Peninsula

Hon. K. M. SMITH (South Eastern) — I direct a matter to the attention of the Minister for Sport and Recreation, who represents the Minister for Police and Emergency Services in the other place. Most members of the house would be aware of the campaign on police numbers run by the government before the last election. What concerns me is the lack of police numbers on the Mornington Peninsula.

Late last year on the peninsula a young lady was shot in her house by an intruder. An ambulance and the police were called. The ambulance arrived 10 minutes after the call and the police arrived half an hour after the ambulance. It was lucky that the police arrived at all during that period because on that night there was only one police car covering the whole of the peninsula area.

The honourable member for Dromana in the other place has raised the issue of police numbers with the Minister for Police and Emergency Services. I have never seen such a mealy-mouthed excuse by a minister trying to make excuses for not having sufficient police. It is becoming a laughing matter on the peninsula.

Superintendent Mick Williams is trying to do a difficult job, but there is a lack of police. The government promised an additional 800 police would be recruited during its first term. The situation has reached the ridiculous stage. Another police officer said that Mick Williams does not want to acknowledge the real situation because he has more than enough problems in Frankston. The real situation is that there are fewer resources at Frankston police station than before Labor came to office. More officers have resigned than have been recruited. It is not good enough.

Honourable members interjecting.

The PRESIDENT — Order! It is 11.12 p.m. and I am anxious to leave this place in the not-too-distant future. It does not help when the house is in uproar. I ask that the honourable member be allowed to be heard.

Hon. K. M. SMITH — This is a serious matter. Government members should be calling for more police. Will the Minister for Police and Emergency Services take a realistic look at providing more police on the Mornington Peninsula so that people will be served properly by the police and feel safe?

Coronary heart disease

Hon. D. McL. DAVIS (East Yarra) — I direct to the Minister for Industrial Relations as the representative of the Minister for Health in the other place the issue of opportunities for the control of coronary heart disease in Australia.

An article in the *Australian and New Zealand Journal of Public Health* refers to an important study of opportunities for dealing with the major causes of death in Australia. The results of the study are interesting. The article states:

Approximately 14 000 coronary events could be avoided each year if the mean level of cholesterol in the population was reduced by a 0.5 mmol/l, smoking prevalence was halved and prevalence of physical inactivity was reduced to 25 per cent. This represents a reduction in coronary events of about 40 per cent.

I raise this matter not to cause political dissent but as a issue of general public concern on which both parties in Victoria have a good record. Vichealth has a good record in reducing smoking and other matters, but there is more to be done in this area. On the calculations done in the study a reduction of 40 per cent in the number of coronary events may be achievable in Australia. Even if half that number were achievable it would equate to many hundreds of events in Victoria each year and would provide a significant improvement in the health of Victorians.

In that context, given the good record of both Labor and Liberal governments in Victoria on this issue and given the achievements of important statutory authorities such as Vichealth in focusing on maintaining careful steps in this area in both tertiary treatment and public health, what steps has the government in mind over the next period to ensure that the focus remains on these important areas of public health?

Bass Coast: service delivery

Hon. R. H. BOWDEN (South Eastern) — I direct a matter to the attention of the Minister for Energy and Resources as the representative of the Minister for Local Government. Over the past few years there has been notable and rising discontent within the Phillip Island community over the quality and quantity of services supplied by the Bass Coast Shire Council.

Last Friday evening I attended a local public protest meeting at the Phillip Island leisure centre at Cowes, which was attended by more than 500 constituents and at which concern was expressed about the provision of council services on Phillip Island.

Will the minister make early contact with the citizens steering and working committee and the Bass Coast Shire Council to assist my constituents to resolve their strong and widespread feelings of dissatisfaction regarding the operations of the council?

MCG: parking fees

Hon. N. B. LUCAS (Eumemmerring) — I direct a matter to the attention of the Minister for Sport and Recreation. Today the Melbourne City Council announced that car parking fees at the Melbourne Cricket Ground will rise by about 40 per cent, to \$7. This has outraged Melbourne football supporters. The MCG is the home of Australian Rules football. This is a blow to the mums, dads and kids of Melbourne.

Honourable members interjecting.

The PRESIDENT — Order! This is getting worse. Hansard has to record the proceedings and cannot hear. Honourable members should keep quiet and allow Mr Lucas to put his matter.

Hon. N. B. LUCAS — This is the third knock-back footy fans have had from the Labor government. It has failed to save the holding of Australian Football League games at Waverley Park and has devised a dodgy tipping competition to rip off footy fans. Now the government stands idly by while parking fees at the MCG rise by 40 per cent.

What action is the government taking to address this money grab on Melbourne's footy fans? Will it veto this outrageous decision?

Land tax: small business

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I seek the guidance of the Minister for Small Business about a business located in Dandenong.

Honourable members interjecting.

The PRESIDENT — Order! I am getting sick of the constant interjections by Ms Darveniza. I suggest that if honourable members look at the record they will see that I apply sanctions to both sides of the house. Ms Darveniza has not even stopped to draw breath. I ask her to stop interjecting.

Hon. G. K. RICH-PHILLIPS — The business is a retail business located in Dandenong specialising in sporting goods. I am advised that the turnover of this business is significantly less than \$250 000 per annum and that its proprietor is its only employee. I seek the minister's guidance as to whether the government would regard that business as a small business.

Land tax: small business

Hon. B. N. ATKINSON (Koonung) — I note the comments the Minister for Small Business has made about the application of land tax and the comments made by the Premier that no small business will be worse off under the tax package changes proposed by the Labor government.

I find those comments extraordinary and difficult to reconcile with the comments that many of my constituents who operate small businesses make to me. I was particularly interested in the minister's advice this evening about what advocacy she might have taken up on behalf of small business in the debate on tax. I ask the minister to inform the house of any assessment she has commissioned from her department or any consultants on the impact of the mooted land tax changes on small business and employment and investment levels in Victoria.

Land tax: small business

Hon. B. C. BOARDMAN (Chelsea) — I refer to the attention of the Minister for Small Business a solicitor whose office is located in Chelsea, within the Chelsea Province which I represent and also within the marginal ALP Assembly seat of Carrum.

The solicitor's office operates out of a normal retail premises, has a gross annual turnover of around \$350 000 and employs the equivalent of three full-time employees. Given the information I have just provided, I ask the minister to inform the house whether this business is a small business of the type the minister would want to offer protection within the ambit of her ministerial responsibilities.

State Netball and Hockey Centre

Hon. I. J. COVER (Geelong) — I refer to the attention of the Minister for Sport and Recreation the new State Netball and Hockey Centre in Royal Park where a number of competitions take place, including a netball competition for the disabled. That competition commenced in February and involved a number of participants, including some who work at Hi-City Industries Sheltered Employment in West Heidelberg.

They are very keen women and men ranging in age from 23 to 63 years. Some have learnt to play the game very well, and for others being on the court with an occasional touch of the ball is the best they can do. All enjoy participating and have made friends with others in the competition. Their games have always been on outside courts, and they have a volunteer coach and umpire with them.

After the first week of play some confusion arose about whether or not those players should be charged a fee to access the new centre. As I am sure the minister is aware, his office was inundated with calls regarding the charges after that first week. I understand Netball Victoria claimed it was a government charge and the government claimed it was a Netball Victoria charge.

Apparently some of these charges are being lifted, but there is still confusion about them. I seek from the minister some clarification of the matter, as I understand no letter has been received confirming that the charges have been lifted.

Given the minister's comments over time about making sport available to people of all abilities, I should have thought the government would see its way clear to provide free court access for those netballers with disabilities and to confirm with them that they can play.

Given that no letter of confirmation about the charges has been received, so far as I am aware, I call on the minister to give some sort of official response saying that these people can participate in the disability netball competition at the new Royal Park netball stadium.

Portland: sand pumping

Hon. PHILIP DAVIS (Gippsland) — I draw the attention of the Minister for Ports to a matter relating to a recent visit to Portland during which the Glenelg shire raised with me a concern about sand pumping and the sand bypass of Portland harbour, which is under the control of the Port of Portland Ltd.

The council is of the view that sand taken from the harbour should be redirected towards Dutton Way, an area that is subject to significant erosion, about which I am sure the minister is well informed. The Glenelg Shire Council has been interested in this matter for some time, and in the mid-1990s it constructed a dynamic rock wall to forestall further erosion. That construction work was done with the assistance of the Kennett government.

I understand Professor Doug Foster of the University of New South Wales, who acted as a consultant to the project, recommended that sand be replaced on an annual basis to ensure the ongoing viability of the rock wall and to stop further erosion.

This is a significant issue for the people of that area and for the people who regularly visit Portland and district. It is apparent that there is an ongoing erosion problem in the area. Indeed, the township near Dutton Way has been eroded to the extent that houses that were once near the foreshore would, if they still existed, be some hundreds of metres out to sea. It is a serious issue. Failure to replenish the sand every year will have obvious and immediate effects.

The PRESIDENT — Order! I ask the honourable member to make his request.

Hon. PHILIP DAVIS — I am getting there, Mr President. Therefore, the council believes there needs to be some clarification about the obligations of the parties involved.

Will the minister advise what arrangements are in place between the Victorian government and the Port of Portland Ltd for the operation of the sand bypass and sand renourishment system?

HIH Insurance: liquidation

Hon. J. W. G. ROSS (Higinbotham) — I direct my question to the Minister for Small Business. I refer to the answer given by the minister in yesterday's question time that the Master Builders Association alerted her to a potential issue involving HIH Insurance. The minister said she believed someone would come in and buy out HIH, and as that did not occur the minister

flickpassed the issue and all responsibility to the Australian Prudential Regulation Authority.

The words 'potential issue' clearly imply a foreknowledge of the imminent collapse of HIH and are inconsistent with the minister's answer that information in newspapers alone was available to the government.

The state government is responsible for many health practitioner registration boards that require professional indemnity insurance as a condition of registration. In particular, the Bracks government introduced legislation for medical and dental students and nurse practitioners, and the requirement also applies to other health practitioners such as physiotherapists and chiropractors.

Certain of the health practitioner professional associations had been able to negotiate group rates for their members with HIH. However, since the provisional liquidation on 15 March, HIH has advised holders of professional indemnity insurance to consult their insurance brokers or advisers to obtain an alternative cover if advised. There is absolutely no doubt that the state government has responsibility for ensuring the continuous and effective registration of a range of health practitioners and doing all within its power to protect the interests of those health practitioners and their patients.

Therefore I ask the minister whether she advised the Minister for Health immediately she became aware of the imminent collapse of HIH, whether she is aware of any health practitioners whose professional indemnity insurance is in limbo and whether any patients are at risk.

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — The Honourable Sang Nguyen raised with me a reduction in deaths as a result of drug overdoses in the Footscray area. I will raise that matter with the Minister for Health and ask him to respond in the usual manner.

The Honourable David Davis also raised a matter for the Minister for Health about a reduction in deaths caused by coronary heart disease. I will raise that with the minister and ask him to respond in the usual manner.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Graeme Stoney raised for the attention of the Minister for Environment and Conservation and the Minister for State and Regional

Development opportunities for economic development and the management of waste water in the Ovens River Valley in north-east Victoria. He requested that the ministers examine opportunities for economic development in that area. I will refer that matter to the ministers.

Hon. E. G. Stoney — On a point of order, Mr President, the matter related to upgrading waste water infrastructure, not just economic development. It was actually linked to waste water infrastructure development.

Hon. C. C. BROAD — I did refer to both Mr President. I understand that both matters need to be jointly addressed.

The Honourable Jeanette Powell requested that the Minister for Transport release a report on the Cobram–Barooga bridge following advice she has received from Vicroads. I will refer that matter to the Minister for Transport.

The Honourable Gerald Ashman requested that the Minister for Transport provide details of the time lines involved in the consultancy in relation to the investigation of a third rail line between Box Hill and Ringwood. I will refer that matter to the minister.

The Honourable Barry Bishop requested that the Treasurer rule out the gaming levy. That matter was the subject of debate in this house this morning. I will refer that matter to the Treasurer.

The Honourable Geoff Craig requested that the Minister for Transport appoint a Vicroads officer to audit and report on the state of roads in the City of Whittlesea. I will refer that request to the Minister for Transport.

The Honourable Ron Bowden requested that the Minister for Local Government direct his attention to issues regarding the composition of the Bass Coast Shire Council, a matter to which I understand the minister has already had his attention drawn. I will pass on that request to the minister for him to further direct his attention to those representations.

The Honourable Philip Davis, following I think his visit to the city of Portland, raised the matter of sand pumping at Portland and requested advice as to what arrangements are in place between the Victorian government and the port of Portland. As I recall from my earlier visits to the port of Portland, those matters go to the privatisation of the port under the previous government and the contractual arrangements entered into at that time. When I last visited Portland those

matters were being pursued under the contractual arrangements. I am willing to seek further advice on whether there has been any change in the pursuit of those matters under the contracts and, if there has been a change, to advise the honourable member of that.

Hon. M. R. THOMSON (Minister for Small Business) — The Honourable Kaye Darveniza raised for the attention of the Minister for Community Services, services in Melbourne's west for acquired brain injury victims. She said that 29 000 people with ABI were admitted to hospitals in a year. She sought from the minister an indication of what coordinated approach was being applied in the west and an assurance on that. I will pass that on to the minister for her direct response.

The Honourable Maree Luckins raised the matter of Woolworths and the 8 per cent cap on liquor licences. The answer to the question is no.

The Honourable Andrea Coote raised with the Minister for Housing the matter of a housing worker who was abused in November. She said she had written to the minister in December and had received a reply that stated that the minister was looking at a training package for those housing workers. She is seeking an indication as to when that training package will be implemented. I will take that up with the minister and ask her to respond directly.

The Honourable Gordon Rich-Phillips raised the matter of a retail business in Dandenong with a turnover of less than \$250 000. The government applies the Australian Bureau of Statistics definitions in such cases.

The Honourable Bruce Atkinson asked whether assessments had been made of the impact of land tax on small business. He also mentioned employment, as I understand it. On the question of land tax, the government has been most diligent in ensuring that it understands the impacts on business, including small business. That is why the government has gone through the processes in the way it has and why it has opened up the process to consultation — to ensure it understands those impacts. It is why the government has released the Harvey report recommendations. It is not the government's report. The report contains recommendations on which the government is ensuring there is proper consultation so that there is an understanding of the effects it will have on business. The government will be looking at those recommendations in light of those assessments.

Hon. B. N. Atkinson — On a point of order, Mr President, I was really very slow and patient in

framing the question and asked whether the minister had commissioned any assessments. All I want to know is whether the Minister for Small Business has asked for any assessments of the impact of land tax on small business, jobs and investment in Victoria. It is a yes or no answer.

Hon. M. R. THOMSON — Mr President, I understand that is not a point of order. If I answer the question I have disposed of the matter.

The PRESIDENT — Order! The fact is it has been raised as a point of order so the house has to deal with it as a point order. I will give the minister the opportunity to respond to what is said. I will repeat the rules in relation to this part of our proceedings — that is, the minister's response disposes of the issue. The minister cannot be directed on how she might respond.

Hon. M. R. THOMSON — The Honourable Cameron Boardman raised the matter of a firm of solicitors in the Carrum electorate. The definition is of a small business, and I suggest he look at the Australian Bureau of Statistics definition.

The Honourable John Ross raised my answer to Parliament about HIH. Let me make this very clear. I will say it very slowly. Quite a number of people across Australia have been affected by the HIH Insurance collapse. It requires the coordinated — —

Honourable members interjecting.

The PRESIDENT — Order! I am interested in hearing the minister's answer, and I suggest members on my right and left allow the minister to give the answer.

Hon. M. R. THOMSON — It requires a coordinated effort by the federal government to deal with the issue. The state government has no responsibility for the regulation of insurance business — none!

Honourable members interjecting.

Hon. J. W. G. Ross — On a point of order, Mr President, I take up the minister's point that the state government has no responsibility. There cannot be any more serious responsibility devolved to the state government than the continued registration of health practitioners. In the light of her foreknowledge of the imminent collapse of HIH, did the minister advise the Minister for Health of the impending situation?

The PRESIDENT — Order! I do not uphold the point of order.

Hon. M. R. THOMSON — The insurance agency is regulated by national agencies — the Australian Securities and Investment Commission and the Australian Prudential Regulation Authority — and I stated that previously. It is a private insurance scheme under the building area in which we operate; it is a private insurance scheme that is operating.

I make this perfectly clear: I met with representatives of the Master Builders Association of Victoria two days after the trading of shares in HIH had been suspended twice. The federal government would have been well and truly aware that share trading had been suspended, and speculation in the media was rife long before then.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — The Honourable Peter Hall asked about firearms registration and the surrendering of particular rifles. I will refer that matter to the Minister for Police and Emergency Services in the other place.

The Honourable Ken Smith raised a matter about police numbers in the Mornington area. I was not sure whether Mr Smith was asking a question or making a statement, but I will refer the matter to the Minister for Police and Emergency Services in the other place.

The Honourable Neil Lucas asked about the \$7 parking fee introduced by the City of Melbourne. The honourable member may appreciate my comments on this evening's news. I understand the officers of the City of Melbourne recommended that the council raise the fee by only 50 cents to \$5.50. That recommendation was ignored by the council at its recent meeting. I am particularly concerned, and I have raised the issues through my meetings — —

Hon. I. J. Cover — Who did you raise it with?

Hon. J. M. MADDEN — I understand that the Minister for Environment and Conservation in the other house is responsible for the issue once she is given formal notification of the council's decision.

The Honourable Ian Cover asked about the disability netball competition at the State Netball and Hockey Centre. I believe the competition has been very successful. Although the honourable member said there was confusion about the pricing system there, I believe inquiries were made through the department but there was no confusion at any level about the funding at the new facility — and a magnificent facility it is! No doubt there are issues in relation to funding that relate to taking an outdoor game into a quality class indoor venue.

I understand the pricing is set by agreement between the State Sports Centre Trust and Netball Victoria. I am happy to have the department and the State Sports Centre Trust clarify the issues for Mr Cover.

Motion agreed to.

House adjourned 11.46 p.m. until Tuesday, 1 May.